



MicroPort Scientific Corporation

微创醫療科學有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00853)

# 2025

ANNUAL REPORT





微创医疗  
Rege DR  
7202 6688  
SN CBA04234  
Made in China

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## GROUP ADVISORS

Mr. Hiroshi Shirafuji  
Mr. Norihiro Ashida

## DIRECTORS EXECUTIVE DIRECTOR

Dr. Zhaohua Chang (*Chairman of the Board and Chief Executive Officer*)

## NON-EXECUTIVE DIRECTORS

Dr. Feng Gu (*appointed on 30 September 2025*)  
Dr. Qingbing Men (*appointed on 30 September 2025*)  
Ms. Weiqin Sun  
Mr. Hiroshi Shirafuji (*resigned on 30 September 2025*)  
Mr. Norihiro Ashida (*resigned on 30 September 2025*)

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jonathan H. Chou  
Dr. Guoen Liu  
Mr. Chunyang Shao

## COMPANY SECRETARY

Ms. Yuen Wing Yan Winnie, FCG, HKFCG (*resigned on 31 March 2026*)  
Ms. Yeung Siu Lam, ACG, HKACG (*appointed on 31 March 2026*)

## AUTHORIZED REPRESENTATIVES

Dr. Zhaohua Chang  
Ms. Yuen Wing Yan Winnie, FCG, HKFCG (*resigned on 31 March 2026*)  
Ms. Yeung Siu Lam, ACG, HKACG (*appointed on 31 March 2026*)

## AUDIT COMMITTEE

Mr. Jonathan H. Chou (*Chairman*)  
Mr. Chunyang Shao  
Dr. Qingbing Men (*appointed on 30 September 2025*)  
Mr. Norihiro Ashida (*resigned on 30 September 2025*)

## REMUNERATION COMMITTEE

Dr. Guoen Liu (*Chairman*)  
Mr. Jonathan H. Chou  
Dr. Feng Gu (*appointed on 30 September 2025*)  
Dr. Zhaohua Chang (*resigned on 30 September 2025*)

## NOMINATION COMMITTEE

Mr. Chunyang Shao (*Chairman*)  
Dr. Guoen Liu  
Mr. Jonathan H. Chou (*appointed on 30 September 2025*)  
Dr. Feng Gu (*appointed on 30 September 2025*)  
Ms. Weiqin Sun

## STRATEGIC COMMITTEE

Dr. Qingbing Men (*Chairman*) (*appointed on 30 September 2025*)  
Mr. Jonathan H. Chou  
Ms. Weiqin Sun  
Dr. Zhaohua Chang (*Chairman*) (*resigned on 30 September 2025*)  
Mr. Hiroshi Shirafuji (*resigned on 30 September 2025*)

## REGISTERED OFFICE

PO Box 309, Uglan House  
Grand Cayman, KY1-1104  
Cayman Islands

## PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC")

1601 Zhangdong Road  
Zhangjiang Hi-Tech Park  
Shanghai 201203  
The PRC

## PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*

## LEGAL CONSULTANT

Sidley Austin

## SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716, 17th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## COMPANY WEBSITE

[www.microport.com](http://www.microport.com)

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
China Construction Bank Corporation Shanghai Pudong Branch  
Bank of China Limited Shanghai Zhangjiang Sub-Branch  
China Minsheng Banking Corporation Limited  
Shanghai Pudong Development Bank Corporation Limited  
Zhangjiang Technology Sub-Branch  
Bank of America  
BNP Paribas

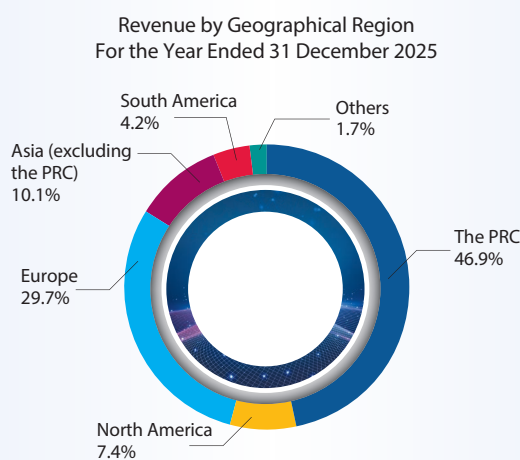
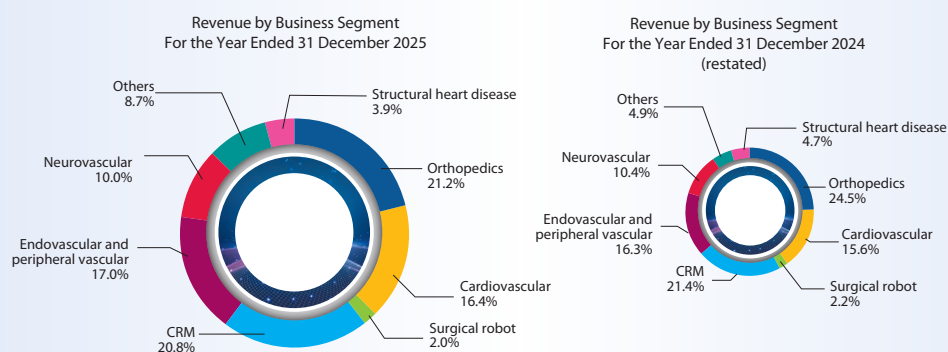
## SECURITIES CODES

Stock: 00853.HK  
Bonds: 40168.HK

# FINANCIAL HIGHLIGHTS

	Financial Year Ended		
	2025 US\$'000	2024 US\$'000	Change %
Revenue	1,105,381	1,031,063	7.2%
Gross profit	634,584	574,092	10.5%
Profit/(loss) for the year	38,427	(268,459)	114.3%
Profit/(loss) attributable to equity shareholders of the Company	48,519	(214,043)	122.7%
Profit/(loss) per share –			
Basic (in cents)	2.59	(11.68)	122.2%
Diluted (in cents)	1.52	(12.15)	112.5%
Non-HKFRS adjusted profit/(loss) for the year	(100,134)	(222,786)	Loss narrowed by 55.1%

## Revenue Analysis



# FIVE YEARS' FINANCIAL SUMMARY

	2025 US\$'000	2024 US\$'000	2023 US\$'000	2022 US\$'000	2021 US\$'000
<b>Revenue</b>	<b>1,105,381</b>	1,031,063	950,725	840,831	778,639
Profit/(loss) for the year	<b>38,427</b>	(268,459)	(649,157)	(588,115)	(351,295)
<b>Assets</b>					
Non-current assets	<b>2,063,142</b>	1,896,149	1,921,958	2,054,851	1,993,762
Current assets	<b>1,633,533</b>	1,737,273	2,010,447	1,939,234	2,386,767
<b>Total assets</b>	<b>3,696,675</b>	3,633,422	3,932,405	3,994,085	4,380,529
<b>Liabilities</b>					
Current liabilities	<b>1,129,012</b>	1,179,013	1,363,920	662,125	546,757
Non-current liabilities	<b>1,067,490</b>	1,309,565	1,165,488	1,539,292	1,616,280
<b>Total liabilities</b>	<b>2,196,502</b>	2,488,578	2,529,408	2,201,417	2,163,037
<b>Total equity</b>	<b>1,500,173</b>	1,144,844	1,402,997	1,792,668	2,217,492

# COMPANY PROFILE

MicroPort Scientific Corporation (the “**Company**” or “**MicroPort®**”) and its subsidiaries (collectively the “**Group**”) are a leading medical device group focusing on innovating, manufacturing and marketing high end medical devices globally. With a diversified product portfolio now being used in over 20,000\* hospitals in the world, the Group maintains world-wide operations in a broad range of business segments including cardiovascular devices, orthopedics devices, heart failure comprehensive management, endovascular and peripheral vascular devices, neurovascular devices, surgical robots, etc.

The Group is people-oriented. We firmly believe that all people have the right to equal medical care, health and live longer, and hope to collaborate with all walks of life to actively create a variety of transformative medical treatments to enable all people to enjoy such rights. Through practical application of innovative science, we continually develop leading technologies and products and provide trustworthy and universal access to state-of-the-art solutions of prolonging and reshaping all lives to patients. Every five seconds, one of MicroPort®’s products is being used worldwide to save and prolong life or improve life quality.

We have a large and growing intellectual property portfolio and a strong research and development (“R&D”) team. We work in close cooperation with internationally recognized physicians and scientists worldwide to develop a range of products that meet the highest quality and clinical standards. As we strive to provide state-of-the-art medical technologies and deliver new-generation medical devices and treatments for chronic ailments, our R&D team applies their expertise to ensure the sustained innovation of our latest products.

MicroPort® is committed to achieving its corporate vision, with a global R&D, manufacturing, marketing and service network in the Yangtze River Delta in China, Irvine and Memphis in the United States, Clamart of Paris in France, Saluggia of Milan in Italy, Aachen in Germany, Oxford in the United Kingdom, Santo Domingo in Dominica, Mumbai in India and San Jose in Costa Rica, as well as a strong focus on technological innovation with over 12,000\* patents (including applications) in the world.

Our products touch the lives of many people every day and we take this important responsibility very seriously. We are proud that MicroPort® products will always achieve the highest standards of quality and ensure improved health for patients. We know our products offer hope and relief to many people around the world, and every one of our employees takes personal responsibility to achieve our vision. It is our commercial achievements that enable us to contribute back to the society. Our commitment to social responsibility is an important aspect of our culture and philosophy. MicroPort® Group is committed to alleviating or even eliminating the serious threats to life safety posed by various chronic diseases. It plays an increasingly important, even indispensable, role in the process of improving the average life expectancy of human beings, and makes significant contributions to satisfying the endless pursuit of “health and longevity” of human beings.

## OUR VISION

### PEOPLE ORIENTED

Building a Super-Conglomerate of People Centric Enterprises of Emerging Medical Technologies.

## OUR MISSION

### CONTINUOUS INNOVATION

To Provide Trustworthy and Universal Access to State-of-the-Art Solutions of Prolonging and Reshaping Lives.

\* Note: Include the numbers of equity-accounted investees of the Group.

# CHAIRMAN'S STATEMENT

In 2025, the global economy moved forward amidst multiple challenges, including geopolitical tensions, evolving trade landscapes, and rising protectionism. Facing a complex and volatile global external environment, the Group has demonstrated operational resilience, with steady growth in its core businesses, further advancement of its global footprint, continuous enhancement of its management practices, and a closed-loop approach to driving innovation outcomes. At the same time, the Group has actively refined its strategies, safeguarding its long-term developmental momentum while unlocking new avenues for growth.

During the year ended 31 December 2025 (the "**Reporting Period**"), the Group returned to profitability and recorded a net profit of US\$38.4 million. Through supply chain integration, process optimisation and management refinement initiatives, the Group's non-GAAP operating profit\* significantly increased by US\$123.5 million and turned positive, while its operating cash flow also turned positive to US\$69.1 million, reflecting that the Group has entered a development cycle characterised by profit-driven growth and healthy cash flow generation.

The Group continued to advance its global footprint, with positive progress made in its "GloMatrix" commercialisation platform. During the Reporting Period, revenue from related operations increased by 78.8% (excluding the foreign exchange impact) to US\$163.9 million. Among these, overseas sales from the surgical robots and structural heart disease businesses recorded year-on-year growth of 286.6% and 255.0% (excluding the foreign exchange impact), respectively. The revenue stream from the Group's overseas platforms has become increasingly diversified, with business synergies continuing to strengthen, and is rapidly emerging as a core engine of the Group's growth.

Innovation capability remains the core driving force behind the Group's development. Since the start of 2025, the Group's innovation achievements have systematically spanned the full spectrum of "frontier exploration, clinical breakthroughs, product commercialisation, and high-level evidence-based validation": In the field of frontier exploration, relying on the self-developed MicroGenius® multi-modal autonomous surgical large model, the Group successfully completed the world's first animal experiment of "Large Model Autonomous Surgery"; and the Einstein® Targeted Deep Brain Stimulation System entered the pre-market clinical study enrollment stage. On the clinical and product front, the Group had eight additional products admitted to the "Green Path" for innovative medical devices, bringing the cumulative total to 44 products, ranking first in the industry for eleven consecutive years. At the same time, a total of 36 initial Class III medical device registration certificates were obtained from the National Medical Products Administration of China ("**NMPA**") for the first time, 407 initial registration certificates were obtained in 53 markets, and two products received the Breakthrough Device Designation from the U.S. Food and Drug Administration (FDA). In the area of evidence-based validation<sup>note</sup>, the full clinical study results of the Group's proprietary Firehawk® coronary stent were published in the New England Journal of Medicine (NEJM), representing a significant endorsement of the Group's research and development capabilities by a world-renowned academic journal.

Meanwhile, the Group also optimised its foundation through strategic restructuring and actively pursued organic growth. During the Reporting Period, the Group completed the strategic integration of the structural heart disease business and the cardiac rhythm management business. This integration not only enhanced operational efficiency but also significantly improved the Group's financial statement health. More strategically, through this integration, the Group has made a strong entry into the strategic high ground of heart failure treatment, committed to building a global specialised heart failure device platform covering the entire process of "monitoring-diagnosis-treatment-management", thereby opening up a promising new growth trajectory for the Group.

\* Non-GAAP operating profit is derived from gross profit less research and development costs, distribution costs and administrative expenses.

Note: include the numbers of equity-accounted investees of the Group.

# CHAIRMAN'S STATEMENT

During the Reporting Period, the Group's various business segments performed steadily:

In terms of the cardiovascular intervention business, as the first core product line of the Group that has undergone national centralized volume-based procurement, the business has, through a strategic transformation towards a "Total Solution for Coronary Artery Disease", achieved an adjusted net profit margin exceeding 20% for two consecutive years, entering a stable and sustainable trajectory of healthy development. During the Reporting Period, the business generated global revenue of US\$182.2 million, representing a year-on-year increase of 11.1% (excluding the foreign exchange impact). During the Reporting Period, our innovative products including the FireSweeper® FireSweeper™ Thrombus Aspiration Catheter, the FireSpear™ Piezoelectric Intravascular Ultrasound Therapeutic Equipment, and the FireFeeler® FireSpear™ Disposable Intravascular Ultrasound Guidewire received NMPA approval.

In terms of the orthopaedics business, the Group achieved a global revenue of US\$235.2 million, with gross profit margin increasing by 4 percentage points year-on-year. On new product development, from the beginning of 2025 to date, the NEXUS® Femoral Stem obtained FDA marketing clearance and has commenced market promotion with positive initial feedback. Meanwhile, the Evolution® Revision Knee System for complex revision surgeries, after obtaining market access in the U.S. and Canada, will initiate market launch. The domestically manufactured Evolution MPX™ Total Knee Arthroplasty System received certification from the FDA, EU CE mark, and Thailand, while the Cloudrider™ Shoulder Replacement System received NMPA approval.

In terms of the heart failure comprehensive management business, during the Reporting Period, the Group completed the strategic integration of the structural heart disease business and the cardiac rhythm management business. Addressing the complex diagnostic and treatment needs across all causes, all stages and the entire process of heart failure, the Group is accelerating the development of the complete solution covering the full cycle of "monitoring-diagnosis-treatment-management". During the Reporting Period, the two businesses operated as standalone segments prior to the integration, of which:

In terms of the structural heart disease, the Group achieved a global revenue of US\$51.3 million, representing a year-on-year increase of 1.3% (excluding the foreign exchange impact). Overseas, revenue from this business grew by 255.0% (excluding the foreign exchange impact). The TAVI product line received market entry into Portugal, South Korea, Brazil and other countries, with overseas implants reaching nearly 900 cases, representing a year-on-year increase of nearly 350%. After obtaining the EU CE certification, the AnchorMan® Left Atrial Appendage (LAA) Closure System achieved its first implantations in Germany and Poland. The TAVI series recorded a significant milestone of over 4,000 domestic implantations for the full year, consolidating its leading market position. The Left Atrial Appendage Closure (LAAC) business, namely AnchorMan®, achieved nearly 1,000 commercial implantations, representing a year-on-year increase of approximately 360%, thereby establishing a second growth trajectory.

In the cardiac rhythm management business ("**CRM Business**"), the Group achieved a global revenue of US\$229.7 million and remained flat year on year. Overseas, the business generated revenue of US\$207.0 million, representing a year-on-year increase of 0.7% (excluding the foreign exchange impact). During the Reporting Period, the FLEXIGO™ 3D Delivery System obtained approvals from the U.S. FDA and EU CE. The supporting VEGA™ M Pacing Lead also obtained CE certification. In the Chinese market, the business was affected by the policy cycle transition of VBP in the short term, recording revenue of US\$22.7 million. The TEN™ series, the first domestic 3.0T whole-body MRI-compatible pacemaker, was selected in the Guangdong Alliance renewal procurement. Meanwhile, PLATINIUM™, the first NMPA-approved domestic Implantable Cardioverter Defibrillator (ICD), was officially launched.

In terms of the aortic and peripheral vascular interventional business, revenue amounted to US\$189.5 million, representing a year-on-year increase of 12.0% (excluding the foreign exchange impact), while net profit reached US\$77.7 million, up 12.2% year-on-year. In China, revenue maintained steady growth, with the Tipspear® Transjugular Intrahepatic Portosystemic Shunt (TIPS) Puncture Set and the FinderSphere® PVA Embolization Microspheres receiving NMPA approval. Overseas, revenue grew by 56.5% year-on-year (excluding the foreign exchange impact), with its proportion of total revenue of this segment rising to 19%, and the Group's products have cumulatively entered nearly 50 markets worldwide. In addition, the Hector® Thoracic Multi-branch Stent Graft System received the Breakthrough Device Designation from FDA.

# CHAIRMAN'S STATEMENT

In terms of the neuroscience business, the Group achieved revenue of US\$111.0 million, representing a year-on-year increase of 3.8% (excluding the foreign exchange impact). In China, the Group's products cumulatively supported over 66,700 neurointerventional surgeries, representing a year-on-year increase of over 30%. The Bridge® MAX Vertebral Artery Drug-Eluting Stent received approval. Overseas, revenue grew by 39.4% year-on-year, with its proportion of total revenue of this segment rising to 13%. The overseas operations achieved sustained profitability, with net profit expanding significantly by 142% year-on-year. In addition, the APOLLO Dream® Intracranial Rapamycin Target Eluting Stent System was granted the Breakthrough Device Designation by the FDA.

In terms of the surgical robot business, the Group achieved revenue of US\$77.6 million during the Reporting Period, representing a substantial year-on-year increase of 114.2% (excluding the foreign exchange impact). Gross profit margin improved by 15 percentage points, while net loss narrowed by 60.7% year-on-year. Overseas, the business recorded sales revenue of US\$56.0 million, representing a year-on-year increase of 286.6%, establishing itself as a core engine driving the performance growth of this segment. During the Reporting Period, the "hip-knee compatibility" function of the Honghu® surgical robot received CE certification. In addition, the Toumai® Remote Surgery System and the UniPath™ Electronic Bronchoscope Surgical Navigation System received NMPA approval. The Company is the first company in the world to have products approved for commercialization across all five major golden surgical tracks.

Looking ahead, despite the challenges posed by various uncertainties that continue to confront the global healthcare industry, MicroPort® will leverage its advantages in diversified business clusters, its proprietary and controllable core innovation capabilities, and its global matrix footprint to further deepen lean management, steadily consolidate the domestic market, rapidly expand overseas markets, and drive stable business development, thereby continuously enhancing the Company's core competitiveness and overall financial health.

**Dr. Zhaohua Chang**

*Chairman*

31 March 2026

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### Overview

In 2025, the global economy moved forward amidst multiple challenges, including geopolitical tensions, evolving trade landscapes, and rising protectionism, which exerted pressure on growth momentum and market confidence. The Chinese economy demonstrated strong resilience through a profound transformation, consistently driving development toward new frontiers and industries toward optimization by focusing on the cultivation of new quality productive forces, further highlighting the core tenets of high-quality development.

Against this macroeconomic backdrop, the demand foundation for the global medical device industry remained solid. The trend of population aging and the public's pursuit of improved health levels provided sustained rigid demand for the industry. Simultaneously, technological advancements are driving medical diagnosis and treatment toward more precise and intelligent directions, continuously opening new paths to enhance patient outcomes and quality of life. In China, the policy environment for the industry has continued to refine, establishing a clear institutional foundation for high-quality industrial development. Centralized volume-based procurement ("**VBP**") has continued to optimize during its normalized implementation. Through the introduction of guidelines such as "stabilizing clinical practice and ensuring quality" and innovative mechanisms like "anchor pricing", the National Healthcare Security Administration ("**NHSA**") is committed to creating a benign competitive environment. This marks that VBP has become a core engine for driving industry efficiency, guiding optimized resource allocation, and fostering industrial innovation and upgrading. Furthermore, the improvement of the multi-level medical security system and the reform of payment methods have progressed in synergy, aiming to better satisfy diversified health needs and providing clear guidance and broad space for the high-quality development of innovative drugs and medical devices.

Facing a complex and volatile global external environment, the Group has consistently maintained its strategic focus and demonstrated operational resilience. For the full year, the Group recorded a total revenue of US\$1,105.4 million, representing a year-on-year increase of 6.0% (excluding the foreign exchange impact). Core business segments all achieved steady market penetration.

Most importantly, during the Reporting Period, the Group recorded a net profit of US\$38.4 million, achieving a turnaround from loss to profit overall, steering organic growth onto a healthy trajectory, and proactively implementing strategic adjustments. Among these, the recovery of operating profit was crucial, validating the enhanced operational quality and sustainability of the Group. Specifically:

- Non-GAAP profit achieved a critical turnaround to positive: Representing an increase of US\$123.5 million compared to the full year of 2024, validating the high quality and intrinsic value of our organic growth.
- Continuous improvement in gross profit level: Through supply chain integration and process optimization, the gross margin increased by 1.7 percentage points year-on-year, and the gross profit amount increased by US\$60.5 million compared to the full year of 2024.
- Significant results in operations: The total amount of the three major operating expenses decreased by 9.0% year-on-year, the operating expense ratio (calculated as the sum of research and development costs, distribution costs and administrative expenses, divided by revenue) was optimized by 10.3 percentage points year-on-year, and the operating expenses decreased by US\$63.1 million compared to the full year of 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

As an international high-end medical device group rooted in China, our innovative products have benefited more than 20,000 hospitals in over 100 countries and regions worldwide. Our globalization process has reached a new level, with the advantages of the “GloMatrix” platform becoming increasingly prominent:

- During the Reporting Period, the fully upgraded “GloMatrix” platform drove a year-on-year increase of 78.8% (excluding the foreign exchange impact) in related business revenue, reaching US\$163.9 million. Overseas revenues from several core segments, such as surgical robots and structural heart diseases, recorded rapid growth, further demonstrating the advantages of platform synergy.
- Based on economies of scale and excellent operational efficiency, the platform achieved break-even during the Reporting Period, and its future profitability is expected to continue to strengthen as the scale expands.

During the Reporting Period, the Group successfully advanced core optimizations in corporate governance, establishing a solid foundation for long-term steady growth:

- Restructuring of business architecture: During the Reporting Period, the Group completed the strategic integration of the structural heart disease business and the cardiac rhythm management business. By comprehensively integrating the product lines and global channel resources of both parties, the Group has made a strong entry into the strategic high ground of heart failure. We are building a comprehensive management solution covering “all causes, all stages, and the entire process” of heart failure, providing complete services for the entire cycle of “monitoring-diagnosis-treatment-management”, aiming to create a world-leading heart failure diagnosis and treatment platform and comprehensively enhancing overall competitiveness in the field of cardiovascular devices.

Innovation capability remains the core driving force behind the Group’s development. During the Reporting Period, we achieved fruitful results in research and development innovation, regulatory recognition, and frontier exploration, further consolidating our industry leadership:

- Innovative strength highly recognized by domestic and international regulatory authorities. During the Reporting Period and up to the date of this report, Hector® Thoracic Branch Stent Graft System and APOLLO Dream® Intracranial Sirolimus Target Eluting Stent System successively received the Breakthrough Device Designation from the U.S. Food and Drug Administration (FDA), demonstrating their potential to address unmet clinical needs. In China, the Group had eight additional products admitted to the “Green Path” for innovative medical devices, bringing the total number of products in the “Green Path” to 44, ranking first among domestic medical device companies for eleven consecutive years.
- Milestone breakthroughs in frontier technology fields. Relying on the self-developed MicroGenius® multi-modal autonomous surgical large model, the Group successfully completed the world’s first animal experiment of “Large Model Autonomous Surgery,” marking substantive progress in the autonomous surgical technical path for soft tissue surgical robots. Meanwhile, the Einstein® Targeted Deep Brain Stimulation System entered the pre-market clinical study enrollment stage, marking a key step of the Group in the fields of high-end neuromodulation and brain-computer interfaces.
- Significant achievements in global access for innovative products. During the Reporting Period and as of 27 March 2026, the Group saw the launch of several heavyweight products in both domestic and overseas markets. In China, a total of 36 initial NMPA Class III medical device registration certificates were obtained, including the TomaHawk® Coronary Intravascular Lithotripsy (IVL) Catheter System, YINI® Phacoemulsification System, and UniPath® Electronic Bronchoscope Surgical Navigation System. Overseas, 407 initial registration certificates were obtained in 53 markets, among which the world’s first MRI-compatible hybrid pacing system supporting left bundle branch pacing and the IceMagic® Cryoablation System successively obtained access to core markets, marking the continuous enhancement of the Group’s international R&D and registration capabilities.

# MANAGEMENT DISCUSSION AND ANALYSIS

- Top-tier evidence-based medicine recognized by the global academic community. During the Reporting Period, the TARGET-FIRST clinical study of the Group's self-developed Firehawk<sup>®</sup> Coronary Sirolimus Target Eluting Stent System achieved significant results. The results were officially released at the 2025 European Society of Cardiology (ESC 2025) Congress and published in the New England Journal of Medicine ("NEJM"), the foremost of the "Big Four" medical journals. This study was also hailed as a "milestone" breakthrough by the European Heart Journal, a leading journal in the global cardiovascular field, and was honored as one of the "Top Ten Influential Papers" of 2025 in the field. This marks that the Group's original research and clinical evidence in the field of cardiovascular intervention have once again gained extensive recognition from the world's top academic circles, demonstrating the R&D strength and global leadership of "Intelligent Manufacturing in China".

Facing continuous challenges, leveraging the business cluster advantages accumulated over years, independent and controllable innovation capabilities, and an efficient global matrix layout, the Group will continue to deepen lean management and promote the steady development of its businesses.

*Note:* include the numbers of equity-accounted investees of the Group.

## Cardiovascular Devices Business

**As the industry evolves toward precision and complexity, the value of "Total Solutions" is accelerating its release.** Currently, the global cardiovascular devices market is continuously optimizing its structure, driven by persistent clinical needs and innovations in precise and complex treatment technologies. The increasing popularity of intravascular imaging and functional examination, along with the rising demand for pre-treatment of complex lesions such as moderate-to-severe calcification, is pushing surgical strategies and devices toward a more advanced level. In China, the deepening of centralized VBP continues to guide the market to focus on innovative products with genuine clinical value. As one of the companies with the most complete coronary product lines globally, the Group's "Total Solutions" built around coronary heart disease have entered a period of intensive harvest, which not only drives an optimization of the revenue structure but also achieves a fundamental improvement in profitability. During the Reporting Period, the Group's cardiovascular devices business recorded global revenue of US\$182.2 million, representing a year-on-year increase of 11.1% (excluding the foreign exchange impact). Following the successive global commercialization of several blockbuster innovative products, the growth drivers of the related businesses have been effectively transitioned. With adjusted net profit margins exceeding 20% for two consecutive years, the business has entered a steady, sustainable, and healthy growth trajectory.

- **In China, cornerstone products demonstrated resilience, while new products synergistically drove accelerated growth.** During the Reporting Period, the domestic business achieved high-quality development through excellent product iteration and operational efficiency, recording revenue of US\$142.1 million (excluding the foreign exchange impact), representing a year-on-year increase of 18.9% (excluding the foreign exchange impact). As the segment's bedrock, the stent business achieved contra-trend growth in the VBP environment, with gross margin significantly increasing by 7 percentage points through strategic product portfolio layout and lean supply chain management. Meanwhile, the segment's revenue moved toward accelerated diversification: (i) sales of balloon and access devices products increased by 52% and 30% respectively year-on-year (both excluding the foreign exchange impact), and the FireFalcon<sup>®</sup> Scoring Balloon successfully won the bid in the Zhejiang provincial medical institution group procurement, enhancing its competitiveness in the domestic market; (ii) revenue from the "intervention without implantation" product line increased by 120% (excluding the foreign exchange impact) year-on-year, with the Firelimus<sup>®</sup> Drug-Coated Balloon winning the bid in the sixth round of National VBP at a mid-to-high price, achieving coverage of nearly 1,000 hospitals; and (iii) sales of active devices (excluding images) achieved a breakthrough from zero to one, contributing revenue of US\$1.9 million during the Reporting Period, marking the official commencement of a new "passive + active" dual-drive growth model for this business. Through supply chain integration, lean production, and various cost-reduction measures, the operational efficiency of the segment improved, with the overall gross margin improving by 4 percentage points year-on-year and the profit structure continuously optimizing.



# MANAGEMENT DISCUSSION AND ANALYSIS

- **Innovative R&D and academic status continued to be consolidated.** During the Reporting Period, the evidence-based medical results of the self-developed Firehawk<sup>®</sup> Rapamycin Target Eluting Coronary Stent System were published in the top international medical journal, the NEJM, marking the highest level of recognition for its clinical value within the international academic community. The Group continued to refine its total medical solutions for coronary heart disease. As of the date of this report, the Group's self-developed FireSweeper<sup>®</sup> Thrombus Aspiration Catheter, FireSpear<sup>™</sup> Piezoelectric Intravascular Ultrasound Therapeutic Equipment, and FireFeeler<sup>®</sup> FireSpear<sup>™</sup> Disposable Intravascular Ultrasound Guidewire have successively obtained the NMPA approval for marketing. In addition, the Coronary Sinus Balloon Counterpulsation System, as the fifth product in this segment to enter the "Green Path" for innovative medical devices, has completed enrollment for its FIM study and is expected to provide a brand-new treatment solution for patients with ST-segment elevation myocardial infarction.
- **Overseas, actively responding to short-term fluctuations while solidifying long-term foundations.** Affected by spot disturbances such as geopolitical conflicts and the fluctuation of healthcare services system, the overseas revenue of this business segment decreased by 10.1% (excluding the foreign exchange impact) during the Reporting Period. The Group actively responded to multiple challenges and seized structural opportunities: focusing on high-potential areas, achieving a year-on-year increase of 21% (excluding the foreign exchange impact) in sales revenue from the balloon product line, which became a key performance growth point; achieving key breakthroughs in core markets, with the coronary stent market share climbing – ranking first in the market – by winning large-scale bids in Istanbul and the State Supply Office in Turkey; meanwhile, successfully completing product iterations and upgrades in many parts of the world, driving an improvement in revenue quality. During the Reporting Period, global brand influence continued to strengthen through top academic conferences, with several important academic releases at industry conferences such as TCT, ESC, and EuroPCR providing vital global clinical evidence. As of the end of the Reporting Period, the Group has achieved comprehensive gradient coverage of its stent and balloon product portfolio in Europe, the Middle East, and Africa ("EMEA"), Latin America, and the Asia-Pacific region (excluding China), and is actively promoting the introduction of new products to continuously refine the global layout of the total coronary PCI solution, enhancing overall brand influence and market competitiveness.
- **Leading global precision intervention and releasing the value of total solutions.** Looking forward, the Group will continue to leverage its world-leading and complete product line layout covering pre-operative, intra-operative, and post-operative PCI procedures. By deeply integrating the synergistic advantages of R&D, manufacturing, and commercialization, the Group will accelerate the global value release of "Total Solutions" while consolidating and expanding its leading position in the Chinese market, striving to become an innovation leader and the preferred partner in the field of global interventional treatment for cardiovascular diseases.

## Orthopedics Devices Business

The orthopaedic devices business provides comprehensive orthopaedic solutions, with products covering joint reconstruction, spine, trauma, and other specialized implants and tools. During the Reporting Period, this business recorded global revenue of US\$235.2 million. To proactively respond to the new market landscape following the full implementation of centralized VBP for artificial joints in China, the Group firmly executed the strategic shift of "import substitution with domestic products" and carried out corresponding business structure adjustments. Affected by this strategic adjustment and the transition in VBP pricing, revenue during the Reporting Period faced short-term pressure. Meanwhile, by continuously optimizing its product structure, deepening cost reduction and efficiency enhancement, and accelerating the global launch of innovative solutions, the Group successfully increased its gross margin by 4 percentage points during the Reporting Period. The operational fundamentals have been consolidated, accumulating momentum for future high-quality development.



# MANAGEMENT DISCUSSION AND ANALYSIS

- **In the international market, the business demonstrated resilience in a complex environment.** During the Reporting Period, geopolitical conflicts and global supply chain fluctuations brought challenges. The international (non-China) orthopaedic business recorded revenue of US\$216.6 million, representing a year-on-year decrease of 1.6% (excluding the foreign exchange impact). To consolidate long-term competitiveness, the Group continued to promote integrated solutions driven by intelligent technology. By deepening the synergistic application of the SkyWalker® Orthopaedic Surgical Robot System and the Evolution® Medial-Pivot Total Knee System, the Group provides global surgeons with more precise and efficient personalized surgical options to enhance clinical value and customer stickiness. Regarding new product progress, the NEXUS® Femoral Stem, which focuses on operational consistency and long-term stability, obtained FDA marketing clearance in the U.S. and has commenced market promotion with positive initial feedback. Meanwhile, the Evolution® Revision Knee System for complex revision surgeries, after obtaining market access in the U.S. and Canada, will also initiate market launch, which is expected to further enhance the Company's comprehensive solution capabilities in high-difficulty treatment fields.
- **In the Chinese market, the business firmly transformed amidst deep adjustments, accumulating momentum for long-term development.** With the full implementation of the second round of National VBP for artificial joints during the Reporting Period, the industry has entered a new stage guided by clinical value. The Group proactively made strategic adjustments, shifting its development focus toward domestic product lines. Affected by this structural adjustment and VBP pricing, the Chinese business recorded revenue of US\$18.6 million during the Reporting Period, a year-on-year decrease of 45.4% (excluding the foreign exchange impact). During this process, the Group persisted in innovation and continuously expanded product boundaries: the localized Evolution® MPX™ Medial-Pivot Total Knee System has successively obtained U.S. FDA, Thailand, and EU CE MDR certifications, aiming to optimize the global product supply system. Furthermore, in March 2026, the Group successfully obtained NMPA marketing approval for the Cloudrider™ Shoulder Replacement System, which marked a breakthrough in the boundaries of the field of hip or knee, officially achieving core product layout in the new track of shoulder joint treatment.
- **The industry is undergoing profound changes, with intelligent transformation and efficiency innovation becoming key.** Currently, the global orthopaedic market is evolving toward precision and intelligence, with robot-assisted joint replacement and personalized solutions increasingly becoming mainstream. In China, the aging population provides long-term demand support, while the deepening of National VBP is driving the optimization of the market landscape, placing higher requirements on companies' clinical value and operational efficiency. The Group's orthopaedic business will consolidate its international business resilience while building future-oriented long-term competitive advantages in China's new cycle by continuously promoting globalized robotic intelligent integrated solutions, accelerating the launch of high-end innovative products, and firmly executing structural transformation in the Chinese market.

## Heart Failure Integrated Management Business

Strategic integration builds a platform, initiating a new stage of heart failure integrated management. During the Reporting Period, the Group completed the strategic restructuring of its structural heart disease business and CRM business, marking the official entry of the Group into a new stage of deep integration and synergy-driven development. This integration aims to deeply merge the core capabilities of both parties – namely, the leading innovation of the structural heart disease business in valve biomaterials and structural design, and the profound accumulation of the cardiac rhythm management business in active implantation, precision algorithms, and data insights – to construct a comprehensive device management platform covering “all causes, all stages, and the entire process” of heart failure. Synergistic effects are expected to be released across multiple dimensions such as business expansion, operational efficiency improvement, and supply chain integration, marking the strategic upgrade of the Group in the field of diversified cardiovascular devices from providing single products to providing platform-based and integrated solutions.

# MANAGEMENT DISCUSSION AND ANALYSIS

Based on the aforementioned integration, making a full-scale entry into the field of heart failure treatment has become our clear strategic focus. Heart failure is the terminal stage of many cardiac diseases, with huge and unmet patient needs. Traditional treatment methods are fragmented, and our goal is to build a complete solution throughout the entire cycle of “monitoring-diagnosis-treatment-management” through the merged platform. After the integration, we will be able to provide integrated and personalized device treatment and management solutions for patients with different etiologies (such as arrhythmia and valvular disease) and various disease stages (from early to terminal stage). Currently, the layout of relevant heart failure pipelines is progressing rapidly, and the synergistic momentum brought by the merger will greatly accelerate the realization of this strategic blueprint.

Looking back at the Reporting Period, the two businesses operated as independent segments before the integration, laying a solid foundation amidst challenges and planning for the future through innovation.

- **The structural heart disease business moved forward amidst globalization breakthroughs.** During the Reporting Period, this business recorded revenue of US\$51.3 million, a year-on-year increase of 1.3% (excluding the foreign exchange impact). However, business losses widened, primarily due to multiple factors including product price adjustments under the domestic VBP environment. In overseas markets, the globalization process achieved a leapfrog breakthrough, with revenue increasing by 255.0% (excluding the foreign exchange impact). The TAVI product line successfully entered multiple markets including Portugal, South Korea, Brazil, and India, with nearly 900 overseas implantations for the full year, a year-on-year increase of nearly 350%. Crucially, after obtaining the EU CE certification, the AnchorMan® Left Atrial Appendage (LAA) Closure System achieved its first implantations in Germany, Poland, and other regions, marking its official entry onto the global competitive stage. In the domestic market, the business demonstrated resilience amidst industry transformation. The Left Atrial Appendage Closure (LAAC) business showed explosive growth, with AnchorMan® achieving nearly 1,000 commercial implantations in its second year of launch, a year-on-year increase of nearly 360%, rapidly growing into a solid second growth curve for the Company. The TAVI series recorded a significant milestone of over 4,000 domestic implantations for the full year, further consolidating its leading market position with continuously deepening coverage.
- **The cardiac rhythm management business accumulated momentum during the industry cycle, driving long-term development through high-end innovation.** During the Reporting Period, this business recorded global revenue of US\$229.7 million, remaining flat year-on-year. Among this, the international (non-China) business recorded revenue of US\$207.0 million, a year-on-year increase of 0.7% (excluding the foreign exchange impact). The Group focuses on the cutting-edge Left Bundle Branch Area Pacing (LBBAP) technology and is committed to providing complete solutions. During the Reporting Period, the FLEXIGO™ 3D Delivery System specially developed for LBBAP successively obtained approvals from the U.S. FDA and EU CE. The supporting VEGA™ M Pacing Lead also obtained certification and completed its first implantations in Australia and several European countries, marking a comprehensive acceleration of our deployments in this field. In the Chinese market, the business was affected by the policy cycle transition of VBP in the short term, recording revenue of US\$22.7 million. Significant achievements were made in high-end breakthroughs and market access: in the Guangdong Alliance renewal procurement, new products including the TEN™ series, the first domestic 3.0T whole-body MRI-compatible pacemaker, successfully won the bid. PLATINIUM™, the first NMPA-approved domestic Implantable Cardioverter Defibrillator (ICD), was officially launched, achieving a milestone breakthrough in this high-end field and further consolidating the Company's leadership in the field of cardiac rhythm management.



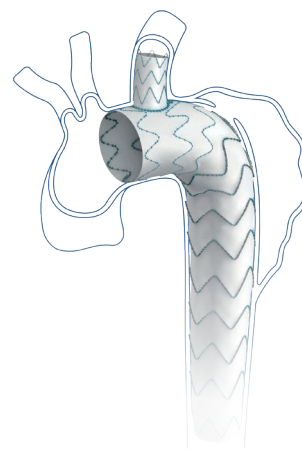
# MANAGEMENT DISCUSSION AND ANALYSIS

- **Industry Transformation, Integration and Innovation Shaping the Future.** The global structural heart disease and cardiac rhythm management markets continue to develop, driven by breakthroughs in evidence-based medicine, innovations in treatment concepts, and technological advancements. In China, the normalization of VBP is driving the industry toward a new stage centered on clinical value. Companies with genuine innovative products and excellent operational efficiency will gain long-term advantages. Simultaneously, leading domestic companies are accelerating their globalization process leveraging their innovative strength. Through the aforementioned strategic integration, the Group has formed a unique platform for diversified cardiovascular device solutions. Looking forward, we will not only be committed to consolidating our existing advantages in fields such as TAVI, LAAC, pacing, and defibrillation but will also fully utilize platform synergies to make a full-scale entry into the vast blue ocean market of heart failure. We aim to provide global patients with full-cycle solutions from disease monitoring and diagnosis to treatment and management, opening a new chapter of sustainable growth.

## Endovascular and Peripheral Vascular Devices Business

The aortic and peripheral vascular interventional business (“**MicroPort Endovastec**”) focuses on providing integrated disease solutions for aortic, peripheral vascular, and oncological diseases. During the Reporting Period, MicroPort Endovastec recorded revenue of US\$189.5 million, representing a year-on-year increase of 12.0% (excluding the foreign exchange impact). Through the continuous volume expansion of core products, the contribution of high-growth new products, and the economies of scale from overseas business, the net profit reached US\$77.7 million, representing a year-on-year increase of 12.2%, demonstrating high-quality growth resilience in a complex market environment.

- **In China, deepening market penetration and product innovation to consolidate the leading domestic position.** During the Reporting Period, revenue from the China business achieved steady growth. In the field of aortic intervention, the Company actively promoted market down-streaming and the diversification of treatment solutions, with the market share of core products increasing steadily. Among them, the Castor<sup>®</sup> Branched Aortic Stent Graft and Delivery System has cumulatively covered over 1,400 end-user hospitals; Minos<sup>®</sup> Abdominal Aortic Stent Graft and Delivery System has cumulatively covered nearly 1,200 end-user hospitals; and Reewarm<sup>®</sup> PTX Drug-coated Balloon Catheter has cumulatively covered nearly 1,400 end-user hospitals. The Talos<sup>®</sup> Thoracic Stent Graft System achieved a rapid increase in implantation volume due to its superior clinical effects; the implantation volumes of the Castor<sup>®</sup> Branched Stent Graft System and Minos<sup>®</sup> Abdominal Aortic Stent Graft System also maintained high-speed growth. In the field of peripheral vascular intervention, the Reewarm<sup>®</sup> PTX Drug-Coated Balloon accelerated its volume expansion following the implementation of VBP policies. The distribution network continued to deepen. As of the end of the Reporting Period, products have cumulatively covered nearly 2,900 hospitals in China, laying a solid foundation for long-term growth. Significant progress was made in new products and the R&D pipeline: the new generation Cratos<sup>®</sup> Branched Aortic Stent Graft System was quickly applied clinically after its launch; the Tipspear<sup>®</sup> Transjugular Intrahepatic Portosystemic Shunt (TIPS) Puncture Set and FinderSphere<sup>®</sup> PVA Embolization Microspheres successively obtained NMPA approval, marking substantive progress in the field of oncology intervention. Furthermore, the Hector<sup>®</sup> Thoracic Multi-branch Stent Graft System for treating complex aortic diseases has entered the National Green Path for innovative medical devices and is in the pre-market clinical stage; the Aegis<sup>®</sup> II Abdominal Aortic Stent Graft System has completed the submission of registration materials. Multiple R&D products for peripheral arterial, venous, and oncology interventions are progressing as planned, reserving sufficient momentum for the future.



# MANAGEMENT DISCUSSION AND ANALYSIS

- **Overseas, globalization has become a core growth engine, with high-end innovation receiving international authoritative recognition.** During the Reporting Period, sales revenue from overseas business increased by 56.5% year-on-year (excluding the foreign exchange impact), with its proportion of total revenue rising to 19%, showing strong growth momentum. The globalization network expanded rapidly, with seven new countries or regions added during the year, and products have cumulatively entered nearly 50 markets worldwide. Fruitful results were achieved in international access. As of the end of the Reporting Period, the Company had obtained initial registration certificates for 11 products in 29 overseas markets, with a cumulative total of over 110 overseas product registration certificates, of which six obtaining CE certification and three products receiving EU custom-made device certificates. Core products such as Castor<sup>®</sup> and Minos<sup>®</sup> have entered approximately 30 countries or regions; innovative products such as Cratos<sup>®</sup> and Talos<sup>®</sup> also successfully achieved overseas sales. Crucially, the Hector<sup>®</sup> Thoracic Multi-branch Stent Graft System received the Breakthrough Device Designation from FDA in March 2026, which not only validates the product's huge potential to address unmet clinical needs but also provides an accelerated path for its subsequent clinical and registration processes in the U.S. market, marking an important milestone in the Company's innovation strength being recognized by the world's top markets.
- **Accelerated restructuring of industry landscape, with globalization opportunities becoming increasingly prominent.** Currently, the global aortic and peripheral vascular interventional market maintains continuous growth driven by population aging and increased health awareness. In China, the market penetration of aortic intervention is still deepening; in the peripheral arterial field, products such as drug-coated balloons and atherectomy are becoming increasingly widely used under the promotion of concepts like "intervention without implantation"; the demand for peripheral venous disease treatment and the primary care market is accelerating its release. Domestic manufacturers, with excellent cost-performance ratios and innovative iteration capabilities, are double beneficiaries of import substitution and the globalization process. MicroPort Endovastec will continue to leverage its diversified innovative product matrix, deeply covered channel network, and increasing international brand influence to accelerate its pace into the global market while consolidating its leading domestic advantages, striving to become a world-leading integrated solution provider in this field.

## Neuroscience Business

The industry has entered a stage of high-quality development driven by centralized VBP, bringing structural opportunities for domestic leaders. The Chinese neurovascular devices market has a solid demand foundation under the huge burden of stroke diseases and the continuous improvement of the stroke center network. With the full rollout and normalization of VBP for high-value consumables, the industry is shifting from rapid expansion to a stage of high-quality development centered on clinical value and cost-effectiveness, creating a window for integration and growth for domestic leading enterprises with full-product-line solutions. Simultaneously, with strong support from national policies, the industrialization of disruptive technologies such as brain-computer interfaces has accelerated, opening new frontiers for the industry's long-term development. Through multi-dimensional empowerment, policies are actively supporting Chinese medical device companies in their journey to go global, enabling Chinese companies to achieve a leap in both technology and brand in the international market competition. The Group's neuroscience business ("MicroPort Neuroscientific"), as the pioneer and the largest domestic brand in China's neurovascular medical device field, is committed to providing total solutions for cerebrovascular diseases covering hemorrhagic, ischemic, and stenotic fields. During the Reporting Period, the business recorded revenue of US\$111.0 million, representing a year-on-year increase of 3.8% (excluding the foreign exchange impact). Facing the pricing pressure brought by VBP in the Chinese market, this business continuously optimized its cost structure through supply chain management and lean production. During the Reporting Period, the gross margin increased against the trend by 0.5 percentage points to 73.5%, demonstrating excellent operational efficiency and profitability resilience.



# MANAGEMENT DISCUSSION AND ANALYSIS

- **In the Chinese market, the Group consolidated and expanded its leading advantage under the VBP background with the most complete domestic product portfolio.** During the Reporting Period, products cumulatively supported over 66,700 neurointerventional surgeries, a year-on-year increase of over 30%. By extensively participating in and winning bids for multiple provincial and inter-provincial alliance VBPs, the Group successfully accelerated market down-streaming and market share enhancement. In the field of hemorrhagic stroke treatment, the implantation volume of the NUMEN<sup>®</sup> series Coils increased significantly year-on-year, and the new generation NUMEN<sup>®</sup> NEST Coils has been approved for marketing. The Tubridge<sup>®</sup> series Flow Diverter Stent accelerated hospital coverage after VBP, achieving rapid growth in implantation volume. In the field of atherosclerotic stenosis treatment, the newly added large-diameter specification product in the Bridge<sup>®</sup> series, the Bridge<sup>®</sup> MAX vertebral artery drug-eluting stent, received approval during the Reporting Period, filling the clinical gap for large-size stents of 4.5/5.0mm. It has been listed on centralized procurement platforms in 24 provinces and municipalities. In the field of acute ischemic stroke treatment, the Group focused on primary hospitals, with new generation thrombectomy and aspiration products successively approved and quickly achieving market access, providing one-stop device solutions. As of the end of the Reporting Period, the business has cumulatively covered nearly 3,800 hospitals in China, achieving full coverage of the top 100 National Advanced Stroke Centers.
- **In overseas markets, global expansion entered a new stage of profitable rapid growth and has become an important growth engine.** During the Reporting Period, overseas revenue increased by 39.4% year-on-year, with its proportion of total revenue rising to 13%, achieving continuous profitability with net profit expanding significantly by 142% year-on-year. Key breakthroughs were made in various regional markets: in the Asia-Pacific region, the Group continued to expand its market presence, achieving multiple new product approvals and hospital tenders in South Asia, while completing product registrations in several countries. The direct sales model in South Korea was fully implemented, with the NUMEN<sup>®</sup> series achieving significant growth in implant volumes, and the X-track<sup>®</sup> catheter making a key breakthrough in its medical insurance application in the country. In the EMEA region, the direct sales model in the United Kingdom operated smoothly, delivering rapid year-on-year growth. Meanwhile, multiple products were launched in several European countries during the Reporting Period, with initial expansion into emerging markets such as Turkey and Egypt, further strengthening regional competitiveness. In North America, the direct sales model operated efficiently, driving continued volume growth of the NUMEN<sup>®</sup> series following its launch, while steadily expanding brand influence. In Latin America, the NeuroHawk<sup>®</sup> intracranial thrombectomy stent and X-track<sup>®</sup> catheter received positive feedback after launch, with market acceptance continuing to grow. As of the end of the Reporting Period, the Group had successfully brought 17 products to overseas markets, achieving commercialization in a total of 36 countries or regions outside the Chinese Mainland, covering nine of the top ten countries globally in terms of neurointerventional procedure volume. Crucially, the Group achieved a milestone breakthrough in the registration of frontier products. In March 2026, the APOLLO Dream<sup>®</sup> Intracranial Rapamycin Target Eluting Stent System was granted the “Breakthrough Device Designation” by the U.S. FDA, becoming the world’s first rapid-exchange drug-eluting stent in the neurointerventional field to receive this designation. This recognition not only marks international authoritative approval of the product’s innovative value in treating Intracranial Atherosclerotic Disease (ICAD) but also directly provides a key access advantage for MicroPort NeuroScientific to accelerate its entry into core global markets such as the U.S., establishing an important regulatory and clinical foundation.
- **R&D innovation and frontier layout continued to deepen.** As of the date of this report, the Group had a total of 28 products that have been approved and commercialized in China, with six of them admitted to the National Green Path for innovative medical devices, ranking first among domestic peers. Building on the solid foundation established in neurointervention, the Group is extending its capabilities into the frontier directions of neurosurgery and brain-computer interfaces (BCI). In the field of neurosurgery, we will provide innovative solutions for diseases such as cerebral hematoma, hydrocephalus, and brain tumors, among which the StraitPass<sup>®</sup> Disposable Hematoma Aspiration Device has entered the National Green Path for innovative medical devices. In the field of brain-computer interfaces, we focus on active rehabilitation after stroke and intervention for psychiatric diseases, and officially established the “Chaos BCI Research Institute” during the Reporting Period. This institute will rely on the Group’s platform technology in neurointervention to focus on the R&D of implantable BCI devices primarily through interventional methods, conducting frontier exploration for major clinical needs such as post-stroke rehabilitation, Alzheimer’s disease, and depression, aiming to cultivate long-term growth momentum for the future.

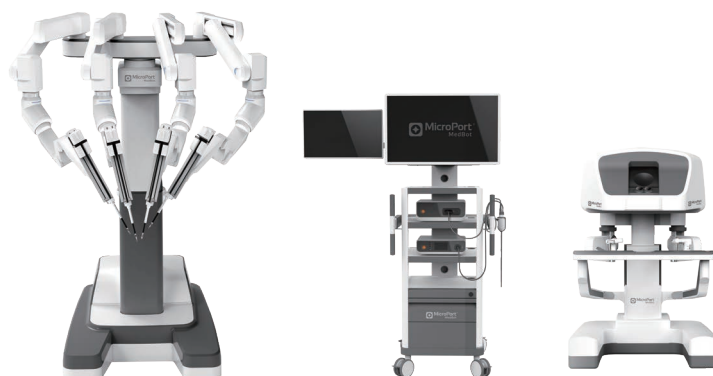
# MANAGEMENT DISCUSSION AND ANALYSIS

- The Group's neuroscience business will continue to rely on its most complete commercialized product matrix in China, a rapidly advancing R&D pipeline, and an increasingly mature global commercialization network. While responding to the new normal of domestic VBP, it will seize the strategic opportunity of domestic innovation going global and consolidate its long-term leadership in the fields of cerebrovascular and brain science through strategic layouts in frontier technologies such as brain-computer interfaces.

## Surgical Robot Business

The industry has entered the eve of an intelligence explosion, with globalization and frontier technologies defining new heights. The global surgical robot market is growing rapidly, driven by clinical value and accelerated technology integration. The policy environment in China continues to improve, providing a framework for billing, payment, and standardized application. Simultaneously, domestic enterprises are accelerating their global expansion leveraging integrated innovations such as 5G and artificial intelligence. The Group's surgical robot business ("MicroPort MedBot"), as the only platform-oriented company in the world covering five major golden surgical specialties, is achieving simultaneous breakthroughs in domestic and overseas markets with its leading technology and commercialization capabilities. During the Reporting Period, MicroPort MedBot recorded revenue of US\$77.6 million, representing a significant year-on-year increase of 114.2% (excluding the foreign exchange impact). The growth was driven by robust global commercialization. As of the date of this report, cumulative orders for core products reached nearly 300 units, with nearly 200 units installed globally. Through strategic focus and lean operations, the operational quality of the segment has been significantly strengthened: the gross margin increased by 15 percentage points, the net loss narrowed by 60.7% year-on-year, and the free cash flow position improved substantially. Notably, along with the rapid increase in the installed base, revenue from supporting consumables achieved a significant growth during the Reporting Period, indicating a continuously optimized business model.

- **Global commercialization deepened extensively, leading domestic brands in overseas expansion.** During the Reporting Period, the surgical robot business achieved a milestone leap in overseas commercialization. By deepening intra-group synergy, the segment recorded overseas sales revenue of US\$56.0 million during the Reporting Period, representing a significant year-on-year increase of 286.6%, becoming a core engine driving performance growth. By product, the Toumai<sup>®</sup> Laparoscopic Surgical Robotic System ("Toumai<sup>®</sup>"), as a domestic leader, signed over 100 new overseas orders for the full year, with its annual global order volume ranking among the top two worldwide, and added 80 commercial installations. As of the date of this report, cumulative global orders for Toumai<sup>®</sup> exceeded 220 units, covering over 50 countries and regions, with over 140 commercial installations completed, maintaining the top global position among domestic brands in both orders and installations. As of the date of this report, cumulative global orders for the SkyWalker<sup>®</sup> Orthopaedic Surgical Navigation Positioning System ("SkyWalker<sup>®</sup>") exceeded 65 units, with its market network covering five continents, maintaining a leading position in the global commercialization of domestic orthopaedic robots. Meanwhile, the R-ONE<sup>®</sup> Vascular Interventional Robot successfully entered six leading domestic hospitals during the Reporting Period, including Zhongshan Hospital affiliated with Fudan University. By continuously demonstrating innovative results and cutting-edge applications such as remote surgery at top international academic conferences, the brand image and clinical value of the Group's "Intelligent Manufacturing in China" have gained wide recognition worldwide, laying a solid academic and brand foundation for long-term overseas market expansion.



# MANAGEMENT DISCUSSION AND ANALYSIS

- **Global certification accelerated comprehensively, and the R&D pipeline continued to deliver.** During the Reporting Period, the Group achieved significant results in global registration access and R&D progress for its surgical robot products. The core product Toumai® obtained certifications from nearly 40 countries and regions during the year, with cumulative global certifications exceeding 60 countries and regions. The Toumai® Single-port Surgical Robot successively obtained China NMPA approval and UAE MOHAP registration approval during the Reporting Period and successfully entered Cleveland Clinic Abu Dhabi, building a solid foundation for commercial expansion. SkyWalker® has obtained approvals from nearly 20 countries and regions, including China NMPA, U.S. FDA, and EU CE, and its “hip-and-knee compatibility” function also received CE certification during the Reporting Period, further expanding its clinical application scope. Regarding the R&D pipeline, an important breakthrough was achieved: the self-developed UniPath® (UniPath™) Electronic Bronchoscope Surgical Navigation System was approved for marketing by the NMPA in December 2025. Designed around four core capabilities – “full lung reach, full-process visualization, precise alignment, and stable operation” – it significantly improves the certainty of lung nodule sampling, enhances intraoperative operational stability, reduces the risk of potential complications, and lays a technical foundation for subsequent treatment scenarios such as precision ablation. With the successful implementation of the layout in the “natural orifice” track, MicroPort MedBot has become the first company in the world to have products approved for commercialization across all five major golden surgical tracks. The leading position and completeness of the product portfolio have been further consolidated, providing an increasingly rich product matrix for global expansion.
- **Leading with frontier technologies to define new models of remote and autonomous surgery.** During the Reporting Period, the surgical robot business achieved a series of breakthroughs in cutting-edge fields. Relying on the self-developed MicroGenius® Multi-modal Autonomous Surgical Large Model, Toumai® successfully completed the world’s first animal experiment of “Large Model Autonomous Surgery”, with a success rate of 88% in key steps. This marks a core leap for AI from decision support to autonomous execution, taking the lead in completing the three-stage milestone leap from industrialization and remote commercialization to breakthroughs in autonomous surgery. The self-developed Toumai® Laparoscopic Surgical Robotic System Remote Surgery All-department Application (“Toumai® Remote”) obtained NMPA approval, becoming the world’s first and only commercialized remote surgical platform capable of achieving “all-department and all-procedure” coverage. It has been approved for marketing in nearly ten countries, with its application network covering regions inhabited by nearly half of the global population. The system has successfully assisted in nearly 800 remote human surgeries worldwide, covering over 20 countries, with a 100% implementation success rate. It has cumulatively created over 60 world records and realized a closed-loop for transcontinental and transoceanic remote surgery, establishing a comprehensive leading position in the global remote surgery field. In terms of communication technology, the Group pioneered the “Second-generation Remote Surgery” system compatible with 5G and conventional networks, and took the lead in realizing “Third-generation Remote Surgery” based on high- and low-orbit satellites, constructing an integrated global remote surgical network covering land, sea, air, and space.
- Looking forward, MicroPort MedBot will continue to rely on its most comprehensive global product pipeline layout, continuously breaking through frontier technologies and its deeply synergistic global network. While leading the intelligent transformation of surgery, the Company will accelerate the translation of innovative achievements into global market growth, striving to become a global leader in reshaping the future of surgical procedures.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Research and Development (“R&D”)

During the Reporting Period and up to 27 March 2026, the Group had a total of 36 Class III medical devices initial registration certificates from the NMPA, and eight innovative medical devices were admitted in the Green Path, reaching a total of 44 “Green Path” innovative medical devices, ranking first in the medical device industry for 11 consecutive years. The Group has established a global network for innovation, which includes overseas R&D, clinical trials, and other activities, to continuously promote the launch of its innovative products in overseas markets. In terms of overseas business, during the Reporting Period and up to the date of this report, the Group obtained 407 initial registration certificates in 53 overseas markets (countries and regions). The Hector<sup>®</sup> Thoracic Aortic Multi-Branch Stent Graft System and the APOLLO Dream<sup>®</sup> Intracranial Artery Sirolimus-Targeted Eluting Stent System, two innovative medical device products, successively received Breakthrough Device Designation from the U.S. FDA, once again validating the Group’s global clinical translation capability.

During the Reporting Period and up to the date of this report, the Group received approval for NMPA initial registration and significant changes, including but not limited to: Firelimus<sup>®</sup> Coronary Rapamycin-Eluting Balloon Dilatation Catheter, TomaHawk<sup>®</sup> Coronary Intravascular Catheter, the TEN<sup>™</sup>, a domestically-produced pacemaker compatible with 3.0T whole-body MRI examinations, the Cratos<sup>®</sup> Branched Aortic Stent Graft and Delivery System, the Tipspear<sup>®</sup> Transjugular Intrahepatic Puncture Device, the Toumai<sup>®</sup> SP Abdominal Endoscopic Single-port Surgery System, the Toumai<sup>®</sup> Abdominal Endoscopic Remote Surgery System, Sheathru<sup>™</sup> Delivery Catheter, Cerelmon<sup>™</sup> filter extension tube for single use, NeuroHawk Medibox<sup>™</sup> Intracranial Stent Retriever and Accessories, Numen<sup>®</sup> Nest Detachable Coil, YINI<sup>®</sup> Phacoemulsification System, YairDent<sup>®</sup> Dental Implant System, EZ-Eye<sup>™</sup> 5100 Series Intelligent Auto-Focus Auto-Magnification Electronic Digestive Endoscopy System, TACTIC<sup>®</sup> Antarctic<sup>™</sup> Dual-Channel Tumor Cryoablation System, and UniPath<sup>®</sup> Electronic Bronchoscope Surgical Navigation System. The marketing approval of innovative products will be the important engines of the Group’s business growth.

The Group will continue to efficiently promote the expansion and marketing of its products in both domestic and overseas markets, enhance the market strategy of penetrating hospitals with product mix through the global distribution of high-value diversified products, fully leverage the advantages of “group-type” operation in order to consolidate the foundation for profitability.

*Note:* include the numbers of equity-accounted investees of the Group.

## GloMatrix Commercialisation Platform

To empower the Group’s business segments in unlocking the boundless potential of exploring global markets and to extend our commercial influence worldwide, the Group has established a comprehensive marketing and service network platform (the “GloMatrix Platform”) with a grid-like coverage. In this way, we bolster the primary channels of business sub-segments by strategically addressing areas where the sub-segments find “out of reach”. The GloMatrix Platform will not only shepherd our portfolio of about 250 products that have been released and the innovative marvels that will be successively approved for launch, fueling the Group’s sales growth, but also promote the optimization, sharing, and coordination of resources within the Group at home and abroad by refining resource allocation, thereby comprehensively enhancing the operational efficiency of the Group.

Through years of relentless growth, our Group has ascended to the forefront as a leading enterprise of high-end medical devices, operating multiple business segments across the globe. We boast a comprehensive network of research and development, manufacturing, marketing, and service that spans across Asia, North America, Europe, Latin America, and beyond. Up to date, our innovative products have reached more than 20,000 hospitals in over 100 countries and regions. The global platform consolidates all business resources within the Group, including overseas local business resources within the system, radiating from core countries/regions to surrounding areas. Each regional platform supports the integrated sales of business sub-segments products and provides functional services such as medical services, customer operations, and regulatory compliance. The HQ going-abroad platform (the “HQ Going-abroad Platform”) modeled after the commercialization team of the cardiovascular devices business under the GloMatrix Platform is crafted to empower the domestically developed products of diverse business segments, enabling swift international market entry and boosting overseas sales. During the Reporting Period, the revenue of the HQ Going-abroad Platform amounted to US\$109.2 million, representing a year-on-year growth of 106.6% (excluding the foreign exchange impact).

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's various business segments have presented robust growth momentum in the sales of going-abroad products (the "Going-abroad Business"), leveraging both their independent overseas sales channels and the synergistic advantages of the HQ Going-abroad Platform. During the Reporting Period, the revenue of the HQ Going-abroad Business amounted to US\$163.9 million, representing a year-on-year growth of 78.8% (excluding the foreign exchange impact). Specifically, the surgical robot business increased by 286.6% year-on-year (excluding the foreign exchange impact), the endovascular and peripheral vascular devices business increased by 56.5% (excluding the foreign exchange impact), the neuroscience devices business increased by 39.4% year-on-year (excluding the foreign exchange impact), and the structural heart disease business increased by 255.0% (excluding the foreign exchange impact).

Moving forward, the Group's business segments will continue to leverage the GloMatrix Platform's integrated distribution network to efficiently deliver innovative products and expand into untapped international markets, thereby strengthening the global competitiveness of the Group.

## HUMAN RESOURCES AND TRAINING

As at 31 December 2025, the Group had a total of 6,547 employees around the world, of which 1,722 or approximately 26% were overseas employees in the Asia Pacific region, Europe, the Middle East, Africa, North America, South America and Australia.

To cope with the increasing uncertainty in the external market, the Group is committed to building a flexible and resilient organizational competence system. By reviewing the key work of various business segments within the Group and checking the distribution of human resources, the Group has further deepened its internal collaboration mechanisms, continuously expanded the functional coverage and operational depth of its platform-based shared services, and promoted an increase in overall synergy. In this process, the Group will make overall arrangements for relevant projects and positions in line with its global strategy and solidify the foundation for global organizational synergy, thereby achieving coordinated and enhanced organizational efficiency. The Group is committed to providing employees with more diverse development opportunities by building a global organizational competence system, integrating resources and empowering platforms as well as upgrading management and operation methods. The Group provides its global employees with ample space for career development that combines horizontal and vertical dimensions by continuously adhering to the principle of "maturity, usage, remuneration, cultivation and care" regarding human resources, and helps talents accelerate their development and pursue the realization of self-worth through internal four institutes (Earth-Down Leadership Academy ( 稷下企業領導力學院 ), MicroPort Innovation Action Academy ( 微創創新知行學院 ), Innovation Qualification & Competency Institute ( 創新資質與能力學堂 ), and Culture & Philosophy Academy ( 文化 & 哲學講堂 )) within the enterprise, so as to work together to achieve its belief of "helping hundreds of millions of earthlings to have a lifespan of over 115 years old in a healthy manner".

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS

In the long run, with the deepening of population ageing in the world, the improved living standards of the people and the economic growth of the developing countries, it is anticipated that the global market demand for medical devices will also steadily increase. As for the PRC market, thanks to the economic and social development, the health awareness among its people has been raised significantly, and the reform of the medical system has also brought policy bonuses. The medical device market in China has huge development opportunities.

In the short term, the global economy is still subject to macro-economic factors such as the uncertainty of the development trend, the tightening of trade protection policies and the intensification of geopolitical conflicts. On the industry side, competition in the domestic medical device sector continues to intensify. Centralized VBP of high-value medical consumables, reforms in medical insurance payments, and measures for refined management of medical expenses, such as pharmaceutical price control, are continuously being advanced, leading to an impending adjustment in the industry's landscape. The above factors will all increase uncertainty and may have an adverse impact on the Group's operations and the value of its related business segments.

In order to seize the development opportunities and enhance our core competitiveness in the increasingly fierce market competition, we will continue to implement positive business strategies, strictly adhering to the strategies of focusing on principal business and cost control, and proactively manage and hedge any potential risks, with actions as follows:

1. Consolidating our leading position in the medical device market in the PRC. With our strong brand recognition, extensive distribution network, and the economies of scale achieved by the deployment of multiple channels, we will further increase our market share in the PRC and continue to give full play to the advantages of being a leading enterprise in the industry and make all-round breakthroughs in the domestic high-end medical device industry, thereby maximising value for the shareholders, customers, employees and society.
2. Expediting the global expansion to realize integration of MicroPort® brand and global operations. We will continuously deepen the globalized branding and operation strategy based on localization by consistently implementing the operation model of “globalization in operational strategy, localized implementation, deployment with diversification, and unified positioning”, thereby realising global deployment through effective integration of resources and markets around the world, which in turn will bring the products of MicroPort® to more countries or regions and benefit patients and doctors around the world.
3. Constantly refining our existing production processes, and carrying out innovation to gain high returns so as to create a diversified product portfolio. We will continuously optimize the manufacturing processes of existing products to enhance their production efficiency; and pay more attention to the input-output ratio of research and development from the perspective of enterprise strategy, committing ourselves to providing more high-quality and affordable integrated medical solutions for doctors and patients while improving profitability.
4. Deepening the reform of our management system. In order to further enhance the competitiveness and risk prevention capability of the Company, we will constantly improve the system development and enhance the efficiency of internal governance by integrating resources and streamlining processes, thereby maintaining the unique entrepreneurial vitality, flexibility and efficiency of MicroPort® to the greatest extent while rapidly expanding the scale of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Overview

Despite facing the impact of complex and changing unfavorable factors in China and abroad, the revenue of the Group during the Reporting Period increased by 6.0% (excluding the foreign exchange impact) or increased by 7.2% in US\$ as compared to the year ended 31 December 2024. The Group persisted in continuously providing a diversified product portfolio and continuously carrying out its globalization strategy, with non-China sales contributing to 53.1% of the total revenue. The Group aimed to continuously bring its innovations, technologies and services to millions of global patients and become a patient-oriented global leading enterprise in high-tech medical segments represented by minimal invasive treatment and other emerging medical markets.

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

### Revenue

US\$'000	Year ended 31 December		Percentage change	
	2025	2024 (Re-presented) <i>(Note)</i>	in US\$	excluding the foreign exchange impact
<b>Continuing operations</b>				
Cardiovascular devices business	182,181	165,735	9.9%	11.1%
Orthopedics devices business	235,155	252,706	(6.9%)	(7.5%)
CRM business	229,719	220,613	4.1%	0.0%
Endovascular and peripheral vascular devices business	189,481	169,537	11.8%	12.0%
Structural heart disease business	51,314	50,697	1.2%	1.3%
Surgical robot business	77,575	36,022	115.4%	114.2%
Other business *	95,609	51,724	84.8%	88.9%
Elimination adjustments	(66,689)	(22,952)	190.6%	233.9%
<b>Discontinued operation</b>				
Neuroscience business	111,036	106,981	3.8%	3.8%
<b>Total</b>	<b>1,105,381</b>	<b>1,031,063</b>	<b>7.2%</b>	<b>6.0%</b>
Including: the HQ Going-abroad Platform	109,248	56,324	94.0%	106.6%

*Note:* The comparative information of segment revenue has been re-presented to reflect the changes in allocation of resources and assessment of performance

\* The revenue of other business segments did not meet the quantitative thresholds for determining reportable segments.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's revenue during the Reporting Period was US\$1,105.4 million, representing an increase of 7.2% as compared to US\$1,031.1 million for the year ended 31 December 2024. The Group's reported revenue was impacted by the appreciation or depreciation of US dollars against functional currencies in the process of converting from non-dollar functional currencies of the Group's subsidiaries to US dollars, the presentation currency of the Group. Excluding the foreign exchange impact, the Group's revenue increased by 6.0%. Such increase was mainly attributable to the rapid market penetration and the revenue contribution from new products. The following discussion was made based on the Group's major business segments.

## – Cardiovascular devices business

The cardiovascular devices business recorded revenue of US\$182.2 million during the Reporting Period, representing an increase of 11.1% (excluding the foreign exchange impact) or an increase of 9.9% in US\$ as compared to the year ended 31 December 2024. Such increase in revenue was primarily attributable to the continued leading market share of domestic stent products, coupled with the rapid revenue growth from balloons, accessories, and active products. In contrast, the international coronary business faced short-term macroeconomic challenges in certain regions, including shifting geopolitical dynamics and fluctuations in healthcare service systems, which had a temporary impact on revenue.

## – Orthopedics devices business

US\$'000	Year ended 31 December		Percentage change	
	2025	2024	in US\$	excluding the foreign exchange impact
Orthopedics devices business	<b>235,155</b>	252,706	(6.9%)	(7.5%)
– US	<b>73,640</b>	84,196	(12.5%)	(12.5%)
– Europe, Middle East and Africa	<b>83,054</b>	81,785	1.6%	(1.1%)
– Japan	<b>31,488</b>	29,381	7.2%	6.2%
– The PRC	<b>18,567</b>	34,071	(45.5%)	(45.4%)
– Others	<b>28,406</b>	23,273	22.1%	26.7%

The orthopedics devices segment recorded revenue of US\$235.2 million during the Reporting Period, representing a decrease of 7.5% (excluding the foreign exchange impact) or a decrease of 6.9% in US\$ as compared to the year ended 31 December 2024. Such decrease in revenue was primarily due to supply chain fluctuations, changes in the geopolitical landscape and the strategic shift of import substitution with domestic products in the Chinese market, which had a temporary impact on revenue.

## – CRM business

US\$'000	Year ended 31 December		Percentage change	
	2025	2024	in US\$	excluding the foreign exchange impact
CRM business	<b>229,719</b>	220,613	4.1%	0.0%
– Europe, Middle East and Africa	<b>190,836</b>	181,586	5.1%	0.2%
– The PRC	<b>22,749</b>	24,269	(6.3%)	(6.1%)
– Japan	<b>9,427</b>	8,718	8.1%	6.6%
– Others	<b>6,707</b>	6,040	11.0%	8.6%

# MANAGEMENT DISCUSSION AND ANALYSIS

The CRM business recorded revenue of US\$229.7 million during the Reporting Period, which was relatively flat (excluding the foreign exchange impact) or an increase of 4.1% in US\$ as compared to the year ended 31 December 2024. Such change in revenue was mainly attributable to (i) the wide recognition of the next-generation pacemakers and defibrillators with Bluetooth connectivity and MRI compatibility by clinicians and patients globally since launch; and (ii) the decline in revenue from the CRM business in China by 6.1% year-on-year (excluding the foreign exchange impact) as a result of the later-than-expected rollout of VBP initiatives during the Reporting Period.

## – *Endovascular and peripheral vascular devices business*

The endovascular and peripheral vascular devices business recorded revenue of US\$189.5 million during the Reporting Period, representing an increase of 12.0% (excluding the foreign exchange impact) or an increase of 11.8% in US\$ as compared to the year ended 31 December 2024. Such increase in revenue was mainly attributable to the following factors: (i) during the Reporting Period, innovative products continued to solidify the domestic leading advantage. By deeply cultivating the lower-tier markets, offering customised treatment solutions, accelerating product upgrades and iterations, and actively promoting the launch of new products while replacing older ones, the market share has achieved steady growth; and (ii) our overseas markets achieved a rapid year-on-year growth of 56.5% (excluding the foreign exchange impact), driven by its deepening global presence and the continued expansion of market access and promotional activities for our aortic and peripheral interventional products in regions including Europe, Latin America, and the Asia-Pacific.

## – *Structural heart disease business*

The structural heart disease business recorded revenue of US\$51.3 million during the Reporting Period, representing an increase of 1.3% (excluding the foreign exchange impact) or an increase of 1.2% in US\$ as compared to the year ended 31 December 2024. Such increase in revenue was mainly attributable to the rapid growth in the overseas revenue of this business by 255.0% (excluding the foreign exchange impact) comparing with the corresponding period in 2024, contributed by the continued advancement of the VitaFlow Liberty<sup>®</sup> and the Alwide<sup>®</sup> Plus in terms of global commercialization, contributing additional revenue to the Group.

## – *Surgical robot business*

The surgical robot business recorded revenue of US\$77.6 million during the Reporting Period, representing an increase of 114.2% (excluding the foreign exchange impact) or an increase of 115.4% in US\$ as compared to the year ended 31 December 2024. Such increase was primarily attributable to the breakthrough commercial progress of Toumai, resulting in a sharp sales growth. In particular, the remarkable expansion in overseas markets has made the international segment a key growth driver for revenue growth.

## – *Other business*

The Group's other business recorded revenue of US\$95.6 million during the Reporting Period, representing an increase of 88.9% (excluding the foreign exchange impact) or an increase of 84.8% in US\$ as compared to the year ended 31 December 2024. Such increase was mainly attributable to the increase of revenue from non-vascular intervention and other emerging business segments. The revenue of other business did not meet the quantitative thresholds for determining reportable segments.

## – *Neuroscience business*

The neuroscience business recorded revenue of US\$111.0 million during the Reporting Period, representing an increase of 3.8% (excluding the foreign exchange impact or in USD terms) as compared to the year ended 31 December 2024. Such increase in revenue was mainly attributable to the following factors: (i) the continued growth of the business's overseas operations, with revenue increasing by 39.4% year-on-year (excluding the foreign exchange impact) during the Reporting Period, with strong sales growth across the Asia-Pacific, North America, Latin America, and Europe, Middle East, and Africa regions to varying degrees; (ii) in the field of hemorrhagic stroke products, revenue from coil series products maintained rapid growth, resulting in a further expansion of the market share, and the revenue from Flow-diverting Stent decreased due to the impact of the VBP.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Cost of Sales

During the Reporting Period, the Group's cost of sales was US\$470.8 million, representing an increase of 3.0% as compared to US\$457.0 million for the year ended 31 December 2024. Such increase was driven by increased sales volume.

## Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit increased by 10.5% from US\$574.1 million for the year ended 31 December 2024 to US\$634.6 million during the Reporting Period. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin during the Reporting Period increased to 57.4% as compared to a gross profit margin of 55.7% for the year ended 31 December 2024, which was mainly attributable to the supply chain integration and process optimization.

## Research and Development Costs

Research and development costs decreased by 32.3% from US\$216.5 million for the year ended 31 December 2024 to US\$146.5 million during the Reporting Period. Such significant decrease resulted from the proactive cost control and resource focus measures taken by the Group to prioritize and focus on core projects and improve R&D efficiency.

## Distribution Costs

Distribution costs increased by 4.6% from US\$304.2 million for the year ended 31 December 2024 to US\$318.1 million during the Reporting Period. Such increase was mainly attributable to the expansion in major business markets, product promotion activities, and the corresponding rise in sales commissions in line with revenue growth.

## Administrative Expenses

Administrative expenses decreased by 4.0% from US\$176.6 million for the year ended 31 December 2024 to US\$169.6 million during the Reporting Period. Such decrease primarily resulted from the Group's strategic realignment of global resource allocation, executing targeted corporate streamlining and cost-discipline initiatives that enhanced operational efficiency.

## Other Net Income

The Group recorded other net income of US\$55.0 million during the Reporting Period and other net loss of US\$29.4 million for the year ended 31 December 2024. Such increase was mainly attributable to the exchange gains and the increase in government grants recognised during the Reporting Period.

## Finance Costs

Finance costs increased by 4.8% from US\$106.4 million for the year ended 31 December 2024 to US\$111.5 million during the Reporting Period. Such increase was mainly attributable to the increase in accrued interest of the convertible bonds issued by the Company.

## Impairment Losses of Non-current Assets

Impairment losses of non-current assets increased by 22.1% from US\$87.9 million for the year ended 31 December 2024 to US\$107.3 million during the Reporting Period. Such change was mainly attributable to the increase in impairment provisions for equity-accounted investees during the Reporting Period.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Income Tax

Income tax decreased from US\$43.7 million for the year ended 31 December 2024 to US\$38.0 million during the Reporting Period. Such change was primarily attributable to certain one-off tax items recorded in the previous year, which did not occur in the Reporting Period.

## Profit/(loss) for the Year

The Group turned profitable during the Reporting Period, improving from a loss of US\$268.5 million last year to earnings of US\$38.4 million during the Reporting Period. The Group's EBITDA<sup>#</sup> increased significantly from US\$60.4 million for the year ended 31 December 2024 to US\$369.8 million during the Reporting Period.

## Non-HKFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRS Accounting Standards, we also use adjusted net loss as non-HKFRS measures, which are not required by, or presented in accordance with, HKFRSs Accounting Standards. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS Accounting Standards measures facilitates a comparison of our operating performance from period to period by eliminating potential impacts of items that the management does not consider to be indicative of our operating performance. Such non-HKFRS measures allow investors to consider metrics used by our management in evaluating our performance.

From time to time in the future, we may exclude other items from our review of financial results. The use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS Accounting Standards. In addition, the non-HKFRS financial measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table sets out the reconciliation to net profit/(loss) for the periods indicated:

	Year ended 31 December		Change %
	2025 US\$'000	2024 US\$'000	
Profit/(loss) for the Year	<b>38,427</b>	(268,459)	(114.3%)
Add/(less):			
– Share-based compensation expenses	<b>35,240</b>	27,773	26.9%
– Gain on disposal of subsidiaries	<b>(326,540)</b>	(98,155)	232.7%
– Gain on disposal of interests in equity-accounted investees	<b>(3,884)</b>	(16,729)	(76.8)%
– Net realized and unrealized loss on financial instruments carried at FVPL	<b>24,927</b>	17,249	44.5%
– Impairment losses of non-current assets	<b>107,250</b>	87,864	22.1%
– Interest expenses on preferred shares issued by subsidiaries	<b>24,446</b>	27,671	(11.7)%
Non-HKFRS adjusted net profit/(loss) for the year	<b>(100,134)</b>	(222,786)	Loss narrowed by 55.1%

# This refers to earnings before interest, taxes, depreciation and amortization, which includes changes in fair value of convertible bonds issued by a subsidiary recognised in profit or loss during the year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Capital Management

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

## Liquidity and Financial Resources

As at 31 December 2025, the Group had US\$682.5 million of cash and cash equivalents, as compared to US\$713.0 million as at 31 December 2024. Such decrease was mainly attributable to (i) the Group's capitalised expenditure; (ii) the cash paid for the repayment of principal and interest on interest-bearing borrowings and for the distribution of dividends; and (iii) the repurchase of shares of listed subsidiaries during the Reporting Period. The approach of the Board to managing liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities in order to avoid any unacceptable losses or damage to the Group's reputation.

## Borrowings and Liabilities to Assets Ratio

Total borrowings of the Group, including interest-bearing borrowings and convertible bonds, as at 31 December 2025 were US\$1,549.3 million, representing a decrease of US\$47.8 million as compared to US\$1,597.1 million as at 31 December 2024. During the Reporting Period, the liabilities to assets ratio (calculated as total liabilities divided by total assets) of the Group decreased from 68.5% as at 31 December 2024 to 59.4% as at 31 December 2025.

## Net Current Assets

The Group's net current assets as at 31 December 2025 were US\$504.5 million, as compared to US\$558.3 million as at 31 December 2024.

## Foreign Exchange Exposure

The Group is exposed to currency risk primarily from sales, purchases, borrowing and lending which give rises to receivables and payables that are denominated in a foreign currency (mainly CNY, Euro and JPY). During the Reporting Period, the Group recorded a net exchange gain of US\$8.4 million, as compared to a net foreign exchange loss of US\$12.3 million for the year ended 31 December 2024. The Group did not have any significant hedging arrangements to manage foreign exchange risk but has been actively monitoring and overseeing its foreign exchange risk.

## Capital Expenditure

Except for the above mentioned items, the Group's total capital expenditure during the Reporting Period amounted to approximately US\$101.8 million, which was used for (i) construction of buildings; (ii) acquiring equipment and machinery; and (iii) expenditures for R&D projects in development stage.

## Charge on Assets

As at 31 December 2025, for the purpose of securing bank loans with a carrying value of US\$750.2 million, the Group had mortgaged its production buildings held for own use and land use right, and pledged the equity interest held by the Group in several subsidiaries and certain patents. In order to obtain the 2029 convertible loans, the Group pledged (i) a property situated in the US and (ii) shares held in certain subsidiaries.

## FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

Looking ahead, the Group will continue to expand its business in both domestic and overseas markets, explore its potential and improve the Group's financial health. Investment in working capital and capital expenditure will be supported by various sources of financing, including but not limited to cash flows generated from operating activities, bank borrowings and equity financing.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

## DIRECTORS

### EXECUTIVE DIRECTOR

**Dr. Zhaohua Chang (常兆華)**, born in 1963, is the Chairman, Executive Director and Chief Executive Officer of the Company. He has over 35 years' experience in the medical device industry, and currently also serves as a full professor at School of Medical Device, University of Shanghai for Science and Technology. Before establishing Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) in 1998, from 1996 to 1997, Dr. Chang served as Vice President of R&D at Endocare Inc., a medical device company based in California, U.S. (which was delisted from Nasdaq in 2003). From 1990 to 1995, he served as Senior Engineer, Chief Scientist, Director of R&D and Vice President of Engineering at Cryomedical Sciences Inc., a public medical device company in Maryland U.S.. Dr. Chang received his bachelor's degree in refrigeration engineering in 1983 and master's degree in cryogenic engineering in 1985, both from University of Shanghai for Science and Technology. Dr. Chang currently serves as a non-executive director and the chairman of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)有限公司) (a company listed on The Stock Exchange of Hong Kong Limited with stock code: 2252 and being a subsidiary of the Company); from 3 November 2023 to 14 November 2025, Dr. Chang served as a non-executive director and the chairman of MicroPort NeuroScientific Corporation (微創腦科學有限公司) (a company listed on The Stock Exchange of Hong Kong Limited with stock code: 2172). He is also currently holding directorships in certain subsidiaries of the Group. In 1992, he received his doctoral degree in Biological Science from State University of New York (Binghamton). Dr. Chang has published extensively in biomedical fields and holds several dozens of patents in the United States and in China.

### NON-EXECUTIVE DIRECTORS

**Dr. Feng Gu (谷峰)**, born in 1972, was appointed as a non-executive Director of the Company on 30 September 2025. Dr. Gu has over 20 years of experience in financial management, enterprise management, industrial capital operations, equity investment, and corporate governance. Dr. Gu currently serves as the chief finance and investment officer of Shanghai Industrial Investment (Holdings) Company Limited, deputy CEO of Shanghai Industrial Holdings Limited (a company listed on the Stock Exchange (stock code: 0363)), executive director and president of SIIC Shanghai Capital Management Co., Ltd., the chairman of the board of directors of SIIC Shanghai Biomedical Management Consulting Co., Ltd., the chairman of the board of directors of SIIC Shanghai Technology Venture Capital Co., Ltd. and the vice president of Shanghai Services Federation. Dr. Gu has been in charge of finance, investment and financial business in several conglomerates and has extensive experience in mergers and acquisitions, equity investment, reorganization and integration, as well as listing and financing. From 1997 to 2001, Dr. Gu served as head of the financial and accounting department at SAIC General Motors Corporation Limited. From 2001 to 2005, he held positions of deputy manager of the finance department and deputy manager of the asset operation department at Shanghai Automotive Industry Corporation (Group). From 2005 to 2016, he successively served as executive director of capital operations, executive director of finance, and chief financial officer at SAIC Motor Corporation Limited, and concurrently served as the person-in-charge of several subsidiaries. From 2017 to 2020, he co-founded Aiways Automobiles and served as its chief executive officer. From 2020 to 2023, he served as the chief financial and investment officer of Bailian Group Co., Ltd. Dr. Gu holds the title of senior accountant in PRC and is a non-practicing member of China Certified Public Accountants (CPA), a member of The Association of Chartered Certified Accountants ("ACCA") and a member of ACCA China Expert Forum. Dr. Gu currently also serves as a director of Chengdu Kanghua Biological Products Co., Ltd. (成都康華生物製品股份有限公司) (a company listed on the Shenzhen Stock Exchange (stock code: 300841)) and an independent director of Shanghai Highly (Group) Co., Ltd. (上海海立(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600619)) and from May 2020 to April 2024, he has served as an independent director of Gemdale Corporation (金地(集團)股份有限公司) (a company listed on the Shanghai Stock Exchange (stock code: 600383)). He obtained his Ph.D in Business Administration from Tongji University in August 2011.

**Dr. Qingbing Men (門慶兵)**, born in 1977, was appointed as a non-executive Director of the Company on 30 September 2025. Dr. Men has over 20 years of experience in finance and investment. He currently serves as the general manager and deputy party secretary of Shanghai Pudong Innovation Investment and Development (Group) Co., Ltd., and a council member of the Shanghai Institute of Science and Technology Innovation and Finance. From September 2004 to April 2006, Dr. Men worked at Greenland Group based in Shanghai. From April to July 2006, Dr. Men worked at SIIC. From July 2006 to January 2010, he served at the Development and Reform Committee of Pudong New District. From January 2010 to January 2023, Dr. Men worked at the Finance Bureau of Pudong New District, successively holding positions including senior staff member, deputy director, director and deputy director general of the institutional development service division. From January 2023 to March 2024, Dr. Men joined Shanghai Pudong Investment Holdings (Group) Co., Ltd. (now renamed as Shanghai Pudong Innovation Investment and Development (Group) Co., Ltd.), where he served as the deputy general manager and party committee member. Dr. Men obtained his Ph.D. in Technical Economics and Management from Tongji University in September 2004.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Ms. Weiqin Sun (孫維琴)**, born in 1980, was appointed as our Non-executive Director on 30 August 2023. Ms. Sun is currently the general manager of Shanghai Zhangjiang Technology Venture Capital Co., Ltd.. Ms. Sun joined Shanghai Zhangjiang Group in July 2002. She has successively served as the assistant to director of the incubator center of Shanghai Zhangjiang (Group) Co., Ltd., the executive deputy general manager (in charge of overall management), general manager of Shanghai Zhangjiang Business Incubator Management Co., Ltd., the dean of Shanghai Zhangjiang Innovation Institute, and the deputy director of the investment service center of Shanghai Zhangjiang (Group) Co., Ltd., assistant general manager, deputy general manager of Shanghai Zhangjiang Technology Venture Capital Co., Ltd.. Ms. Sun received her master's degree in Business Administration from Fudan University in January 2010.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. Jonathan H. Chou (周嘉鴻)**, born in 1964, was appointed as our Independent Non-executive Director on 3 September 2010. Mr. Chou is a seasoned finance executive and advisor with over 30 years of international experience across the semiconductor, electronics and industrial sectors. Mr. Chou was most recently the Chief Financial Officer of UTAC Holdings Ltd., a global semiconductor assembly and test services provider, where he also oversaw the group's information technology and human resources functions. Prior to that, he served as Chief Financial Officer of Kulicke & Soffa Industries. (Nasdaq: KLIC("K&S")), a leading provider of semiconductor packaging and electronic assembly solutions, and concurrently held the position of interim Chief Executive Officer of K&S from 2015 to 2016. During his tenure at K&S, he was also responsible for the company's global IT and facilities operations. Earlier in his career, he held senior finance leadership roles with multinational corporations across industrial and technology sectors. Mr. Chou currently serves as an independent non-executive director of MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司, a subsidiary of the Company, listed on the Hong Kong Stock Exchange (stock code: 2160)) and Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司, a subsidiary of the Company, listed on the Hong Kong Stock Exchange (stock code: 2252)). Mr. Chou also currently serves as the chairman of the board of directors of the Emerging Markets Investors Alliance (a non-profit organization dedicated to advancing sustainable governance among institutional investors) and provides advisory services to several private equity-backed companies, including AddVita Pte. Ltd., an Asian healthcare distribution platform invested in by SeaTown, a fund under Temasek. Mr. Chou holds a MBA from Duke University's Fuqua School of Business. He has served since 2013 on the East Asia Regional Advisory Board of Duke University's Fuqua School of Business.

**Dr. Guoen Liu (劉國恩)**, born in 1957, was appointed as our Independent Non-executive Director on 3 September 2010. Dr. Liu is a noted scholar in the fields of health and development economics, health reform and pharmaceutical economics. Dr. Liu currently serves as Dean of Peking University Institute for Global Health and Development, MOE Yangtze River Scholar distinguished professor of economics at the Peking University National School of Development and a member of the Chinese Academy of Medical Sciences. From 2000 to 2006, Dr. Liu was tenured associate professor of University of North Carolina at Chapel Hill. From 1994 to 2000, Dr. Liu was assistant professor of University of Southern California. Dr. Liu also serves as editor or associate editor in various journals in the field of health economics and pharmaceutical economics. Dr. Liu currently serves as an independent non-executive director of Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司, a subsidiary of the Company, listed on the Hong Kong Stock Exchange (stock code: 2252)) and an independent director of Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司, a company listed on the Shenzhen Stock Exchange (stock code: 00538)). From February 2021 to July 2024, Dr. Liu was an independent director of SciClone Pharmaceuticals (Holdings) Limited (賽生藥業控股有限公司, a company listed on Hong Kong Stock Exchange (stock code: 06600) and the listing of its shares was withdrawn with effect from 5 July 2024). Dr. Liu received his Ph.D. in economics from the City University of New York Graduate Center in 1991, and finished his postdoctoral learning in health economics at Harvard University in 1994.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Chunyang Shao** (邵春陽), born in 1964, was appointed as our Independent Non-executive Director on 23 September 2016. Mr. Shao is currently a partner of JunHe LLP and a member of the All China Lawyers Association and Shanghai Bar Association. Mr. Shao specializes in practice such as corporate, foreign investment, real estate, mergers and acquisitions, securities, infrastructure and project finance. From July 1988 to October 1993, Mr. Shao worked in Anhui Foreign Economy Law Office. From November 1995 to March 2002, Mr. Shao worked in the London, Hong Kong and China offices of major international law firms, including in Simmons & Simmons as PRC legal counsel and Sidley Austin as a senior PRC legal consultant. Mr. Shao joined JunHe LLP in April 2002. From August 2018 to September 2021, Mr. Shao was an independent director of Changjiang & Jinggong Steel Building (Group) Co., Ltd. (長江精工鋼結構(集團)股份有限公司, a company listed on Shanghai Stock Exchange (stock code: 600496)). From March 2017 to December 2023, Mr. Shao was an independent director of Zhejiang Aishida Electric Co., Ltd. (浙江愛仕達電器股份有限公司, a company listed on Shenzhen Stock Exchange (stock code: 002403)). Mr. Shao is currently an independent director of Pharma Resources (Shanghai) Co., Ltd. (上海泓博智源醫藥股份有限公司, a company listed on Shenzhen Stock Exchange, (stock code: 301230)), Brite Semiconductor (Shanghai) Co., Ltd. (燦芯半導體(上海)股份有限公司, a company listed on STAR market of Shanghai Stock Exchange (stock code: 688691)), and LakeShore Biopharma Co., Ltd., a company listed on NASDAQ (stock code: LSB). Mr. Shao was admitted to practice PRC law in 1988. From 1993 to 1994, Mr. Shao worked as visiting lawyer in Sino-Britain Young Lawyers' Exchange Program in the UK. He received his master degree in law from East China University of Political Science and Law in 2002.

Save as disclosed above, to the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, there was no information relating to the Directors that is required to be disclosed pursuant to 13.51B(1) of the Listing Rules or any other matters concerning any Director that needs to be brought to the attention of the Shareholders as of the date of this annual report.

## SENIOR MANAGEMENT

**Mr. Zhaohua Chang** (常兆華), is the CEO of the Company, please refer to the section headed "Directors – Executive Director" for the details of his biography.

**Mr. Jonathan W Chen**, is the Rotating Co-Chief Executive Officer of the Company. Prior to current positions, he has served as the Executive Vice President of International Operations and Investor Relations of the Company. Mr. Chen's primary responsibilities include expanding the Company's International business in markets of the U.S., Europe, Asia Pacific and South America. Mr. Chen is also currently holding directorships in certain subsidiaries of the Group. Mr. Chen has over 29 years of experience in the medical device industry. Prior to joining the Company, Mr. Chen successively served as the vice president and senior vice president of business development and financial strategy at Angiotech Pharmaceuticals, Inc. He led the management team to build a diversified medical products business through several transformational acquisitions and licensing transactions. Prior to joining Angiotech, Mr. Chen was a life sciences investment banker at Credit Suisse, Alex. Brown & Sons and Deutsche Bank where he advised his clients on equity and debt capital raising as well as on Mergers & Acquisitions transactions. Mr. Chen holds a Bachelor of Arts degree in Economics and a Bachelor of Sciences degree with honors in Biological Sciences from Stanford University.

**Mr. Hongbin Sun** (孫洪斌), is the Chief Financial Officer of the Company. Mr. Sun has over 28 years of finance experience. Mr. Sun was the Director and General Manager of Otsuka China from 2006 to 2010. From 2004 to 2006, he served as a Financial Director of Otsuka China. From 1998 to 2003, Mr. Sun was an Assistant Manager at KPMG's Shanghai Office. Mr. Sun is a member of the Chinese Institute of Certified Public Accountants and is also a Chartered Financial Analyst. Mr. Sun received his bachelor's degree in Economics from Shanghai Jiao Tong University in 1998.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Dr. Brian Yale Chang**, is the Chief Medical Officer of the Company and a physician-scientist and engineer. He has over a decade of experience in the medical technology industry, having co-founded and led early-stage research, development, and business strategy at several medical technology ventures. Previously, Dr. Chang held postdoctoral and teaching appointments at the Massachusetts Institute of Technology ("MIT"), where he oversaw interdisciplinary research teams and developed curriculum in cardiovascular physiology and medical technology. His academic research has focused on cardiac support devices and extracorporeal systems. He has authored 17 peer-reviewed publications and is a named inventor on multiple patents related to cardiovascular technologies. Dr. Chang has received numerous honors, including the Paul & Daisy Soros Fellowship, the Seidman Prize for Outstanding Thesis, and teaching awards from both Harvard Medical School and MIT. Dr. Chang holds a Bachelor and Master of Science in Mechanical Engineering from Carnegie Mellon University, graduating with University Honors. He earned a Ph.D. in Medical Engineering and Medical Physics from MIT, M.D. from Harvard Medical School, graduating magna cum laude, and completed medical residency at Massachusetts General Hospital.

**Mr. Benoit Clinchamps**, is the Chief Overseas Operating Officer of the Company. Mr. Clinchamps has over 26 years of experience in the medical technology industry, he served as president of MicroPort CRM from May 2018 to November 2024. He has successively served as the head and vice president of the quality assurance & regulatory affairs, vice president of the product development & regulatory affairs in the Sorin Group, and vice president and general manager of the CRM business in Liva Nova. Prior to joining the Sorin Group, Mr. Clinchamps has served at GE Healthcare for six years. Mr. Clinchamps holds an Engineering Degree from ICAM Lille France (Institut Catholique des Arts et Métiers). He furthermore completed a Management Course in Aerospace in ENSAE Toulouse France (Ecole Nationale Supérieure de l'Aéronautique et de l'Espace) and in TUM Germany (Technische Universität München). He is a certified 6 Sigma Black Belt and also took an Executive Course at INSEAD Fontainebleau France.

**Mr. Jiang Lei (蔣磊)**, is the Chief Marketing Officer of the Greater China region of the Company. Mr. Jiang has over 28 years of experience in pharmaceutical and medical device industry. From 1998 to 2006, Mr. Jiang worked in Mitsubishi Chemical in Japan and Abbott Medical Vascular Intervention Department. He joined the Coronary Artery Marketing Department of Shanghai MicroPort Medical (Group) Co., Ltd. in 2006. In 2010, Mr. Jiang was appointed as the Group's National coronary product Sales Director. In 2019, Mr. Jiang was appointed as Advanced Vice President of National Coronary Artery Marketing. In 2020, Mr. Jiang was appointed as Senior Vice President of National Marketing. In 2021, Mr. Jiang was appointed as the President of Shanghai MicroPort Medical (Group) Co., Ltd. In December 2022, Mr. Jiang was appointed as the Chairman of the board of directors of Shanghai MicroPort Medical (Group) Co., Ltd.. Mr. Jiang graduated from Nanjing Medical University in 1998 and obtained an EMBA degree from Shanghai Jiaotong University in 2020.

**Dr. Jie Zhang (張劼)**, is the Chief Technology Officer of the Greater China region of the Company. As an Outstanding Technical Leader in Shanghai, he also provides in-house mentorship for postgraduates at Zhejiang University, East China University of Science and Technology, and University of Shanghai for Science and Technology. Dr. Zhang joined the Company in 2007. As the principal researcher and key inventor of technologies for the Firehawk® Stent, Dr. Zhang effectively overcame complex technological challenges and secured several invention patents both domestically and internationally. Since joining the Company, Dr. Zhang has played a crucial role in the development of new technologies and products. He has spearheaded R&D efforts across multiple businesses within the Company, while incubating emerging products in the areas of Ophthalmology, Otorhinolaryngology, Dentistry and Medical Cosmetology. Dr. Zhang has amassed multiple innovations over the past 18 years, secured the First Prize of the Shanghai Scientific and Technological Progress Awards and the Silver Prize of the China Patent Award, and now has 53 domestic and international authorized patents. Dr. Zhang received his bachelor's degree in Communication Engineering from Zhejiang University of Technology in 2002, his master's degree in Test and Measurement Technology and Instrumentation in 2007, and his Ph.D. in Biomedical Engineering in 2021, both from University of Shanghai for Science and Technology.

# BOARD OF DIRECTORS AND SENIOR MANAGEMENT

**Mr. Yimin Xu (徐益民)**, is the Senior Executive Vice President of Regulatory Affairs & Property Management of MicroPort Sinica Co., Ltd.. Prior to current position, Mr. Xu has served as the Vice President of Quality, Regulatory and Clinical Affairs of the Company. He has over 26 years of experience in medical device industry. Prior to joining us in 2000, Mr. Xu served as project manager in Shanghai Zhangjiang Hi-Tech Development Co., Ltd. and Shanghai Zhangjiang Hi-Tech Innovation Centre from 1995 to 2000. Mr. Xu also served as quality engineer in Nanjing No.2 Air Compressor Factory from 1988 to 1992. Mr. Xu received his master's degree in Mechanical and Electronic Engineering from Shanghai Jiao Tong University in 1995.

**Mr. Yiyun Que (闕亦雲)**, is the Executive Vice President of Intelligent Manufacturing & Global Supply Chain of MicroPort Sinica Co., Ltd.. Prior to current position, Mr. Que served as the First Vice President of Coronary Manufacturing and Engineering, Vice President of Manufacturing and Engineering of the Company and has over 20 years' experience in medical device industry. Prior to joining the company in 2006, Mr. Que served as an engineering manager in Shanghai Lenovo Electronic Co., Ltd. Mr. Que received his bachelor's degree in Industrial Engineering from Sichuan University in 2001 and his master's degree in Biomedical Engineering from University of Shanghai for Science and Technology in 2015.

**Mr. Chen Guoming (陳國明)**, is the Senior Vice President of Projects Investment Management and Science & Technology Development of the Company. Mr. Chen joined the Company in March 2010 and has been primarily responsible for research and development work and has participated in the Company's management and strategic development since then. Mr. Chen has over 16 years of experience in the fields of research and development, clinical application and supply chain management in the medical device sector. He has received three first prizes for science and technology at the provincial/ministerial-level, and has been honored with multiple titles including Shanghai Outstanding Young Engineer, Shanghai Leading Talent Program of Eastern Talent Plan, and Shanghai Industrial Young Elite, among others. He is also the inventor or co-inventor of more than 100 invention patents in China and overseas. Mr. Chen received his bachelor's degree in Engineering Mechanics from Shanghai Jiao Tong University in June 2007, and his master's degree in Mechatronic Engineering from Shanghai Jiao Tong University in March 2010.

**Mr. Tianbai Yu (俞天白)**, is the President of MicroPort Orthopedics China and the Head of Global Supply Chain of Orthopedics. Mr. Yu joined the Company in 2015, and has served as Vice General Manager of Suzhou MicroPort OrthoRecon Co. Ltd.. From May 2022, Mr. Yu has served as Executive General Manager of MicroPort Orthopedics China. From August 2024, Mr. Yu has served as the President of MicroPort Orthopedics China. Prior to joining in the Company, he was an engineering manager of Johnson & Johnson Medical (Suzhou) Ltd. and was a management trainee at DePuy Ace Sarl, Johnson & Johnson at Switzerland. Mr. Yu holds a master degree of Mechanical Manufacturing and Automation and a master degree of Business Administration at Zhejiang University.

**Ms. Qing Hui (惠青)**, is the First Vice President of Organization Ability of the Company. Ms. Hui joined the Company in July 2019 and has been leading the core function of Organizational Ability in the headquarters since then. Prior to joining the Company, she had worked for Boston Scientific for more than 12 years with various Human Resources leadership roles in different countries and regions including China, Asia Pacific, Middle East and Canada. Before that, she worked for banking and insurance industries for more than ten years. Ms. Hui received her bachelor's degree in English from Shanghai Polytechnic University in 1992, master's degree in Business Administration from Shanghai University of Finance and Economic in 2002 and executive master's degree in Consulting and Coaching for Change from Institut Europeen d'Administration des Affaires ("INSEAD") in 2017.

**Ms. He Li**, is the board secretary and Senior Vice President of Securities and Legal Affairs of the Company. Ms. Li joined the Company in May 2016 and has been the Board Secretary since then. Ms. Li is also responsible for managing the legal affairs of the Company. Prior to joining the Company, Ms. Li had worked for well-known global companies. Ms. Li has over 14 years of experience in accounting, financial analysis, risk control and strategic management and over 16 years of experience in corporate governance. Ms. Li received her bachelor's degree in Accounting from Xiamen University in 1996 and her master's degree in Business Administration from the Sauder School of Economics at the University of British Columbia in 2004.

# REPORT OF THE DIRECTORS

The board (the “Board”) of directors (the “Directors”) of MicroPort Scientific Corporation (the “Company” and together with its subsidiaries, the “Group”) presents this report to the shareholders of the Company (the “Shareholders”) together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in Note 13 to the consolidated financial statements. Save as disclosed above, there is no significant changes in the nature of Group’s activities during the year.

## FINANCIAL STATEMENTS

The financial position of the Group as at 31 December 2025 and the financial performance of the Group for the year then ended are set out in the consolidated financial statements on pages 87 to 212 of this annual report.

## BUSINESS REVIEW

### OVERVIEW

In 2025, facing a rapidly changing external environment and increasingly fierce industry competition, the Company continued to focus on executing the Group’s strategic transformation with the goal of improving the health of our financial statements. The Company concentrated on and consolidated our core businesses, aggressively promoted product exports, and strived to reduce costs, increase operational efficiency, and drive sustained growth in the Group’s performance. For the year ended 31 December 2025, the Group recorded revenue of US\$1,105.4 million, representing an increase of 6.0% (excluding the foreign exchange impact) as compared to 2024. Meanwhile, the Company recorded a profit of US\$38.4 million (profit attributable to equity shareholders: US\$48.5 million).

A review of the business of the Group during the year ended 31 December 2025, which includes an analysis of the Group’s performance using financial key performance indicators are set out in the section headed “Management Discussion and Analysis” on pages 10 to 29 of this annual report. The financial risk management objectives and policies of the Group are set out in Note 31 to the consolidated financial statements. An analysis of the Group’s performance indicators is set out in the section headed “Financial Highlights” on page 4 of this annual report. The compliance with relevant laws and regulations which have significant impact on the Group is set out in this Directors’ report. The reviews form part of this statement.

## ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company adheres to the concept of green management and actively responds to the call for low-carbon sustainable development. We attach great importance to the impact of our production and operation on the environment, and we are committed to creating an eco-friendly model for operation and management development through the establishment of a sound environmental management system and the strengthening of environmental awareness.

We have established and improved our environmental management system to regulate the environmental protection of our production sites. Under the coordination, guidance and supervision of the Environment, Health and Safety (EHS) Management Committee, each functional department actively implements its environmental protection responsibilities in accordance with the principle of “whosoever is in charge is responsible”.

# REPORT OF THE DIRECTORS

## COMPLIANCE WITH LAWS AND REGULATIONS

The Company recognizes the importance of compliance with legal and regulatory requirements, as well as the risk of non-compliance. The Company has allocated system and staff resources to ensure ongoing compliance with applicable laws, rules and regulations including but not limited to, those laws, rules and regulations promulgated by the NMPA, Ministry of Finance, State Administration for Market Regulation, the government of the Hong Kong Special Administrative Region, and such regulators' global counterparts in countries where MicroPort conducts business. We maintain cordial working relationships with regulators through effective communications. Throughout the year ended 31 December 2025, we have strived to conduct business in accordance with all applicable laws, rules and regulations in all material respects and there is no investigation, disciplinary proceeding or inquiry by, or order, decree, decision or judgment of any authority outstanding, or, to the best of the Company's knowledge, threatened or expected to be issued against any member of the Company or its respective assets or any person for whose acts or defaults it may be vicariously liable, and which is of a material nature.

## PRINCIPAL RISKS AND UNCERTAINTIES

### FINANCIAL RISKS

The Group's principal business activities are exposed to a variety of financial risks including but not limited to credit risk, interest rate risk, liquidity risk, currency risk. Details of the aforesaid key risks and risk mitigation measures are elaborated in Note 31 "Financial Risk Management and Fair Values of Financial Instruments" to the financial statements of this annual report.

### MARKET RISKS

The Group is also exposed to market risks brought on by the government. The implementation of bidding policy and other national policies and legislations may bring stress for the retail prices of our products. Ongoing decreases in the retail prices of our products or limitations on the profit margins we earn could materially and adversely affect our business, financial condition and results of operation. In addition, as our sales depend to a large extent on the level of insurance reimbursement patients receive for treatments using our products, and China has a complex medical insurance system that is currently undergoing reform, the governmental insurance coverage or reimbursement level in China for treatments using new medical devices is subject to significant uncertainty and varies from region to region, the Group is therefore exposed to the uncertainty of market share reduction due to the reasons above.

### LEGAL RISKS

From time to time, the Company is subject to various pending or potential legal actions and proceedings, including those that arise in the ordinary course of our business, some of which involve claims for damages that are substantial in amount. These actions and proceedings may relate to, among other things, product liability, intellectual property, distributor, commercial, and other matters. These actions and proceedings could also result in losses, including damages, fines, or penalties, any of which could be substantial, as well as criminal charges. Although such matters are inherently unpredictable, and negative outcomes or verdicts can occur, we believe that we have significant defenses in all of them, and do not believe any of them will have a material adverse effect on our financial position. However, we could incur judgments, pay settlements, or revise our expectations regarding the outcome of any matter. Such developments, if any, could have a material adverse effect on our results of operations in the period in which applicable amounts are accrued, or on our cash flows in the period in which amounts are paid.

## RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, and shareholders.

### EMPLOYEES

The Company builds its success on employees' dedication and commitment. MicroPort is committed to providing as many opportunities as possible for employees' skills enhancement and career development. The Company aims at cultivating talents in a long run, encouraging employees to realise their full potential and to keep pace with the growth of the Company.

The Group is committed to building a flexible and resilient organization capability system. As at 31 December 2025, the Group had 6,547 employees (31 December 2024: 6,347 employees).

### CUSTOMERS

The Group's principal customers are distributors, hospitals, physicians and surgeons, and patients throughout the world. We have been devoted to providing excellent customer service with the purpose of maintaining long term cooperation, enhancing product quality, increasing sales volume and improving profitability.

The Group is committed to building a brand where "The Patient Always Comes First", with patients as its center. We consistently work towards the mission of "To Provide Trustworthy and Universal Access to State-of-the-Art Solutions of Prolonging and Reshaping Lives" for the society through stringent quality control, continuous product innovation, dedicated customer service, responsible supply chain development and active participation in industry academic exchanges and training.

### SHAREHOLDERS

The Company considers that effective communication with shareholders is essential for enhancing investor relations ("IR") and investor understanding of the Company's business performance and strategies. Apart from transparent and timely disclosure of corporate information in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Company has kept effective communication with shareholders through the Company's website, Wechat platform, shareholder's hotline, and IR mailbox. Senior managements are also pleased to receive shareholders' on-site visit and have one-on-one meetings with them to share the information which they are concerned and enable them to make rational investment decisions.

### FUTURE BUSINESS DEVELOPMENTS

The Company's future business development is set out in the session headed "Management Discussion and Analysis" on pages 10 to 29 of this annual report.

# REPORT OF THE DIRECTORS

## MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2025, purchases from the Group's largest supplier and the five largest suppliers in aggregate accounted for 5.6% and 11.7% respectively of the Group's cost of sales for the year. Sales to the Group's largest customer and the five largest customers in aggregate accounted for 13.2% and 33.3% respectively of the Group's total revenue for the year.

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

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2025 are set out in Note 29(c) to the consolidated financial statements of this annual report.

## DISTRIBUTABILITY OF RESERVES

At 31 December 2025, the aggregate amount of reserves available for distribution to equity shareholders of the Company, was US\$751,908,000 (2024: US\$583,688,000).

## GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section Five Year's Financial Summary of this annual report.

## DIRECTORS

Directors during the year ended 31 December 2025 and up to the date of this report were:

### EXECUTIVE DIRECTOR

Dr. Zhaohua Chang (*Chairman*)

### NON-EXECUTIVE DIRECTORS

Dr. Feng Gu (*appointed on 30 September 2025*)

Dr. Qingbing Men (*appointed on 30 September 2025*)

Ms. Weiqin Sun

Mr. Hiroshi Shirafuji (*resigned on 30 September 2025*)

Mr. Norihiro Ashida (*resigned on 30 September 2025*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jonathan H. Chou

Dr. Guoen Liu

Mr. Chunyang Shao

# REPORT OF THE DIRECTORS

## BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 30 to 34 of this annual report.

## DIRECTORS' SERVICE CONTRACT

None of the Directors has a service contract which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

## COMPETING BUSINESS INTERESTS OF DIRECTORS

During the year ended 31 December 2025, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

## EMOLUMENT POLICY

The remuneration committee is responsible for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted share schemes as incentives for Directors and eligible employees. Details of the schemes are set out in the section headed "Share Schemes" below.

## REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with highest emoluments are set out in Notes 7 and 8 to the consolidated financial statements.

For the year ended 31 December 2025, no emoluments were paid by the Group to any Director as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived any emoluments for the year ended 31 December 2025.

Pursuant to the Code Provision E.1.5 of Part 2 of the Corporate Governance Code contained in Appendix C1 to the Listing Rules, the remuneration of the members of the senior management (other than the Directors) whose particulars are contained in the section headed "Board of Directors and Senior Management" in this annual report by band is set out below:

Remuneration Band (US\$'000)	Number of individuals
1,000 to 1,750	1
500 to 1,000	4
0 to 500	7

# REPORT OF THE DIRECTORS

## PENSION SCHEME

According to relevant laws and regulations, as well as local policies, the Group's subsidiaries worldwide participate in retirement savings plans. Under these plans, the Group is required to pay the defined contribution to the plans by certain rules and up to certain maximums. The only obligation of the Group with respect to the retirement savings plans is to make required contributions under the plans. Contributions made under the retirement savings plans are charged in the statement of profit or loss as incurred.

The Company may not utilize any forfeited contributions in order to make fewer contributions than the current amounts.

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2025, interests and short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules were as follows:

### INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

Name of Director/ Chief Executive	No. of Shares	Note	Capacity	Nature of interest	Approximate percentage of interest in the Company
Zhaohua Chang	49,047,671	1	Beneficial owner	Long position	2.56%
Jonathan H. Chou	167,590	2	Beneficial owner	Long position	0.01%
Guoen Liu	161,290	1	Beneficial owner	Long position	0.01%
Chunyang Shao	161,290	1	Beneficial owner	Long position	0.01%
Jonathan W Chen	6,437,360	3	Beneficial owner/ Interest of controlled corporation	Long position	0.34%

Notes:

- (1) Dr. Zhaohua Chang, Dr. Guoen Liu and Mr. Chunyang Shao are interested in the underlying Shares of the Company by virtue of the share options granted to them under the share scheme(s) of the Company. For further details, please refer to the section headed "Share Schemes" below.
- (2) Mr. Jonathan H. Chou is interested in (i) 161,290 underlying Shares of the Company by virtue of the share options granted to him under the share scheme(s) of the Company and (ii) 6,300 Shares of the Company. For further details regarding the share options, please refer to the section headed "Share Schemes" below.
- (3) Jonathan W Chen is interested in (i) 5,637,360 underlying Shares of the Company by virtue of the share options granted to him under the share scheme(s) of the Company and (ii) 800,000 Shares of the Company through a company wholly-owned by him. For further details regarding the share options, please refer to the section headed "Share Schemes" below.

# REPORT OF THE DIRECTORS

## INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE ASSOCIATED CORPORATIONS

Name of Directors/ Chief Executive	Name of associated corporation	No. of shares	Note	Capacity	Nature of interest	Approximate percentage of interest in the associated corporation
Zhaohua Chang	MicroPort CardioFlow Medtech Corporation	6,000,000	1	Beneficial owner	Long position	0.09%
Jonathan H. Chou	MicroPort CardioFlow Medtech Corporation	449,683	1	Beneficial owner	Long position	0.00%

Note:

- (1) Dr. Zhaohua Chang and Mr. Jonathan H. Chou are interested in the underlying shares of the associated corporation by virtue of the share options granted to them under the share scheme of MicroPort CardioFlow Medtech Corporation.

Save as disclosed above, as at 31 December 2025, none of the Directors or chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2025, so far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

# REPORT OF THE DIRECTORS

## INTERESTS AND SHORT POSITION IN THE SHARES

Name of Substantial Shareholder	No. of Shares	Note	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Maxwell Maxcare Science Foundation Limited	501,815,117	1	Interest of controlled corporation/Beneficial owner	Long Position	26.23
	90,000,000		Interest of controlled corporation	Short Position	4.70
We' Tron Capital Limited	498,531,883	1	Beneficial owner	Long Position	26.06
	90,000,000		Beneficial owner	Short Position	4.70
JPMorgan Chase & Co.	197,594,249	2	–	Long Position	10.33
	170,453,732		–	Short Position	8.91
	11,150,912		–	Lending Pool	0.58
SIIC Shanghai Biomedical Management Consulting Co., Ltd.	135,335,204	3	Interest of controlled corporation	Long Position	7.07
Shanghai Guotou Leading Biotech Private Equity Investment Fund Partnership (Limited Partnership)	135,335,204	3	Interest of controlled corporation	Long Position	7.07
Shanghai Biomedical Merger and Acquisition Equity Investment Partnership (Limited Partnership)	135,335,204	3	Interest of controlled corporation	Long Position	7.07
Shanghai MedTech Medical Equipment Partnership Enterprise (Limited Partnership)	135,335,204	3	Beneficial owner	Long Position	7.07
Shanghai Zhangjiang (Group) Co., Ltd.	114,748,050	4	Interest of controlled corporation	Long Position	6.00
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	114,748,050	4	Interest of controlled corporation	Long Position	6.00
Shanghai Zhangjiang Science and Technology Investment Co.	114,748,050	4	Interest of controlled corporation	Long Position	6.00

# REPORT OF THE DIRECTORS

Name of Substantial Shareholder	No. of Shares	Note	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd.	114,748,050	4	Interest of controlled corporation	Long Position	6.00
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited	114,748,050	4	Interest of controlled corporation	Long Position	6.00
Shanghai (Z.J.) Holdings Limited	114,748,050	4	Interest of controlled corporation	Long Position	6.00
Shanghai ZJ Hi-tech Investment Corporation	114,748,050	4	Interest of controlled corporation/Beneficial owner	Long Position	6.00
Shanghai Zhangjiang Health Solution Holdings Limited	107,705,470	4	Beneficial owner	Long Position	5.63
D. E. Shaw & Co., L.P.	109,218,063	5	Investment manager	Long Position	5.71
	68,717,400	5	Investment manager	Short Position	3.59
	767,600	5	Interest of controlled corporation	Short Position	0.04
D. E. Shaw & Co. II, Inc.	109,218,063	5	Interest of controlled corporation	Long Position	5.71
	67,949,800	5	Interest of controlled corporation	Short Position	3.55
D. E. Shaw & Co., Inc.	109,218,063	5	Interest of controlled corporation	Long Position	5.71
	68,717,400	5	Interest of controlled corporation	Short Position	5.39
D. E. Shaw & Co., L.L.C.	109,218,063	5	Interest of controlled corporation	Long Position	5.71
	67,949,800	5	Interest of controlled corporation	Short Position	3.55
D. E. Shaw Valence Portfolios, L.L.C.	12,230,690	5	Beneficial owner	Long Position	0.64
	1,655,700	5	Beneficial owner	Short Position	0.09
	96,987,373	5	Interest of controlled corporation	Long Position	5.07
	65,921,800	5	Interest of controlled corporation	Short Position	3.45
David Elliot Shaw	109,218,063	6	Interest of controlled corporation	Long Position	5.71
	68,717,400	6	Interest of controlled corporation	Short Position	3.59

# REPORT OF THE DIRECTORS

## Notes:

- (1) Maxwell Maxcare Science Foundation Limited ("Maxwell") holds 100% interest of WeTron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by WeTron Capital Limited. Maxwell is also the beneficial owner of 3,283,234 Shares.
- (2) Capacity in which interests disclosed herein are held through:

Capacity	Nature of interest	Number of Shares	Approximate percentage of total number of Shares in issue (%)
Beneficial owner	Long position	171,092,120	8.94
	Short position	170,453,732	8.91
Person having a security interest in shares	Long position	15,351,217	0.80
Approved lending agent	Long position	11,150,912	0.58

Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 26 December 2025 for further details of the shareholding structure.

- (3) SIIC Shanghai Biomedical Management Consulting Co., Ltd. acts as the general partner of Shanghai MedTech Medical Equipment Partnership Enterprise (Limited Partnership). Shanghai Biomedical Merger and Acquisition Equity Investment Partnership (Limited Partnership) and Shanghai Pudong Leading Area Investment Center (Limited Partnership) are the limited partners of Shanghai MedTech Medical Equipment Partnership Enterprise (Limited Partnership). Shanghai Biomedical Merger and Acquisition Equity Investment Partnership (Limited Partnership) is held by SIIC Shanghai Biomedical Management Consulting Co., Ltd. (which is held by Shanghai Lubuka Enterprise Management Consulting Partnership (Limited Partnership), which in turn is held by Jiang Junhang and Liu Dawei as to 18.76% and 64.78%, respectively, as a limited partner holding 50% of its partnership interests) as its general partner, and by Shanghai Guotou Leading Biotech Private Equity Investment Fund Partnership (Limited Partnership) as a limited partner holding approximately 45.34% of the partnership interests.

Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 25 July 2025 and 4 August 2025 for further details of the shareholding structure.

- (4) Shanghai Zhangjiang (Group) Co., Ltd. is wholly-owned by the State-owned Assets Supervision and Administration Commission of the Shanghai Pudong New Area People's Government. Shanghai Zhangjiang (Group) Co., Ltd. holds 100% interest in Shanghai Zhangjiang Science and Technology Investment Co., which in turn holds 100% interest in Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited, which in turn holds 50% interest in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai Zhangjiang (Group) Co., Ltd. also holds 50.75% interest in Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd., which in turn holds 100% interest in Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd., which in turn holds 100% interest in Shanghai (Z.J.) Holdings Limited, which in turn holds 50% interest in Shanghai ZJ Hi-Tech Investment Corporation. Shanghai ZJ Hi-Tech Investment Corporation holds 100% interest in Shanghai Zhangjiang Health Solution Holdings Limited. The interest in 114,748,050 Shares relates to the same block of Shares in long position held by the following companies:

Name of Controlled Corporation	No. of Shares	Approximate percentage of total number of Shares in issue (%)
Shanghai Zhangjiang Health Solution Holdings Limited	107,705,470	5.63
Shanghai ZJ Hi-Tech Investment Corporation	7,042,580	0.37
<b>Total</b>	<b>114,748,050</b>	<b>6.00</b>

- (5) Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 25 November 2025 for further details of the shareholding structure.
- (6) Please refer to Form 1 – Individual Substantial Shareholder Notice for the relevant event on 25 November 2025 for further details of the shareholding structure.

Save as disclosed above, as at 31 December 2025, the Directors were not aware of any persons (who were not Directors or chief executives of the Company) who had an interest or short position in the Company's Shares or underlying Shares which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

## MANAGEMENT CONTRACT

During the year ended 31 December 2025, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party during the year ended 31 December 2025.

Save as disclosed in Note 33 to the consolidated financial statements, no contract of significance was entered into between any member of the Group and a controlling shareholder of the Company or any of its subsidiaries corporations or contract of significance for the provision of services to any member of the Group by a controlling shareholder or any of its subsidiaries subsisted as at the end of the year of 2025 or during the year ended 31 December 2025.

## PERMITTED INDEMNITY PROVISION

The Company's Articles of Association provides that every Director, Auditor or other senior management of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, Auditor or other senior management of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his/her favour, or in which he/she is acquitted. Subject to the Companies Law of the Cayman Islands, if any Director or other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed any mortgage, charge, or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Director or person so becoming liable as aforesaid from any loss in respect of such liability.

The Company has maintained directors' liability insurance after its listing on The Stock Exchange of Hong Kong Limited which provides appropriate cover for the Directors of the Company.

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors and Chief Executive in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

# REPORT OF THE DIRECTORS

## CONNECTED TRANSACTIONS

### (I) DISTRIBUTION FRAMEWORK AGREEMENTS

On 15 December 2023, the Company and Thai Otsuka Pharmaceutical Co., Ltd (the “Thai Otsuka”), an associate of Otsuka Holding Co., Ltd. (the “**Otsuka Holdings**”), entered into the 2024 Distribution Framework Agreement (the “**Distribution Framework Agreement**”) to continue the Company’s appointment of Thai Otsuka as distributor for the Products of the Group in Thailand for a period of three years ending 31 December 2026. As Otsuka Holdings was a substantial shareholder of the Company at that time, it was a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions conducted under the Distribution Framework Agreement constituted continuing connected transactions under Chapter 14A of the Listing Rules. The annual caps for the transactions under the Distribution Framework Agreement in 2024, 2025 and 2026 were US\$3.63 million, US\$4.36 million and US\$5.45 million respectively. Please refer to the announcement of the Company dated 15 December 2023 for more details.

As at 31 December 2025, Otsuka Holdings was no longer a substantial shareholder of the Company under the Listing Rules and therefore not a connected person of the Company for the purpose of the Listing Rules. For the year ended 31 December 2025, the transaction amount under the Distribution Framework Agreement was approximately US\$1.5 million.

### (II) MATERIALS PROCUREMENT AGREEMENT

On 1 December 2023, the Company entered into a materials procurement agreement (the “**2024 Materials Procurement Agreement**”) with MicroPort NeuroTech Limited (renamed as MicroPort NeuroScientific Corporation, the “**MicroPort NeuroScientific**”) with a term of three years from 1 January 2024 to 31 December 2026, whereby the MicroPort NeuroScientific group would procure from or procure through the Group and its joint ventures and associates semifinished products of stents and delivery systems and Rapamycin for use by it in its R&D, and production of its products. As MicroPort NeuroScientific was a connected subsidiary of the Company under Chapter 14A of the Listing Rules at that time, the transactions conducted under the 2024 Materials Procurement Agreement constituted continuing connected transactions for the Company. The annual caps for the transactions under the 2024 Materials Procurement Agreement for the three years ended 31 December 2026 were RMB26 million, RMB26.5 million, and RMB27 million, respectively. Please refer to the announcement of the Company dated 1 December 2023 for more details.

As at 31 December 2025, MicroPort NeuroScientific was no longer a connected person of the Company for the purpose of the Listing Rules. For the year ended 31 December 2025, the actual aggregate transaction amount under the 2024 Materials Procurement Agreement was approximately RMB3.0 million.

### (III) SUPPORTING SERVICES AGREEMENT

On 1 December 2023, the Company entered into a supporting services agreement (the “**2024 Supporting Services Agreement**”) with MicroPort NeuroScientific with a term of three years from 1 January 2024 to 31 December 2026, whereby the Group and its joint ventures and associates will provide to the MicroPort NeuroScientific Group certain supporting services, including but not limited to animal testing services, product testing services, simulation technical services, sterilization services and administrative support services. On 27 September 2024, the Company entered into the supplemental agreement to the 2024 Supporting Services Agreement (the “**Supplemental Agreement**”) with MicroPort NeuroScientific to revise the annual caps under the 2024 Supporting Services Agreement for the three years ending 31 December 2026. The revised annual caps for the transactions under the 2024 Supporting Services Agreement (as supplemented) for the three years ended 31 December 2026 were RMB15.0 million, RMB20.0 million, and RMB20.0 million, respectively. Please refer to the announcements of the Company dated 1 December 2023, and 27 September 2024 for more details.

As at 31 December 2025, MicroPort NeuroScientific was no longer a connected person of the Company for the purpose of the Listing Rules. For the year ended 31 December 2025, the actual aggregate transaction amount under the 2024 Supporting Services Agreement (as supplemented) was approximately RMB7.2 million.

The independent non-executive Directors have reviewed the continuing connected transactions of the Company and confirmed that the transactions have been entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms; and
- according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has provided a letter containing their findings and conclusions in respect of the continuing connected transactions of the Group in accordance with Rule 14A.56 of the Listing Rules.

The Company's auditor has confirmed that regarding the continuing connected transactions of the Group, nothing has come to their attention that causes them to believe that:

- the disclosed continuing connected transactions have not been approved by the Board;
- for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- the transaction amounts of the disclosed continuing connected transactions as mentioned above have exceeded the annual cap set by the Company.

Save as aforesaid, there were no discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules during the year ended 31 December 2025.

Save as aforesaid, none of the "Material Related Party Transactions" as disclosed in Note 33 to the consolidated financial statements for the year ended 31 December 2025 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Material Related Party Transactions" constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended 31 December 2025.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2025, the Company did not hold any treasury Shares.

# REPORT OF THE DIRECTORS

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in Note 30 to the financial statements in this report, there was no other significant investments or material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2025.

### CONVERTIBLE BONDS

#### 2028 CONVERTIBLE BONDS

On 5 December 2023, the Company and J.P. Morgan Securities plc, China International Capital Corporation Hong Kong Securities Limited, Citigroup Global Markets Limited and Merrill Lynch (Asia Pacific) Limited (the “Managers”) entered into a subscription agreement (the “Subscription Agreement”) pursuant to which the Company agreed to issue 5.75% convertible bonds due 2028 (the “2028 Convertible Bonds”) with an aggregate principal amount of US\$220 million. The 2028 Convertible Bonds may be convertible into Shares at the initial conversion price of HK\$12.7790 per Share (“2028 Conversion Price”). Assuming full conversion of the 2028 Convertible Bonds, the 2028 Convertible Bonds will be convertible into 134,537,601 Shares (“2028 Conversion Shares”), representing approximately 7.3% of the issued share capital of the Company as at the date of Subscription Agreement and approximately 6.8% of the issued share capital of the Company as enlarged by the allotment and issue of the 2028 Conversion Shares. The 2028 Conversion Shares have a nominal value of approximately US\$1,345.38 and a market value of approximately HK\$1,555.25 million based on the closing price of the Shares of HK\$11.56 on 5 December 2023. The net issue price of the 2028 Conversion Shares is approximately HK\$12.58 per Share. The net proceeds from the issue of the 2028 Convertible Bonds in the amount of approximately US\$216.6 million were mostly intended to be applied for refinancing the Company’s medium and long term offshore debts. The issue of the 2028 Convertible Bonds has been completed and the 2028 Convertible Bonds are listed on the Stock Exchange (Stock Code: 40168). Such proceeds were fully utilized for the intended purpose as of 31 December 2023 and no proceed was brought forward to the financial year of 2024 and 2025.

Assuming no 2028 Convertible Bonds are converted by the bondholders, the table below illustrates the shareholding structure of the Company (a) as at 31 December 2025; and (b) immediately upon the issue of the adjusted conversion shares (i.e. full conversion of the 2028 Convertible Bonds at the initial 2028 Conversion Price), and assuming there is no other change in the issued share capital of the Company from 31 December 2025 up to the date of the full conversion of 2028 Convertible Bonds:

	(a) As at 31 December 2025		(b) Immediately upon the issue of the adjusted conversion shares based on the assumptions stated above	
	Number of Shares	Approximate percentage of total number of Shares in issue (%)	Number of Shares	Approximate percentage of total number of Shares in issue (%)
Maxwell Maxcare Science Foundation Limited (“Maxwell”) and its controlled corporations <sup>(Note 1)</sup>	448,230,446	23.43	448,230,446	21.89
Other Shareholders (including bondholders)	1,464,717,209	76.57	1,599,254,810	78.11
<b>Total</b>	<b>1,912,947,655</b>	<b>100</b>	<b>2,047,485,256</b>	<b>100</b>

Note:

1. Maxwell holds 100% interest of WeTron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by WeTron Capital Limited. Maxwell is also the beneficial owner of 3,283,234 Shares.

## 2029 CONVERTIBLE LOAN

References are made to the connected transaction announcement dated 5 April 2024, the supplemental circular of annual general meeting dated 6 May 2024 (the “Circular”) and the poll results announcement of annual general meeting dated 22 May 2024 of the Company, as well as the announcement of the Company dated 28 May 2024. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

On 5 April 2024, the Company entered into a convertible facility agreement (the “Convertible Facility Agreement”) with the HFTY I Holdings Pte. Ltd., HFTY II Holdings Pte. Ltd., HFTY III Holdings Pte. Ltd. and Jumbo Glorious Limited (the “Original Lenders”) pursuant to which the Original Lenders agreed to make available to the Company a US Dollars convertible term loan facility in an aggregate principal amount of US\$150 million (the “Initial Total Commitments”) at an interest rate of 5.75% per annum, with an accordion option (the “Accordion Option”) to increase the total commitments by an aggregate principal amount of up to US\$50 million (the total commitments will be US\$200 million (the “Maximum Increased Total Commitments”) if the accordion option is exercised in full) (the “Convertible Loans”). Assuming that convertible loans in an aggregate principal amount equal to Initial Total Commitments of US\$150 million (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share (“2029 Conversion Price”), such convertible loans are convertible into approximately 157,409,517 Conversion Shares, which represent approximately 8.58% of the issued share capital of the Company as at the date of the Convertible Facility Agreement and approximately 7.90% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Assuming that the Accordion Option is exercised in full, convertible loans in an aggregate principal amount equal to the Maximum Increased Total Commitments (translated into Hong Kong dollars at the Fixed Exchange Rate) would be converted into Conversion Shares in full at the initial Conversion Price of HK\$7.46 per Share, such convertible loans are convertible into approximately 209,879,356 Conversion Shares, which represent approximately 11.44% of the issued share capital of the Company as at date of the Convertible Facility Agreement and approximately 10.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares. Such Conversion Shares have a nominal value of approximately US\$1,574.09517 and a market value of approximately HK\$1,065.66 million (assuming no Accordion Option is exercised) or a nominal value of US\$2,098.79356 and a market value of approximately HK\$1,420.88 million (assuming the Accordion Option is exercised in full). The closing price of the Shares on the date of the Convertible Facility Agreement was HK\$6.77 per Share. The net proceeds of the convertible facility (after deducting the fees and expenses in relation to the obtaining of the convertible facility) are estimated to be approximately US\$145.08 million (assuming no Accordion Option is exercised) or approximately US\$195.08 million (assuming the Accordion Option is exercised in full). On such basis, the net price received by the Company for each Conversion Share is approximately HK\$7.2151 (assuming no Accordion Option is exercised) or HK\$7.2763 (assuming the Accordion Option is exercised in full). The Company intends to use the net proceeds of the convertible facility to repay the outstanding amounts under the 2026 Convertible Bonds, pay all fees, costs and expenses under or in connection with the finance documents, and (if any proceeds of the convertible facility are available after payment of the above) fund the general corporate purposes of the Group.

All the conditions precedent under the Convertible Facility Agreement have either been satisfied or waived by the Lenders, the Accordion Option has been fully exercised, and the aggregate principal amount of US\$200 million has been drawn down under the Convertible Facility Agreement. All such proceeds were fully utilized for the purposes as intended as of 31 December 2024, and no proceeds were brought forward to the financial year of 2025.

# REPORT OF THE DIRECTORS

As at 4 August 2025, 43,549,965 Conversion Shares (representing approximately 2.34% of the total issued shares immediately prior to the issue of the Conversion Shares and approximately 2.29% of the total issued shares as enlarged by the issue of the Conversion Shares) have been allotted to the relevant Lenders in accordance with the terms and conditions of the Convertible Loan. The table below illustrates the shareholding structure of the Company (a) as at 31 December 2025; and (b) immediately upon the issue of the adjusted conversion shares (i.e. full conversion of the Convertible Loans at the initial 2029 Conversion Price), and assuming that there is no other change in the issued share capital of the Company from 31 December 2025 to the date of the full conversion of the remaining Convertible Loans:

	(a) As at 31 December 2025		(b) Immediately upon the issue of the adjusted conversion shares based on the assumptions stated above	
	Number of Shares	Approximate percentage of total number of Shares in issue (%)	Number of Shares	Approximate percentage of total number of Shares in issue (%)
Maxwell Maxcare Science Foundation Limited ("Maxwell") and its controlled corporations <sup>(Note 1)</sup>	448,230,446	23.43	469,218,381	22.57
Other Shareholders (including the other Lenders)	1,464,717,209	76.57	1,610,058,665	77.43
<b>Total</b>	<b>1,912,947,655</b>	<b>100</b>	<b>2,079,277,046</b>	<b>100</b>

Note:

1. Maxwell holds 100% interest of WeTron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by WeTron Capital Limited. Maxwell is also the beneficial owner of 3,283,234 Shares.

The 2028 Convertible Bonds and 2029 Convertible Loan are anti-dilutive and are therefore excluded from the calculation of diluted earnings per Share to the consolidated financial statements for the year ended 31 December 2025.

If the Group is able to successfully implement of Group strategy and all of the measures set out in the section headed "Management Discussion and Analysis", the Directors expect that the Company will be able to meet its redemption obligations under the 2028 Convertible Bonds and 2029 Convertible Loan.

Without taking into the interest element of the 2028 Convertible Bonds and 2029 Convertible Loan, it would be equally financially advantageous for holders to convert the 2028 Convertible Bonds and 2029 Convertible Loan, when the trading price of the Shares approximates the prevailing conversion price in the future. However, holders of the 2028 Convertible Bonds and 2029 Convertible Loan shall consider their own circumstances as well as the interest payments under the 2028 Convertible Bonds and 2029 Convertible Loan in determining whether and when to convert into the Shares or to hold until redemption in accordance with the terms of the indenture of the 2028 Convertible Bonds and 2029 Convertible Loan.

## CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2025.

## SHARE SCHEMES

### 2010 Share Option Scheme

A share option scheme (the "2010 Share Option Scheme") was approved and adopted pursuant to a written resolution passed by all the Shareholders on 3 September 2010.

The purpose of the 2010 Share Option Scheme was to provide the Company with a means of incentivizing eligible participants to work towards enhancing the value of our Company and promote the long-term growth of the Company. The 2010 Share Option Scheme will link the value of the Company with the interests of participants, enabling participants and the Company to develop together and promoting the Company's corporate culture.

The Directors may, at their discretion, invite any Directors (including executive Directors, non-executive Directors and independent non-executive Directors), employees and officers of any members of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any members of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group to participate in the 2010 Share Option Scheme.

The Company shall be entitled to issue share options, provided that the total number of Shares which may be allotted and issued upon exercise of all outstanding share options to be granted under the 2010 Share Option Scheme of the Company shall not exceed 10% of the aggregate Shares in issue as at the date when the Shares were first listed on the Stock Exchange, which was 140,411,234 Shares.

Unless approved by Shareholders, the total number of Shares issued and to be issued upon exercise of the share options granted under the 2010 Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding share options) to each participant in any 12-month period shall not exceed 1% of the then issued share capital of the Company.

A share option may be accepted by a participant within 28 days from the date of the offer of the grant of such share option. The amount payable by each grantee of share option to the Company on acceptance of the offer for the grant of such share option is US\$1.00.

The 2010 Share Option Scheme does not contain any minimum period for which a share option must be held before it can be exercised. At the time of the grant of the share options, the Company will specify such minimum period. The period within which the share option must be exercised will be specified by the Company at the time of grant. Such period must expire no later than ten years from the relevant date of grant (being the date on which the Board resolves to make an offer of share options to the relevant grantee).

The vesting period of any share options granted under the 2010 Share Option Scheme must not be more than 10 years commencing on the date of grant.

The Board will determine the price per Share upon the exercise of a share option according to the terms of the 2010 Share Option Scheme, provided that it shall not be lower than the highest of: (i) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of the offer of a grant; (ii) the average closing price of the Shares as stated in the daily quotation sheets issued by the Stock Exchange for the 5 business days immediately preceding the date of the offer of a grant; and (iii) the nominal value of a Share on the date of grant.

The 2010 Share Option Scheme was terminated at the general meeting held on 18 June 2020, upon the adoption of the 2020 Share Option Scheme (as defined below). No further grant can be made under the 2010 Share Option Scheme. Share options that have been granted under the 2010 Share Option Scheme prior to its termination shall remain valid in accordance with its terms.

As at 31 December 2025, the total outstanding options that have been granted under the 2010 Share Option Scheme was 45,637,338. The total number of shares available for issue under the 2010 Share Option Scheme is 45,637,338 shares, representing approximately 2.38% of the total issued share capital of the Company as at the date of this annual report.

# REPORT OF THE DIRECTORS

## 2020 Share Option Scheme

Owing to the expiry of the term of the 2010 Share Option Scheme, the Shareholders have resolved at the annual general meeting held on 18 June 2020 to adopt a new share option scheme (the “2020 Share Option Scheme”) with largely similar terms as that of the 2010 Share Option Scheme.

The purpose of the 2020 Share Option Scheme is to enable the Company to grant share options to selected eligible participants as incentives or rewards for their contribution or potential contribution to the Group. The Directors consider that the 2020 Share Option Scheme will serve to motivate the eligible participants to contribute to the Group’s development. The 2020 Share Option Scheme, which will be in the form of share options to subscribe for Shares, will enable the Group to recruit, incentivize and retain high-calibre staff, which the Directors consider that it is in line with modern commercial practice that eligible participants, which will include any directors (including executive directors, non-executive directors and independent non-executive directors), employees and officers of any members of the Group and any advisors, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners and service providers of any member of the Group who have contributed or will contribute to the Group, be given incentives and align their interests and objectives with that of the Group.

The vesting period of any share options granted under the 2020 Share Option Scheme must not be more than 10 years commencing on the date of grant. Except for the vesting period, there is no minimum period for which an option must be held before it can be exercised.

The 2020 Share Option Scheme does not specify a minimum period for which a share option must be held nor a performance target which must be achieved before a share option can be exercised. However, the rules of the 2020 Share Option Scheme provide that the Board may determine, at its sole discretion, such terms and conditions on the grant of a share option. Based on 1,736,355,940 Shares in issue as at the date of the annual general meeting at which the 2020 Share Option Scheme was approved, the maximum number of Shares that may be issued upon the exercise of the share options that may be granted under the 2020 Share Option Scheme is 173,635,594 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the 2020 Share Option Scheme.

The maximum number of Shares in respect of which share options may be granted under the 2020 Share Option Scheme to any eligible participant shall not exceed 1% of the Shares in issue within any 12-month period.

Any share option offer will be deemed to have been granted and accepted by the grantee when the duplicate offer document constituting acceptance of the share option duly signed by the grantee, and a remittance in favour of the Company of US\$1.00 as consideration for the grant thereof is received by the Company within the prescribed period under the scheme.

The exercise price of the share options is determined by the Board at its absolute discretion and will be not less than the highest price of the official closing price of the shares of the Company as stated in the daily quotations sheets issued by the Stock Exchange on the date of offer a grant, the average official closing prices of the Company’s shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant and the nominal value of the shares of the Company.

Due to the termination of the 2020 Share Option Scheme on 25 May 2023, details of which please refer to the section headed “2023 Share Scheme” below, no further share options should be granted under the 2020 Share Option Scheme. Share options that have been granted under the 2020 Share Option Scheme prior to its termination shall remain valid in accordance with its terms.

As at 31 December 2025, the total number of outstanding share options that have been granted under the 2020 Share Option Scheme was 64,398,171. The total number of shares available for issue under the 2020 Share Option Scheme is 64,398,171 shares, representing approximately 3.36% of the total issued share capital of the Company as at the date of this annual report.

## 2023 Share Scheme

Pursuant to the amendments to Chapter 17 of the Listing Rules in relation to share schemes of listed issuers that came into effect on 1 January 2023, the Board resolved to adopt a new share scheme (the “2023 Share Scheme”) in compliance with the new Chapter 17 of the Listing Rules.

The 2023 Share Scheme was approved by the Shareholders at the annual general meeting of the Company held on 19 June 2023.

The purpose of the 2023 Share Scheme is to provide incentive to the eligible participants in order to promote the development and success of the business of the Group. The eligible participants under the 2023 Share Scheme include employee participants, related entity participants and service provider participants. The award that may be granted under the 2023 Share Scheme could be a share option or a share award.

The total number of Shares which may be issued in respect of all awards which may be granted at any time under the 2023 Share Scheme together with share options and awards which may be granted under any other schemes of the Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the adoption date (the “Scheme Mandate Limit”).

The total number of Shares which may be issued in respect of all awards which may be granted at any time under the 2023 Share Scheme together with share options and awards which may be granted under any other share schemes for the time being of the Company to service provider participants shall not exceed such number of Shares as equals to 2% of the Shares in issue as at the adoption date (the “Service Provider Participant Sublimit”).

Based on 1,833,465,053 Shares in issue as at the date of the annual general meeting at which the 2023 Share Scheme was approved, the Scheme Mandate Limit is 183,346,505 Shares, being 10% of the issued share capital of the Company as at the date of the adoption of the 2023 Share Scheme (the “Adoption Date”), representing approximately 9.56% of the issued share capital of the Company as at the date of this annual report, of which, the Service Provider Participant Sublimit is 36,669,301 Shares, being 2% of the issued share capital of the Company as at the Adoption Date, representing approximately 1.91% of the issued share capital of the Company as at the date of this annual report.

Where any grant of an award to an eligible participant would result in the Shares issued and to be issued in respect of all share options and awards granted to such eligible participant (excluding any share options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve(12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such eligible participant and the person’s close associates (or associates if the eligible participant is a connected person) abstaining from voting.

An offer shall be deemed to have been accepted by an eligible participant concerned in respect of all the award Shares which are offered to such eligible participant when the duplicate letter comprising acceptance of the offer duly signed by the eligible participant, together with a payment in favour of the Company of HK\$1.00 or such other amount (if any) as may be determined by the Board as consideration for the grant thereof, is received by the Company. An offer shall remain open for acceptance by the eligible participant concerned (and by no other person, including the eligible participant’s personal representative) for a period of twenty-one (21) days from the date of the offer.

An award must be held by the grantee for a period that is not shorter than a period commencing on offer date and ending on the day immediately prior to the first anniversary thereof before the award can be exercised save for the circumstances that: (i) grants of “make-whole” awards to new joiners to replace the share options or award shares they forfeited when leaving the previous employers; (ii) grants to an employee participant whose employment is terminated due to death or occurrence of any out of control event; (iii) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch; (iv) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months; or (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

# REPORT OF THE DIRECTORS

The exercise price shall, subject to any adjustment made pursuant to the terms of the 2023 Share Scheme, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of: (i) the closing price of the Shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a business day; (ii) the average of the closing prices of the Shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the offer date; and (iii) the nominal value of the Share on the offer date.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant award which must be satisfied before an award may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant award, there is no performance target which must be achieved before an award can be exercised under the terms of the 2023 Share Scheme nor any clawback mechanism for the Company to recover or withhold any awards granted to any eligible participant.

The 2023 Share Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which period no further share options shall be granted. Subject to the early termination, the remaining life of the Share Scheme is approximately seven years and two months as of the date of this annual report.

As at the beginning of the Reporting Period, the number of the awards available for grant under the 2023 Share Scheme was 152,541,595 and the Service Provider Participant Sublimit was 34,885,287. On 1 April 2025 and 27 June 2025, the Company granted 3,408,502 and 3,700,000 share options at the exercise price of HK\$8.34 and HK\$8.61 per Share under the 2023 Share Scheme respectively. As at 31 December 2025, the total number of outstanding share options that have been granted under the 2023 Share Scheme was 35,455,652, representing approximately 1.85% of the total issued share capital of the Company. As at the end of the Reporting Period, the number of the awards available for grant under the Scheme Mandate Limit and Service Provider Participant Sublimit were 145,433,093 and 34,885,287, respectively. As at the date of this annual report, the total number of shares available for issue under the 2023 Share Scheme is 180,888,745, approximately 9.43% of the issued shares as at the date of this annual report.

## Movements of options/awards under all schemes involving new shares of the Company

During the Reporting Period, an aggregate of 7,108,502 share options of the Company were granted under the 2023 Share Scheme. As at the end of the Reporting Period, the ratio of the number of Shares that may be issued in respect of share options granted under all schemes to the weighted average number of Shares for the year is approximately 0.38%. The particulars of the movements of the share options and awards of the Company during the Reporting Period are as follows:

Category of participants	As at 1 January 2025	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2025	Date of Grant of Share Options	Vesting Period	Exercise Period	Exercise Price	Closing price of the Shares immediately before the grant date of share options	Weighted average closing price of the Shares immediately before the exercise date of share options
Directors													
Zhaohua Chang	13,500,000	0	0	0	0	0	13,500,000	23 Jan 2017	23 Jan 2017 – 23 Jan 2022	23 Jan 2022 – 22 Jan 2027	HKD5.628	HKD5.480	-
	313,636	0	0	0	0	0	313,636	30 Mar 2017	30 Mar 2017 – 30 Mar 2022	30 Mar 2022 – 29 Mar 2027	HKD5.798	HKD5.740	
	214,535	0	0	0	0	0	214,535	29 Mar 2018	29 Mar 2023	29 Mar 2023 – 28 Mar 2028	HKD8.510	HKD8.330	
	15,594,188	0	0	0	0	0	15,594,188	24 Dec 2018	24 Dec 2018 – 30 Dec 2022	24 Dec 2020 – 23 Dec 2028	HKD7.692	HKD7.000	
	225,752	0	0	0	0	0	225,752	1 Apr 2019	1 Apr 2024	1 Apr 2024 – 31 Mar 2029	HKD7.448	HKD7.380	

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Category of participants	As at 1 January 2025	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2025	Date of Grant of Share Options	Vesting Period	Exercise Period	Exercise Price	Closing price of the Shares immediately before the grant date of share options	Weighted average closing price of the Shares immediately before the exercise date of share options
	80,306	0	0	0	0	0	80,306	31 Mar 2020	31 Mar 2025	31 Mar 2025 – 30 Mar 2030	HKD17.54	HKD18.20	
	615,360	0	0	0	0	0	615,360	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	47,754	0	0	0	0	0	47,754	1 Apr 2022	1 Apr 2027	1 Apr 2027 – 31 Mar 2032	HKD18.12	HKD17.78	
	615,360	0	0	0	0	0	615,360	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	17,840,780	0	0	0	0	0	17,840,780	10 Oct 2023	10 Oct 2025 – 10 Oct 2027	10 Oct 2025 – 9 Oct 2033	HKD11.54	HKD11.58	
Jonathan H. Chou	80,645	0	0	0	0	0	80,645	14 May 2021	13 Jun 2021 – 13 May 2022	14 May 2021 – 13 May 2031	HKD57.59	HKD56.25	
	26,881	0	0	0	0	0	26,881	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	26,881	0	0	0	0	0	26,881	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	26,883	0	0	0	0	0	26,883	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2032	HKD14.26	HKD14.18	
Guen Liu	80,645	0	0	0	0	0	80,645	14 May 2021	13 Jun 2021 – 13 May 2022	14 May 2021 – 13 May 2031	HKD57.59	HKD56.25	
	26,881	0	0	0	0	0	26,881	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	26,881	0	0	0	0	0	26,881	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	26,883	0	0	0	0	0	26,883	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2032	HKD14.26	HKD14.18	
Chunyang Shao	80,645	0	0	0	0	0	80,645	14 May 2021	13 Jun 2021 – 13 May 2022	14 May 2021 – 13 May 2031	HKD57.59	HKD56.25	
	26,881	0	0	0	0	0	26,881	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	26,881	0	0	0	0	0	26,881	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	26,883	0	0	0	0	0	26,883	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2032	HKD14.26	HKD14.18	
Rotating Co-Chief Executive Officer (Note 1)													
Jonathan W Chen	2,960,000	0	0	0	0	0	2,960,000	30 Mar 2016	30 Mar 2016 – 30 Mar 2021	30 Mar 2017 – 29 Mar 2026	HKD3.482	HKD3.34	
	93,580	0	0	0	0	0	93,580	30 Mar 2017	30 Mar 2022	30 Mar 2022 – 29 Mar 2027	HKD5.798	HKD5.74	
	104,560	0	0	0	0	0	104,560	29 Mar 2018	29 Mar 2023	29 Mar 2023 – 28 Mar 2028	HKD8.510	HKD8.33	
	150,000	0	0	0	0	0	150,000	23 Jan 2019	23 Jan 2019 – 23 Jan 2020	23 Feb 2019 – 22 Jan 2029	HKD7.730	HKD7.56	
	113,284	0	0	0	0	0	113,284	1 Apr 2019	1 Apr 2024	1 Apr 2024 – 31 Mar 2029	HKD7.448	HKD7.38	

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Category of participants	As at 1 January 2025	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2025	Date of Grant of Share Options	Vesting Period	Exercise Period	Exercise Price	Closing price of the Shares immediately before the grant date of share options	Weighted average closing price of the Shares immediately before the exercise date of share options
	43,725	0	0	0	0	0	43,725	31 Mar 2020	31 Mar 2025	31 Mar 2025 – 30 Mar 2030	HKD17.54	HKD18.2	
	14,865	0	0	0	0	0	14,865	31 Mar 2021	31 Mar 2026	31 Mar 2026 – 30 Mar 2031	HKD43.75	HKD41.9	
	4,955	0	0	0	0	0	4,955	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	4,955	0	0	0	0	0	4,955	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	24,313	0	0	0	0	0	24,313	1 Apr 2022	1 Apr 2027	1 Apr 2027 – 31 Mar 2032	HKD18.12	HKD17.78	
	4,955	0	0	0	0	0	4,955	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2032	HKD14.26	HKD14.18	
	85,466	0	0	0	0	0	85,466	31 Mar 2023	31 Mar 2028	31 Mar 2028 – 30 Mar 2033	HKD20.01	HKD19.58	
	1,000,000	0	0	0	0	0	1,000,000	31 Mar 2023	31 Mar 2024 – 31 Mar 2028	31 Mar 2024 – 30 Mar 2033	HKD20.01	HKD19.58	
	163,786	0	0	0	0	0	163,786	8 Apr 2024	8 Apr 2029	8 Apr 2029 – 7 Apr 2034	HKD6.58	HKD6.77	
	594,902	0	0	0	0	0	594,902	8 Apr 2024	8 Apr 2025	8 Apr 2025 – 7 Apr 2034	HKD6.58	HKD6.77	
	–	274,014 (Note 2)	0	0	0	0	274,014	1 Apr 2025	1 Apr 2030	1 Apr 2030 – 31 Mar 2035	HKD8.34	HKD7.97	
In Aggregate	54,894,887	274,014	0	0	0	0	55,168,901						
Business associates/ Service Providers (Note 1)													HKD13.058
Maxwell Maxcare Science Foundation Limited	14,100,000	0	14,100,000	0	0	0	0	30 Mar 2016	30 Mar 2016 – 30 Mar 2021	30 Mar 2017 – 29 Mar 2026	HKD3.482	HKD3.340	
	36,940	0	0	0	0	0	36,940	31 Mar 2021	31 Mar 2026	31 Mar 2026 – 30 Mar 2031	HKD43.75	HKD41.90	
	16,876,788	0	0	0	0	0	16,876,788	14 May 2021	13 Jun 2021 – 13 May 2022	14 May 2021 – 13 May 2031	HKD57.59	HKD56.25	
	15,683,008	0	0	0	0	0	15,683,008	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2033	HKD14.26	HKD14.18	
Service Provider	500,000 (Note 1)	0	0	0	0	0	500,000	8 Apr 2024	8 Apr 2025 – 8 Apr 2029	8 Apr 2025 – 7 Apr 2034	HKD6.58	HKD6.770	
In Aggregate	47,196,736	0	14,100,000	0	0	0	33,096,736						
Employees (Note 1)													HKD10.240
	630,000	0	630,000	0	0	0	0	20 Jan 2015	20 Jan 2015 – 20 Jan 2019	20 Jan 2016 – 19 Jan 2025	HKD3.210	HKD3.14	
	2,392,042	0	927,042	0	0	0	1,465,000	30 Mar 2016	30 Mar 2016 – 30 Mar 2021	30 Mar 2017 – 29 Mar 2026	HKD3.482	HKD3.340	
	5,860,000	0	2,250,000	2,730,000	0	0	880,000	23 Jan 2017	23 Jan 2022	23 Jan 2022 – 22 Jan 2027	HKD5.628	HKD5.480	
	1,483,871	0	963,728	0	0	0	520,143	30 Mar 2017	30 Mar 2022	30 Mar 2022 – 29 Mar 2027	HKD5.798	HKD5.740	

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Category of participants	As at 1 January 2025	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2025	Date of Share Options	Vesting Period	Exercise Period	Exercise Price	Closing price of the Shares immediately before the grant date of share options	Weighted average closing price of the Shares immediately before the exercise date of share options
	1,428,647	0	87,534	517,147	0	0	823,966	29 Mar 2018	29 Mar 2023	29 Mar 2023 – 28 Mar 2028	HKD8.510	HKD8.330	
	9,425,136	0	1,877,674	2,982,573	0	0	4,564,889	24 Dec 2018	24 Dec 2018 – 30 Dec 2022	24 Dec 2020 – 23 Dec 2028	HKD7.692	HKD7.000	
	1,134,611	0	139,347	225,979	0	0	769,285	23 Jan 2019	23 Jan 2019 – 31 Jan 2023	23 Jan 2021 – 22 Jan 2029	HKD7.730	HKD7.560	
	200,000	0	0	0	0	0	200,000	23 Jan 2019	23 Jan 2019 – 23 Jan 2024	23 Jan 2020 – 22 Jan 2029	HKD7.730	HKD7.560	
	162,500	0	0	0	0	0	162,500	23 Jan 2019	23 Jan 2019 – 23 Jan 2020	23 Feb 2019 – 22 Jan 2029	HKD7.730	HKD7.560	
	2,687,357	0	1,016,652	198,287	0	0	1,472,418	1 Apr 2019	1 Apr 2024	1 Apr 2024 – 31 Mar 2029	HKD7.448	HKD7.380	
	500,000	0	0	0	0	0	500,000	30 Aug 2019	30 Aug 2019 – 30 Aug 2024	30 Aug 2020 – 29 Aug 2029	HKD6.95	HKD6.880	
	893,427	0	0	107,779	0	0	785,648	31 Mar 2020	31 Mar 2025	31 Mar 2025 – 30 Mar 2030	HKD17.54	HKD18.20	
	99,923	0	0	0	0	0	99,923	31 Mar 2020	31 Mar 2022 – 31 Mar 2024	31 Mar 2022 – 30 Mar 2030	HKD17.54	HKD18.20	
	400,000	0	0	160,000	40,000	0	200,000	28 Aug 2020	28 Aug 2021 – 28 Aug 2025	28 Aug 2021 – 27 Aug 2030	HKD34.70	HKD35.30	
	750,000	0	0	120,000	30,000	0	600,000	28 Dec 2020	28 Dec 2021 – 28 Dec 2025	28 Dec 2021 – 27 Dec 2030	HKD42.20	HKD41.00	
	494,979	0	0	0	60,166	0	434,813	31 Mar 2021	31 Mar 2026	31 Mar 2026 – 30 Mar 2031	HKD43.75	HKD41.90	
	581,794	0	0	118,667	0	0	463,127	31 Mar 2021	31 Mar 2023 – 31 Mar 2025	31 Mar 2023 – 30 Mar 2031	HKD43.75	HKD41.90	
	3,850,000	0	0	0	450,000	0	3,400,000	31 Aug 2021	31 Aug 2028	31 Aug 2028 – 30 Aug 2031	HKD48.15	HKD48.35	
	570,000	0	0	0	0	0	570,000	2 Nov 2021	2 Nov 2028	2 Nov 2028 – 1 Nov 2031	HKD36.79	HKD34.85	
	2,280,409	0	0	344,491	0	0	1,935,918	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	2,232,375	0	0	344,491	0	0	1,887,884	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	3,724,295	0	0	148,292	37,227	0	3,538,776	1 Apr 2022	1 Apr 2024 – 1 Apr 2026	1 Apr 2024 – 31 Mar 2032	HKD18.12	HKD17.78	
	957,715	0	0	0	137,234	0	820,481	1 Apr 2022	1 Apr 2027	1 Apr 2027 – 31 Mar 2032	HKD18.12	HKD17.78	
	2,173,476	0	85,056	285,850	0	0	1,802,570	16 May 2022	16 Jun 2022 – 16 May 2023	16 Jun 2022 – 15 May 2032	HKD14.26	HKD14.18	
	300,000	0	0	0	0	0	300,000	23 Jun 2022	23 Jun 2023 – 23 Jun 2027	23 Jun 2023 – 22 Jun 2032	HKD19.92	HKD19.68	
	2,259,716	0	0	0	243,820	0	2,015,896	31 Mar 2023	31 Mar 2028	31 Mar 2028 – 30 Mar 2033	HKD20.01	HKD19.58	

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Category of participants	As at 1 January 2025	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2025	Date of Share Options	Vesting Period	Exercise Period	Exercise Price	Closing price of the Shares immediately before the grant date of share options	Weighted average closing price of the Shares immediately before the exercise date of share options
	1,951,777	0	0	11,216	10,444	0	1,930,117	31 Mar 2023	31 Mar 2025 – 31 Mar 2027	31 Mar 2025 – 30 Mar 2033	HKD20.01	HKD19.58	
	10,000,000	0	0	400,000	600,000	0	9,000,000	31 Mar 2023	31 Mar 2024 – 31 Mar 2028	31 Mar 2024 – 30 Mar 2033	HKD20.01	HKD19.58	
	1,200,000	0	0	40,000	960,000	0	200,000	12 Sep 2023	12 Sep 2024 – 12 Sep 2028	12 Sep 2024 – 11 Sep 2033	HKD12.88	HKD12.98	
	115,322	0	0	0	115,322	0	–	12 Sep 2023	12 Sep 2028	12 Sep 2028 – 11 Sep 2033	HKD12.88	HKD12.98	
	3,862,458	0	0	0	302,596	0	3,559,862	8 Apr 2024	8 Apr 2029	8 Apr 2029 – 7 Apr 2034	HKD6.58	HKD6.77	
	5,354,114	0	594,902	0	0	0	4,759,212	8 Apr 2024	8 Apr 2025	8 Apr 2025 – 7 Apr 2034	HKD6.58	HKD6.77	
	832,228	0	0	0	0	0	832,228	8 Apr 2024	8 Apr 2026 – 8 Apr 2028	8 Apr 2026 – 7 Apr 2034	HKD6.58	HKD6.77	
	0	3,034,488 (Note 2)	0	0	103,620	0	2,930,868	1 Apr 2025	1 Apr 2030	1 Apr 2030 – 31 Mar 2035	HKD8.34	HKD7.97	
	0	100,000 (Note 2)	0	0	0	0	100,000	1 Apr 2025	1 Apr 2026 – 1 Apr 2030	1 Apr 2026 – 31 Mar 2035	HKD8.34	HKD7.97	
	0	3,700,000 (Note 3)	0	0	0	0	3,700,000	27 Jun 2025	27 Jun 2026 – 27 Jun 2030	27 Jun 2026 – 26 Jun 2035	HKD8.61	HKD8.61	
In Aggregate	70,788,172	6,834,488	8,571,935	8,734,772	3,090,429	0	57,225,524						
Total	172,879,795	7,108,502	22,671,935	8,734,772	3,090,429	0	145,491,161						

Note 1: Mr. Jonathan W Chen and Dr. Brian Chang were appointed as Rotating Co-Chief Executive Officer and Chief Medical Officer of the Company effective on 27 June 2025 respectively, such share options held by them have been reclassified at the beginning of 2025.

Note 2: Fair value of such share options as at the date of grant in total is approximately US\$1.8 million. These share options granted are not subject to any other exercising conditions or any performance targets.

Note 3: Fair value of such share options as at the date of grant is approximately US\$2.1 million. These share options granted are not subject to any other exercising conditions or any performance targets.

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In relation to the related accounting policy, please refer to note 1(w)(iii) and note 28(a)(i) to the consolidated financial statements in the 2025 annual report of the Company. The estimate of the fair value of the share options granted is measured based on a binomial tree model. The following inputs were used to calculate the fair values of the share options granted:

	Share options granted on 1 April 2025	Share options granted on 27 June 2025
Share price	HKD7.78	HKD8.61
Expected volatility	48.5%	48.7%
Share option life	10 years	10 years
Exercise multiple	2.4	2.4
Expected dividend yield	0.0%	0.0%
Average risk-free interest rate	3.35%	3.03%

The subjective input assumptions used in calculating the fair value of share options were based on the Director's best estimates. Changes in the subjective input assumptions could affect the fair value estimate.

## Scheme Mandate Limit

The number of options and awards available for grant under the Scheme Mandate Limit of all schemes as at 1 January 2025 and 31 December 2025 were 152,541,595 and 145,433,093 respectively, as follows:

the number of share options available for grant under	at the beginning of the Reporting Period	at the end of the Reporting Period
2010 Share Option Scheme	Nil	Nil
2020 Share Option Scheme	Nil	Nil
2023 Share Scheme	152,541,595	145,433,093
Total	152,541,595	145,433,093

## Service provider sublimit

The number of options and awards available for grant under the service provider sublimit of all schemes as at 1 January 2025 and 31 December 2025 were 34,885,287 and 34,885,287 respectively.

## Share Award Scheme

The Company has adopted a share award scheme (the "Share Award Scheme") in 2011. The purposes of the Share Award Scheme are to provide incentives to attract and retain employees, consultants and advisers whose contributions will be beneficial to the growth and development of the Group. The eligible participants under the Share Award Scheme include Directors, employees, consultants and advisors of any member of the Group. The Share Award Scheme has an initial term of ten years. On 27 August 2020, the Board resolved to extend the term of the Share Award Scheme for a further ten years from the date of resolution of the Board (i.e. 26 August 2030), so the remaining life of the Share Award Scheme is approximately four years and four months as at the date of this annual report.

# REPORT OF THE DIRECTORS

On 30 August 2023, the Board resolved to amend the rules of the Share Award Scheme to remove the subscription of new shares of the Company by the Share Award Scheme and prohibit the trustee from subscribing for new shares of the Company for the purpose of the Share Award Scheme. Upon such amendments, the Share Award Scheme became a scheme for existing shares of the Company under Chapter 17 of the Listing Rules, and no Shares will be available for issue under the Share Award Scheme. Details of the Share Award Scheme were set out in the announcements of the Company dated 15 September 2011, 28 August 2020 and 30 August 2023.

The maximum number of shares which could be granted under the Share Award Scheme is up to 10% of the issued share capital of the Company from time to time. The maximum number of shares that may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time.

A selected participant is not required to make any payment to accept awarded Shares and there is no purchase price of the Shares awarded under the Share Award Scheme. Awarded Shares to a selected participant will be subject to vesting and the trustee will transfer the vested awarded Shares to the selected participant upon all the vesting conditions have been satisfied. The vesting date shall be on any business day in the end of March of any year, but in any event not later than 12 months after the date of final approval by the Board of the amount for the purchase of Shares pursuant to the Share Award Scheme.

During the year ended 31 December 2025, the Company resolved to award an aggregate of 3,889,869 Shares to 37 selected participants through secondary Shares purchased by the trustee in the open market. As at 31 December 2025, the number of Shares held by the trustee that may be made available for future grant was 983,573, representing 0.05% of the total issued share capital of the Company as at 31 December 2025 and as at the date of this annual report.

Particulars of the Share Award Scheme and the related accounting policy are set out in note 28(b)(i) and note 1(w)(iii) to the consolidated financial statements, respectively.

Movements in the number of awarded Shares during the year are as follows:

Category of participants	Unvested awarded Shares as at 1 January 2025	Granted during the Reporting Period (Note 1)	Vested during the Reporting Period	Expired during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Unvested awarded Shares as at 31 December 2025	Date of Grant of Shares	Vesting Period	Purchase price	Closing price of the Shares immediately before the date of grant	Weighted average closing price of the Shares immediately before the vesting date
											of awarded Shares	of awarded Shares
The five highest paid individuals of the Group	0	866,782	866,782	0	0	0	0	8-Apr-25	8-Apr-25	-	HKD6.56	HKD6.56
<b>In Aggregate</b>	<b>0</b>	<b>866,782</b>	<b>866,782</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>					
Other employees of the Group	64,049	0	47,694	0	16,355	0	0	31-Mar-21	31-Mar-2025	-	HKD41.9	HKD6.58
	0	3,005,819	3,005,819	0	0	0	0	8-Apr-25	8-Apr-25	-	HKD6.56	
	0	3,565	3,565	0	0	0	0	15-Jun-25	15-Jun-25	-	HKD8.28	
	0	2,359	2,359	0	0	0	0	4-Oct-25	4-Oct-25	-	HKD14.4	
	0	11,344	11,344	0	0	0	0	31-Dec-25	31-Dec-25	-	HKD10.95	
<b>In Aggregate</b>	<b>64,049</b>	<b>3,023,087</b>	<b>3,070,781</b>	<b>0</b>	<b>16,355</b>	<b>0</b>	<b>0</b>					
<b>Total</b>	<b>64,049</b>	<b>3,889,869</b>	<b>3,937,563</b>	<b>0</b>	<b>16,355</b>	<b>0</b>	<b>0</b>					

## Notes:

- 1 Fair value of the awards as at the date of grant is approximately US\$3.4 million. These awarded Shares granted are not subject to any other exercising conditions or any performance targets.
- 2 No cancellation provision in relation to the unvested awarded Shares is available pursuant to the terms of the Share Award Scheme.

## EQUITY-LINKED AGREEMENTS

Other than the Share Schemes of the Company as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2025.

## PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times during the financial year ended 31 December 2025 as required under the Listing Rules.

## PRE-EMPTIVE RIGHTS

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

## DONATION

During the year ended 31 December 2025, the Group made donations of approximately US\$5.1 million.

## FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: nil).

## TAX ALLOWANCES

The Company is not aware of any particular tax allowances granted to the Company's shareholders due to their interests in its securities.

## CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report of this annual report.

## AUDITOR

KPMG has acted as auditor of the Company for the financial year ended 31 December 2025. KPMG has been the auditor of the Company for the past 14 years. KPMG shall retire at the forthcoming annual general meeting and, being eligible, will offer themselves for re-appointment. A resolution may be proposed at the forthcoming annual general meeting to re-appoint KPMG as auditor of the Company.

# REPORT OF THE DIRECTORS

## MISCELLANEOUS

The Company was not aware of any shareholders who had waived or agreed to waive any dividend arrangement for the year ended 31 December 2025.

By Order of the Board  
**MicroPort Scientific Corporation**  
**Dr. Zhaohua Chang**  
*Chairman*

Shanghai, the PRC  
31 March 2026

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the financial year ended 31 December 2025.

## CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance and practices to protect the interests of the shareholders of the Company. The Board believes that good corporate governance is essential to the success of the Company and the enhancement of shareholders' value. The Company adopts the principles set out in the Corporate Governance Code ("**CG Code**") (the version as at 30 June 2025\*) contained in Appendix C1 to the Listing Rules, and strives to maintain high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

Throughout the year ended 31 December 2025, the Company has complied with all the applicable code provisions (the "**Code Provisions**") as set out in the CG Code, except for Code Provision C.2.1 as explained in the paragraph headed "Chairman and Chief Executive Officer" below.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## CORPORATE CULTURE

Our corporate culture and spirit are enlightened and manifested by "Eyes for Greatness, Hands on Details". We deeply understand our products are directly related to patients' lives, and even the slightest deviation could cause significant impact. Because of this, we work to relentlessly master every detail of our medical technologies so that patients everywhere can enjoy better and longer lives. That is our purpose, and it is how we remain true to our beliefs and committed to the core values we uphold. These principles are essential to the relationships we build with our partners and customers. And it is evident in every detail of our workday.

## THE BOARD/BOARD OF DIRECTORS

### ROLES AND RESPONSIBILITIES

The Company is headed by an effective Board which assumes responsibility for its leadership and control and is collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board is responsible for all major matters of the Company, including policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company.

The day-to-day management, administration and operation of the Company are delegated to the Chief Executive Officer, the Rotating Co-Chief Executive Officer and other senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions proposed by the above mentioned senior management.

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

All Directors have full and timely access to all relevant information and the advice/services of the company secretary, with a view to ensure that the Board procedures and all applicable laws and regulations are properly followed. Each Director can seek independent professional advice as appropriate at the Company's expense, upon request to the Board.

The Company has arranged for appropriate insurance cover for Directors' and senior management's liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities.

\* As at 1 July 2025, the revised Corporate Governance Code came into effect, and the requirements under the new Corporate Governance Code will apply to the Corporate Governance Report for the financial year commencing on or after 1 July 2025.

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION

The Board structure is governed by the Company's Articles of Association. The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The Board regularly reviews the contribution required from the Directors to perform their responsibilities to the Company and whether the Directors are spending sufficient time performing them that are commensurate with their role and the Board responsibilities.

As at 31 December 2025, the Board comprised of seven members, consisting of one Executive Director, three Non-executive Directors and three Independent Non-executive Directors.

The list of all Directors, which also specifies the posts, e.g. Chairman, and chairman and members of committees, held by each Director is set out under "Corporate Information" on page 3 of this annual report. The Independent Non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Board of the Company during the year ended 31 December 2025 and up to the date of this report comprised of the following Directors:

### EXECUTIVE DIRECTOR

Dr. Zhaohua Chang (*Chairman*)

### NON-EXECUTIVE DIRECTORS

Dr. Feng Gu (*appointed on 30 September 2025*)

Dr. Qingbing Men (*appointed on 30 September 2025*)

Ms. Weiqin Sun

Mr. Hiroshi Shirafuji (*resigned on 30 September 2025*)

Mr. Norihiro Ashida (*resigned on 30 September 2025*)

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jonathan H. Chou

Dr. Guoen Liu

Mr. Chunyang Shao

Save as disclosed in this annual report, there is no other relationship (including financial, business, family or other material/relevant relationships) between the Board members.

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

# CORPORATE GOVERNANCE REPORT

The roles of chairman and Chief Executive Officer of the Company are held by Dr. Zhaohua Chang (“**Dr. Chang**”) during the year ended 31 December 2025. Dr. Chang has assumed the responsibility of the executive Director and the chairman of the Board and is responsible for managing the Board and the Group’s business. As the Board considered that Dr. Chang has in-depth knowledge of the Group’s business and can make appropriate decisions promptly and efficiently, he also assumed the position of the Chief Executive Officer of the Company. Nevertheless, the Board will continue to review the effectiveness of the Group’s corporate governance structure to assess whether the separation of the positions of chairman and Chief Executive Officer of the Company is necessary. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Effective on 27 June 2025, Mr. Jonathan W Chen has been appointed as the Rotating Co-chief Executive Officer of the Company, subject to rotation on a yearly basis and adjustment based on his performance. The setup of the office of a rotating co-chief executive officer aims at, among others, further enhancing the Group’s global corporate governance standards, comprehensively improving its international and professional operational capabilities, and substantively expanding the overseas presence of the Group.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the financial year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors representing one-third of the Board with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each Independent Non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all Independent Non-executive Directors to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

## INDEPENDENCE MECHANISMS

The Company has established mechanisms to ensure independent views and input are available to the Board (the “**Mechanisms**”), so as to ensure a strong independent element on the Board, and allow the Board to effectively exercise independent judgments to better safeguard Shareholders’ interests.

The Mechanisms are established with reference to the Listing Rules and Code Provisions set out in the CG Code in relation to board composition, directors’ independence and board decision making. Pursuant to the Mechanisms, the Board will conduct an annual review of the implementation and effectiveness of these Mechanisms, and formulate the action plan for improvement, if appropriate.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Mechanisms and the results were satisfactory.

# CORPORATE GOVERNANCE REPORT

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Code Provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

In accordance with the Company's Articles of Association, at every annual general meeting of the Company, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years.

The Company has entered into a letter of appointment with each of the Directors of the Company (including the non-executive Directors) with or without a specific term but subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Company's Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment/re-election and succession planning of Directors.

Dr. Feng Gu ("**Dr. Gu**") and Dr. Qingbing Men ("**Dr. Men**"), who were appointed as Non-executive Directors with effect from 30 September 2025 attended a training session on 28 September 2025 and 26 September 2025, respectively, at which each of them has obtained the legal advice referred to in Rule 3.09D of the Listing Rules from external legal advisors who provided legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to them as directors of the Company and the possible consequences of making a false declaration or giving false information to the Stock Exchange. Dr. Gu and Dr. Men have confirmed their understanding of the information provided by the legal advisor.

## INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction training before his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Development of Directors is an ongoing process, so that they can perform their duties appropriately. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

During the year of 2025, continuous training was conducted for all Directors. In addition to the regular reports at the Board and Committee meetings and the updates related to market development and industry trends, the training also covered the roles, functions and responsibilities of Directors and the effectiveness of the Board, the matters of Environmental, Social and Governance, updates on recent rule amendments relating to Listing Rules and risk management and internal control, etc.

## BOARD MEETINGS

### FUNCTIONS

The Board requires Directors to devote sufficient time and attention to their duties and responsibilities. The Board normally has scheduled meetings at quarterly interval each year and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company.

# CORPORATE GOVERNANCE REPORT

## BOARD PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, a reasonable notice is generally given.

Board documents together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Board secretary and the company secretary are responsible for taking and keeping minutes of all Board meetings and committee meetings.

Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

## DIRECTORS' ATTENDANCE RECORDS

For the year ended 31 December 2025, nine Board Meetings were held for, among other things, reviewing and approving the financial and operating performance, considering and approving the overall strategies and policies of the Company. An annual general meeting was held on 30 May 2025 for reviewing the audited financial statements, approving re-election of Directors, re-appointment of auditor, etc., and an extraordinary general meeting was held on 22 October 2025 for approving and adopting the amendments to the Memorandum of Association and the Articles of Association.

The attendance records of each Director at the Board meetings and the general meeting during the term of office as a Director during the year ended 31 December 2025 are set out below:

Name of Director	Attendance/number of Board meetings held during the term of office of the Director concerned	Attendance/number of general meeting held during the term of office of the Director concerned
<b>Executive Director</b>		
Dr. Zhaohua Chang ( <i>Chairman</i> )	9/9	2/2
<b>Non-executive Directors</b>		
Dr. Feng Gu ( <i>appointed on 30 September 2025</i> )	1/1	1/1
Dr. Qingbing Men ( <i>appointed on 30 September 2025</i> )	1/1	1/1
Ms. Weiqin Sun	9/9	2/2
Mr. Hiroshi Shirafuji ( <i>resigned on 30 September 2025</i> )	8/8	1/1
Mr. Norihiro Ashida ( <i>resigned on 30 September 2025</i> )	8/8	1/1
<b>Independent Non-executive Directors</b>		
Mr. Jonathan H. Chou	9/9	2/2
Dr. Guoen Liu	9/9	2/2
Mr. Chunyang Shao	9/9	2/2

# CORPORATE GOVERNANCE REPORT

Apart from the Board meetings stated above, the Chairman also held one meeting with the Independent Non-executive Directors without the presence of other Directors during the Reporting Period.

The Directors reviewed the documents of Board Meetings provided by the Company in advance.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for transactions in the Company's securities throughout the financial year ended 31 December 2025.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## DELEGATION BY THE BOARD

### BOARD COMMITTEES

The Board has delegated a range of responsibilities to the Chief Executive Officer, the Rotating Co-Chief Executive Officer and other senior management of the Company. These responsibilities include directing and coordinating day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operating and production plans and budgets, and supervising and monitoring the control systems.

The Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Strategic Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Hong Kong Stock Exchange's website and are available to shareholders upon request. The Independent Non-executive Directors are invited to serve on these four Board committees.

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code. During the year ended 31 December 2025, the Board has considered the corporate governance policies and practices and its relevant disclosures; the compliance of the Model Code and the Employees Written Guidelines; and policies and practices on compliance with legal and regulatory requirements as required under the applicable requirements of the Listing Rules.

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The Company established an audit committee in March 2010 with written terms of reference in compliance with the CG Code. The Audit Committee comprises three members:

Mr. Jonathan H. Chou (*Chairman*)

Mr. Chunyang Shao

Dr. Qingbing Men (*appointed on 30 September 2025*)

Mr. Norihiro Ashida (*resigned on 30 September 2025*)

Two of the members of the Audit Committee are Independent Non-executive Directors (including one Independent Non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- Review of the financial information of the Group;
- Review of the relationship with and the terms of appointment of the external auditor;
- Review of the Company's financial reporting system, internal control system and risk management system.

The Audit Committee oversees the internal control system and risk management system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

During the year under review, the Audit Committee reviewed the Group's annual results and annual reports for the year ended 31 December 2024, and the interim results and interim report for the six months ended 30 June 2025, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditor.

The Audit Committee held three meetings during the year ended 31 December 2025.

The attendance records of each member at the Audit Committee meetings during the year ended 31 December 2025 are set out below:

<b>Name of member concerned</b>	<b>Attendance/number of meetings held during the term of office of the Member concerned</b>
Mr. Jonathan H. Chou ( <i>Chairman</i> )	3/3
Mr. Chunyang Shao	3/3
Dr. Qingbing Men ( <i>appointed on 30 September 2025</i> )	0/0
Mr. Norihiro Ashida ( <i>resigned on 30 September 2025</i> )	3/3

The Audit Committee also met the external auditor three times without the presence of the Executive Director. The Group's annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee.

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The Company established a remuneration committee in March 2010 with written terms of reference in compliance with the CG Code. The Remuneration Committee comprises three members:

Dr. Guoen Liu (*Chairman*)  
Mr. Jonathan H. Chou  
Dr. Feng Gu (*appointed on 30 September 2025*)  
Dr. Zhaohua Chang (*resigned on 30 September 2025*)

The majority of the members of the Remuneration Committee are Independent Non-executive Directors.

The primary objectives of the Remuneration Committee include making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all Executive Directors and senior management. The Remuneration Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

The Company has adopted a share scheme and a share award scheme as incentive to Directors and eligible participants. Details of the schemes are set out in the section headed "Share Schemes" in the Report of the Directors. During the year of 2025, the Remuneration Committee reviewed and made recommendations to the Board on the year-end bonus of senior management and the related remuneration policy. The Remuneration Committee also reviewed and approved the grants of options under the 2023 Share Scheme and the grants of share awards under the Share Award Scheme.

The Remuneration Committee held four meetings during the year ended 31 December 2025. The attendance records of each member at the Remuneration Committee meetings during the year ended 31 December 2025 are set out below:

<b>Name of member concerned</b>	<b>Attendance/number of meetings held during the term of office of the Member concerned</b>
Dr. Guoen Liu ( <i>Chairman</i> )	4/4
Mr. Jonathan H. Chou	4/4
Dr. Feng Gu ( <i>appointed on 30 September 2025</i> )	0/0
Dr. Zhaohua Chang ( <i>resigned on 30 September 2025</i> )	4/4

## NOMINATION COMMITTEE

The Company established a nomination committee in March 2010 with written terms of reference in compliance with the CG Code. The Nomination Committee comprises five members:

Mr. Chunyang Shao (*Chairman*)  
Dr. Guoen Liu  
Mr. Jonathan H. Chou (*appointed on 30 September 2025*)  
Dr. Feng Gu (*appointed on 30 September 2025*)  
Ms. Weiqin Sun

The majority of the members of the Nomination Committee are Independent Non-executive Directors.

# CORPORATE GOVERNANCE REPORT

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the Independent Non-executive Directors.

The Company has adopted a director nomination policy. The director nomination policy contains the criteria for nomination and appointment of directors, as well as nomination process. In evaluating and selecting any candidate for directorship, the following criteria should be considered: character and integrity; qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company's business and corporate strategy; any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity; willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company; such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

For the appointment of new Director, the Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

For re-election of Director at a general meeting of the Company, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board. The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

The Nomination Committee held three meetings during the year ended 31 December 2025. The attendance records of each member at the Nomination Committee meeting during the year ended 31 December 2025 are set out below:

<b>Name of member concerned</b>	<b>Attendance/number of meetings held during the term of office of the Member concerned</b>
Mr. Chunyang Shao ( <i>Chairman</i> )	3/3
Dr. Guoen Liu	3/3
Mr. Jonathan H. Chou ( <i>appointed on 30 September 2025</i> )	0/0
Dr. Feng Gu ( <i>appointed on 30 September 2025</i> )	0/0
Ms. Weiqin Sun	3/3

The members reviewed the current composition of the Board and discussed the Board restructuring to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

The Nomination Committee reviewed the time invested by Non-executive Directors in the Company's affairs, assessed the independence of the Independent Non-executive Directors, evaluated the qualification of the candidate for election and recommended the re-appointment of the Directors standing for re-election at the annual general meeting of the Company.

# CORPORATE GOVERNANCE REPORT

## STRATEGIC COMMITTEE

The Company established a strategic committee in March 2019 with written terms of reference. The Strategic Committee comprises three members:

Dr. Qingbing Men (*Chairman*) (*appointed on 30 September 2025*)

Mr. Jonathan H. Chou

Ms. Weiqin Sun

Dr. Zhaohua Chang (*Chairman*) (*resigned on 30 September 2025*)

Mr. Hiroshi Shirafuji (*resigned on 30 September 2025*)

The primary objectives of the Strategic Committee include researching and making recommendations to the Board on long-term development strategies and rolling strategies, business, operational and financial/capital plans; reviewing and evaluating financial, marketing, operational and business performance of the Company; researching and discussing on trends in markets where the Group operates as well as reviewing and discussing on the implementation of the Group's strategies.

The Strategic Committee held one meeting during the year ended 31 December 2025. The attendance records of each member at the Strategic Committee meeting during the year ended 31 December 2025 are set out below:

<b>Name of member concerned</b>	<b>Attendance/number of meetings held during the term of office of the Member concerned</b>
Dr. Qingbing Men ( <i>Chairman</i> ) ( <i>appointed on 30 September 2025</i> )	0/0
Mr. Jonathan H. Chou	1/1
Ms. Weiqin Sun	1/1
Dr. Zhaohua Chang ( <i>Chairman</i> ) ( <i>resigned on 30 September 2025</i> )	1/1
Mr. Hiroshi Shirafuji ( <i>resigned on 30 September 2025</i> )	1/1

# CORPORATE GOVERNANCE REPORT

## DIVERSITY

The Company has adopted a board diversity policy which aims to set out the approach to achieve diversity of the Company's Board of Directors. The Company recognizes and embraces the benefits of having a diverse Board and increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. Certain measurable objectives (including gender-related objectives) have been set in the policy. These perspectives include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

## GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2025:

	Female	Male
Board	14.29%	85.71%
Senior Management <sup>1</sup>	15.38%	84.62%
Overall Employee <sup>2</sup> (excluding senior management <sup>1</sup> )	51.99%	48.01%

1: Senior management as at 31 March 2026

2: Overall employees as at 31 December 2025

The Board considers that the current gender diversity in the Board, senior management and other employees of the Group is satisfactory.

Details on the gender ratio of the Group together with relevant data can be found in the 2025 Environmental, Social and Governance Report of the Company to be published on the websites of the Company and of the Hong Kong Stock Exchange on the same day.

## ACCOUNTABILITY AND AUDIT

### DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2025.

The Directors are responsible for overseeing the preparation of the financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

### Extract of Independent Auditor's Report

The following is an extract of the independent auditor's report issued by the Group's independent auditor, KPMG, Certified Public Accountants of Hong Kong on the consolidated financial statements of the Group for the year ended 31 December 2025:

#### Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

# CORPORATE GOVERNANCE REPORT

## Material uncertainty related to going concern

We draw attention to note 1(b) to the consolidated financial statements, which indicates that as at 31 December 2025, the Group had (i) bank borrowings of US\$414,387,000 due within 1 year, and (ii) convertible bonds issued by the Company of US\$215,873,000 which are due for early redemption in December 2026. In addition, certain non-current bank borrowings and convertible bonds amounting to US\$750,049,000 are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. For the year ended 31 December 2025, the Group's continuing operations incurred a net loss of US\$255,713,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The Audit Committee has discussed with the Board and the Group's management regarding the going concern issue, and there is no disagreement by the Board, the Audit Committee nor the Group's management with the position taken by the Auditor regarding the going concern issue.

## AUDIT COMMITTEE

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee assists the Board by providing an objective non-executive review of the effectiveness and efficiency of the internal control, risk management and governance processes of the Group on an annual basis.

The senior manager of the Company's Internal Audit Department attended Audit Committee meetings at the invitation of the committee.

Minutes of each Audit Committee meeting were circulated to all members of Audit Committee for their perusal prior to confirmation of the minutes at the subsequent Audit Committee meeting. Members might request for clarifications or raise comments before the minutes were confirmed.

Upon receipt of confirmation from the members at the Audit Committee meetings, the minutes were signed by the Chairman of the meeting as a record of the proceedings of the meeting. The minutes of the Audit Committee meetings were also submitted to the Board and for further action of the Board where appropriate.

The activities carried out by the Audit Committee during the year are set out in this Corporate Governance Report on page 69 of this annual report.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems, reviewing their effectiveness at least once a year through Audit Committee. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. During the year of 2025, the Audit Committee has reviewed the Group's internal control and risk management systems and processes which covered the whole financial year.

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

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including sales, purchasing, financial reporting, expense, fixed assets, contract management, human resources, information technology and so on.

Through interviews and data review by projects, the Internal Audit Department conducted independent risk assessment regularly to identify risks that potentially impact the business of the Group and various aspects including strategic risks, financial risks, market risks, operation risks, legal risks and so on covering all key subsidiaries.

The Internal Audit Department is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls, provided its findings and recommendations for improvement to auditees and reported the remediation periodically to the Audit Committee.

# CORPORATE GOVERNANCE REPORT

The Board, as supported by the Audit Committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls periodically and considered such systems are effective and adequate.

The Company has formulated the Code of Business Conduct and Ethics and the Employee Integrity Code. The Company has also put in place the whistle-blowing policy and mechanism for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the compliance function about possible improprieties in any matters related to the Company. The Code of Business Conduct and Ethics is available on the website of the Company.

The Company has also in place the Anti-Bribery and Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the compliance/internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery. During the Reporting Period, there were no legal cases involving bribery, monopoly, extortion, blackmail, fraud and money laundering that had a significant impact on the Company, nor any legal cases related to corrupt practices by the Group or its employees.

During the year ended 31 December 2025, training on business conduct and ethics, anti-bribery and anti-corruption was organized for Directors and all employees of the Group. Please refer to the 2025 Environmental, Social and Governance Report of the Company to be published on the websites of the Company and of the Hong Kong Stock Exchange on the same day for more details.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Monitoring procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

The Company would appoint independent consulting firm to conduct a thorough review of risk management and internal control systems of the Company and its subsidiaries on regular intervals basis when necessary.

## EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 79 to 86 in this annual report.

For the financial year ended 31 December 2025, the fees for audit services and non-audit services rendered by external auditor, KPMG were as follows:

<b>Auditors</b>	<b>Fee (US\$'000)</b>
KPMG	
<b>Audit services</b>	
– Audit services	3,221
<b>Non-audit services</b>	
– Other assurance services	1,821
– Other services	161
	<b>5,203</b>

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, non-audit services performed by KPMG are primarily in relation to tax and certain acquisitions related services.

## COMPANY SECRETARY

Ms. Yuen Wing Yan Winnie (“**Ms. Yuen**”) of Tricor Services Limited, the external professional service provider, has been engaged by the Company as its company secretary in compliance with the Listing Rules since 15 January 2020 up to 31 March 2026. Ms. Yeung Siu Lam was appointed as the company secretary of the Company in place of Ms. Yuen since 31 March 2026.

Ms. Yuen had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training during the year ended 31 December 2025.

During the year ended 31 December 2025, the primary contact person at the Company with whom Ms. Yuen had been contacting in respect of company secretarial matters was Ms. He Li, the Board Secretary of the Company, who was responsible for Board procedures and communications among Directors with shareholders and management.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors’ understanding of the Group’s business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

The Company’s shareholders’ communication policy aims at promoting effective communication with shareholders and other stakeholders, encouraging shareholders to engage actively with the Company and enabling shareholders to exercise their rights effectively. The Board reviewed the implementation and effectiveness of the shareholders’ communication policy and the results were satisfactory.

<http://www.microport.com> is the Company’s official website where up-to-date information and updates on the Company’s business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write to the Company at its principal place of business in Hong Kong or the PRC or via the Company’s website for enquiries. During the periods of interim results and annual results release, dual-languages conference calls, non-deal roadshows are held for ensuring effective and timely communication to Shareholders and investors. Normally, the Company also accommodated shareholders’ and investors’ site visits by arranging meetings with senior managements.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The Chairman of the Board as well as chairmen of the Nomination Committee, Remuneration Committee, Audit Committee and Strategic Committee or, in their absence, other members of the respective committees are available normally at the annual general meeting and other relevant shareholders’ meetings to answer questions.

In view of the above, the Board considers that the Shareholders communication policy is effective during the year ended 31 December 2025.

## SHAREHOLDERS’ RIGHTS

To safeguard shareholders’ interests and rights, a separate resolution is proposed for each substantially separate issue at general meetings, including the re-election of individual Directors.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Hong Kong Stock Exchange after each general meeting pursuant to the Listing Rules.

# CORPORATE GOVERNANCE REPORT

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company normally will not deal with verbal or anonymous enquiries.

Pursuant to Article 12.3 of the Articles of Association of the Company, an extraordinary general meeting shall be convened on the written requisition of (1) any one or more members of the Company; or (2) a recognized clearing house (or its nominee(s)) deposited at the principal place of business of the Company in Hong Kong (Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong) for the attention of the Board or, in the event the Company ceases to have such a principal place of business in Hong Kong, the registered office of the Company (PO Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands) for the attention of the Board.

The written requisition shall specify the objects of the extraordinary general meeting and signed by the requisitionist(s), provided that such requisitionist(s) held as at the date of deposit of the written requisition not less than one-tenth of the paid up capital of the Company which carries the voting rights at general meetings of the Company.

If the Board does not, within 21 days from the date of deposit of the written requisition, proceed duly to convene the extraordinary general meeting to be held within a further 21 days, the requisitionist(s) or any of them representing more than one-half of the total voting rights of all of them, may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which extraordinary general meeting may be convened by the Board, provided that any extraordinary general meeting so convened shall not be held after the expiration of 3 months from the date of deposit of the written requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

## DIVIDEND POLICY

The Company has adopted a Dividend Policy on payment of dividends. When proposing the payment of dividends, various elements would be taken into consideration including but not limited to the Company's strategic objectives, operation plan, profitability, cash flow and financing requirements. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal.

## CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, The People's Republic of China (For the attention of the Board Secretary)

Fax: (86) (21) 50801305

Email: ir@microport.com

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

## CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, the Company has amended its Memorandum of Association and Articles of Association. Details of the amendments are set out in the circular dated 30 September 2025 to the Shareholders. An up to date version of the Company's Memorandum of Association and Articles of Association is also available on the Hong Kong Stock Exchange's website and the Company's website.

# CORPORATE GOVERNANCE REPORT

## CHANGES AFTER CLOSURE OF FINANCIAL YEAR

This report takes into account the significant changes that have occurred since the end of 2025 to the date of approval of this report.

By Order of the Board  
**MicroPort Scientific Corporation**  
**Dr. Zhaohua Chang**  
*Chairman*

Shanghai, the PRC  
31 March 2026

# INDEPENDENT AUDITOR'S REPORT



**Independent auditor's report to the shareholders of MicroPort Scientific Corporation**

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of MicroPort Scientific Corporation ("the Company") and its subsidiaries ("the Group") set out on pages 87 to 212, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

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

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1(b) to the consolidated financial statements, which indicates that as at 31 December 2025, the Group had (i) bank borrowings of US\$414,387,000 due within 1 year, and (ii) convertible bonds issued by the Company of US\$215,873,000 which are due for early redemption in December 2026. In addition, certain non-current bank borrowings and convertible bonds amounting to US\$750,049,000 are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. For the year ended 31 December 2025, the Group's continuing operations incurred a net loss of US\$255,713,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies set out in note 1(z)(i).

#### The Key Audit Matter

The Group recognises revenue from the sale of medical devices at a point in time when control of goods is transferred to the customer.

The amount to which the Group expects to be entitled can vary due to sales rebates granted to customers explicitly identified in the sales contracts signed with customers. Sales rebates granted to customers are primarily volume based. Revenue from sales subject to volume rebate arrangements is recognised at the net amount of consideration to which the Group is entitled, after adjusting for the estimated amount that the Group may be required to rebate to the customer in respect of these sales, unless it is highly probable that the customer will not satisfy the rebate entitlement criteria within the rebate period.

In addition, in certain of the Group's business, the Group participates in arrangements that include multiple performance obligations. These arrangements require the allocation of the transaction price between the sale of medical devices performance obligation and other performance obligations.

#### How the matter was addressed in our audit

Our audit procedures to assess the recognition and measurement of revenue included the following:

- obtaining an understanding of and assessing and testing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition including the identification of performance obligations in contracts with customers, the variable consideration and management's review of the calculation of and adjustments for sales rebates;
- inspecting, on a sample basis, customer contracts to identify terms and conditions relating to transfer of goods control, sales rebates, and identification of performance obligations and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- selecting samples of sales rebate transactions recorded during the year and comparing the parameters used in the calculation of the rebate (including volumes and rebate rates) with the relevant source documents (including sales invoices, sales contracts and cumulative sales data in the system records) to assess whether the methodology adopted in the calculation of the sales rebates was in accordance with the terms and conditions defined in the corresponding customer contract;

## KEY AUDIT MATTERS (CONTINUED)

### Revenue recognition (continued)

Refer to note 3 to the consolidated financial statements and the accounting policies set out in note 1(z)(i).

#### The Key Audit Matter

The total transaction price is allocated to each performance obligation in an amount based on the estimated relative stand-alone selling prices of the goods or services underlying each performance obligation.

We identified the recognition of revenue as a key audit matter because (i) revenue is a key performance indicator of the Group and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations, (ii) the variety of different terms of sale may affect the timing of the recognition of revenue; and (iii) significant management judgement can be required to estimate sales rebates and the stand-alone selling price.

#### How the matter was addressed in our audit

- comparing, on a sample basis, the actual sales rebates settled after the financial year end with the variable consideration adjustments estimated by the management in these respects during the year in order to assess the reliability of management's process for determining the consideration to which the Group is entitled and to assess if the adjustments for the related variable consideration had been made as a reduction of the transaction price in the appropriate financial period;
- understanding the methodology in determining the allocation of total transaction price to each performance obligation; and evaluating the key assumptions adopted in the estimation of stand-alone selling prices;
- comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with relevant underlying documentation, which included goods dispatch notes, shipping documents and goods receipt notes, as applicable under the different sales contracts, to assess whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; and
- inspecting underlying documentation for journal entries relating to revenue which were considered to be material or met other specific risk-based criteria.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS (CONTINUED)

### Assessing potential impairment of goodwill, intangible assets and equity-accounted investees

Refer to notes 11, 12 and 14 to the consolidated financial statements and the accounting policies set out in note 1(m)(iii).

#### The Key Audit Matter

The total carrying values of the Group's goodwill, intangible assets and equity-accounted investees as at 31 December 2025 were US\$1,071.3 million, amounting to approximately 51.9% of the total non-current assets. During the year ended 31 December 2025, the Group recognised impairment losses on goodwill, intangible assets and equity-accounted investees amounting to US\$0.2 million, US\$19.4 million and US\$64.6 million, respectively.

Goodwill and intangible assets that are not yet available for use are subject to impairment assessments annually. Investments in equity-accounted investees and other intangible assets are subject to impairment assessment when there is an impairment indicator. The impairment tests are carried out by comparing the carrying values of respective assets or asset group with their recoverable amounts being the higher of the fair value less costs of disposal and the value in use.

In assessing the value in use, significant management judgements have to be applied, in particular in assessing revenue growth rates, gross profit margins, growth rates beyond the forecast period and appropriate discount rates.

We identified the assessment of potential impairment of goodwill, intangible assets and equity-accounted investees as a key audit matter because determining the level of impairment, if any, involves a significant degree of management judgement, which can be inherently uncertain and could be subject to management bias.

#### How the matter was addressed in our audit

Our audit procedures to assess the potential impairment of goodwill, intangible assets and equity-accounted investees included the following:

- evaluating the basis management adopted to ascertain and identify separate groups of cash generating units that contain the goodwill balances and the valuation models used in management's impairment assessment with reference to the requirements of the prevailing accounting standards;
- evaluating, on a sample basis, the key assumptions adopted in the preparation of the discounted cash flow forecasts by comparing data in the discounted cash flow forecasts with the relevant data, including forecast revenue, forecast cost of sales and forecast operating expenses, in the financial budgets which was approved by the board of directors and with available industry statistics;
- comparing, on a sample basis, the data in discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variances identified;
- engaging our internal valuation specialists to assist us in comparing the growth rates beyond the forecast period and discount rates applied in the discounted cash flow forecasts with those of comparable companies and external market data if available, on a sample basis;
- performing a sensitivity analysis of key assumptions, including the growth rates beyond the forecast period and the discount rates applied in the discounted cash flow forecasts and considering the resulting impact on the impairment charge for the year and whether there were any indicators of management bias in the selection of these key assumptions, on a sample basis; and
- considering the disclosures in the consolidated financial statements in respect of management's impairment assessments of goodwill, intangible assets and equity-accounted investees with reference to the requirements of the prevailing accounting standards.

## KEY AUDIT MATTERS (CONTINUED)

### Accounting for the gain in respect of the disposal of the partial equity interest in MicroPort NeuroScientific Corporation ("MP Neuro") (the "Disposal")

Refer to notes 30(a)(i) to the consolidated financial statements and the accounting policies set out in note 1(d).

#### The Key Audit Matter

In December 2025, the Group transferred approximately 15% of its equity interest in MP Neuro to several third-party investors (the "Investors") for total cash consideration of approximately US\$102 million, reducing the Group's equity interest in MP Neuro from approximately 54% to 39%. In addition, due to the appointment of a new director of MP Neuro in December 2025, the Group could no longer control the board of MP Neuro.

Management considered the Group had lost control over MP Neuro and a gain of US\$277 million was recognised in profit or loss for the year ended 31 December 2025 accordingly.

We identified the accounting for the gain in respect of the Disposal as a key audit matter because of its significance to the consolidated financial statements.

#### How the matter was addressed in our audit

Our audit procedures to assess the accounting for the gain in respect of the Disposal included the following:

- obtaining an understanding of the objective of the Disposal and evaluating the design and implementation of controls in respect of authorisation of the transaction;
- inspecting the share transfer agreements to identify any contract terms of accounting significance; and evaluating the appropriateness of management's judgement on whether the control over MP Neuro was lost and the timing of losing control with reference to the requirements of the prevailing accounting standards;
- re-performing management's calculation of the gain on the Disposal;
- inspecting the bank statements, agreeing and reconciling the amount received by the Group to the share transfer agreements; and
- considering the reasonableness of the disclosures in the consolidated financial statements in respect of the Disposal with reference to the requirements of the prevailing accounting standards.

# INDEPENDENT AUDITOR'S REPORT

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon as part of our engagement to audit the consolidated financial statements. We have performed an assurance engagement on the disclosed continuing connected transactions that form part of the other information and provided a separate assurance practitioner's conclusion thereon that is included within the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au, Yat Fo (practising certificate number: P04854).

### **KPMG**

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

31 March 2026

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2025

(Expressed in United States dollars)

	Note	2025			2024		
		Continuing operations	Discontinued operation	Total	Continuing operations	Discontinued operation	Total
		US\$'000	(note 30(a)(i)) US\$'000		US\$'000	US\$'000	
<b>Revenue</b>	3	994,909	110,472	1,105,381	924,369	106,694	1,031,063
Cost of sales		(441,398)	(29,399)	(470,797)	(428,048)	(28,923)	(456,971)
<b>Gross profit</b>		553,511	81,073	634,584	496,321	77,771	574,092
Research and development costs		(135,499)	(11,005)	(146,504)	(202,958)	(13,557)	(216,515)
Distribution costs		(294,601)	(23,514)	(318,115)	(285,540)	(18,614)	(304,154)
Administrative expenses		(160,804)	(8,831)	(169,635)	(168,859)	(7,782)	(176,641)
Other net income	4	47,647	7,348	54,995	22,747	6,612	29,359
Other operating costs	5(c)	(31,507)	(282)	(31,789)	(13,135)	(125)	(13,260)
Finance costs	5(a)	(111,261)	(222)	(111,483)	(105,909)	(495)	(106,404)
Expected credit loss on trade and other receivables and financial guarantee issued		(5,235)	–	(5,235)	(2,250)	–	(2,250)
Changes in the fair value of convertible bonds	27	(23,744)	–	(23,744)	(18,849)	–	(18,849)
Changes in the fair value of other financial instruments		(491)	(692)	(1,183)	262	1,338	1,600
Impairment losses of non-current assets	5(d)	(98,947)	(8,303)	(107,250)	(87,864)	–	(87,864)
Gain on disposal of subsidiaries	30(a)	49,647	276,893	326,540	98,155	–	98,155
Gain on disposal of interests in equity-accounted investees		3,884	–	3,884	16,729	–	16,729
Share of profits less losses of equity-accounted investees	14	(25,090)	(3,552)	(28,642)	(15,886)	(2,897)	(18,783)
<b>Profit/(loss) before taxation</b>	5	(232,490)	308,913	76,423	(267,036)	42,251	(224,785)
Income tax	6(a)	(23,223)	(14,773)	(37,996)	(36,104)	(7,570)	(43,674)
<b>Profit/(loss) for the year</b>		(255,713)	294,140	38,427	(303,140)	34,681	(268,459)
<b>Attributable to:</b>							
Equity shareholders of the Company		(233,849)	282,368	48,519	(232,064)	18,021	(214,043)
Non-controlling interests		(21,864)	11,772	(10,092)	(71,076)	16,660	(54,416)
<b>Profit/(loss) for the year</b>		(255,713)	294,140	38,427	(303,140)	34,681	(268,459)
<b>Earnings/(loss) per share</b>	9						
Basic (in cents)		(12.49)	15.08	2.59	(12.67)	0.99	(11.68)
Diluted (in cents)		(12.84)	14.36	1.52	(13.14)	0.99	(12.15)

The accompanying notes form part of the consolidated financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 29(b).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025  
(Expressed in United States dollars)

	2025			2024		
	Continuing operations US\$'000	Discontinued operation (note 30 (a)(i)) US\$'000	Total US\$'000	Continuing operations US\$'000	Discontinued operation (note 30 (a)(i)) US\$'000	Total US\$'000
<b>Profit/(loss) for the year</b>	<b>(255,713)</b>	<b>294,140</b>	<b>38,427</b>	<b>(303,140)</b>	<b>34,681</b>	<b>(268,459)</b>
<b>Other comprehensive income for the year, net of tax</b>						
Item that will not be reclassified to profit or loss: Remeasurement of net defined benefit liabilities	850	–	850	694	–	694
Items that may be reclassified subsequently to profit or loss: Exchange differences on translation of financial statements of foreign operations, net of nil tax	33,307	4,653	37,960	(15,292)	(2,335)	(17,627)
Share of other comprehensive income of equity-accounted investees	235	–	235	(1,062)	–	(1,062)
<b>Other comprehensive income for the year</b>	<b>34,392</b>	<b>4,653</b>	<b>39,045</b>	<b>(15,660)</b>	<b>(2,335)</b>	<b>(17,995)</b>
<b>Total comprehensive income for the year</b>	<b>(221,321)</b>	<b>298,793</b>	<b>77,472</b>	<b>(318,800)</b>	<b>32,346</b>	<b>(286,454)</b>
<b>Attributable to:</b>						
Equity shareholders of the Company	(207,524)	284,724	77,200	(243,513)	17,522	(225,991)
Non-controlling interests	(13,797)	14,069	272	(75,287)	14,824	(60,463)
<b>Total comprehensive income for the year</b>	<b>(221,321)</b>	<b>298,793</b>	<b>77,472</b>	<b>(318,800)</b>	<b>32,346</b>	<b>(286,454)</b>

The accompanying notes form part of the consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	31 December 2025 US\$'000	31 December 2024 US\$'000
<b>Non-current assets</b>			
Investment properties	10	4,191	4,214
Property, plant and equipment	10	871,677	934,159
		<b>875,868</b>	938,373
Intangible assets	11	183,305	234,317
Goodwill	12	201,111	188,514
Equity-accounted investees	14	686,923	382,861
Financial assets measured at fair value through profit or loss ("FVPL")	15	6,997	9,883
Derivative financial assets	17	2,933	–
Deferred tax assets	25(b)	21,550	18,488
Other non-current assets	16	84,455	123,713
		<b>2,063,142</b>	1,896,149
<b>Current assets</b>			
Financial assets measured at FVPL	15	19,904	51,817
Inventories	18	349,199	379,288
Trade and other receivables	19	468,967	376,564
Pledged deposits and time deposits	20	111,516	213,509
Cash and cash equivalents	20	682,508	712,995
		<b>1,632,094</b>	1,734,173
Assets classified as held-for-sale		1,439	3,100
		<b>1,633,533</b>	1,737,273
<b>Current liabilities</b>			
Trade and other payables	21	434,260	638,997
Contract liabilities	22	27,489	19,863
Interest-bearing borrowings	23	414,387	318,066
Convertible bonds	27	215,873	147,133
Lease liabilities	24	20,874	40,143
Income tax payable	25(a)	16,129	7,311
Derivative financial liabilities	17	–	7,500
		<b>1,129,012</b>	1,179,013
<b>Net current assets</b>			
		<b>504,521</b>	558,260
<b>Total assets less current liabilities</b>			
		<b>2,567,663</b>	2,454,409

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	31 December 2025 US\$'000	31 December 2024 US\$'000
<b>Non-current liabilities</b>			
Interest-bearing borrowings	23	779,566	757,711
Lease liabilities	24	30,539	47,932
Deferred income	26	40,910	51,491
Contract liabilities	22	37,972	26,948
Convertible bonds	27	139,513	374,224
Other payables	21	13,800	24,124
Derivative financial liabilities	17	–	5,534
Deferred tax liabilities	25(b)	25,190	21,601
		<b>1,067,490</b>	<b>1,309,565</b>
<b>NET ASSETS</b>			
		<b>1,500,173</b>	<b>1,144,844</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		19	18
Reserves	29(c)	980,796	603,455
<b>Total equity attributable to equity shareholders of the Company</b>		<b>980,815</b>	<b>603,473</b>
<b>Non-controlling interests</b>		<b>519,358</b>	<b>541,371</b>
<b>TOTAL EQUITY</b>		<b>1,500,173</b>	<b>1,144,844</b>

Approved and authorised for issue by the board of directors on 31 March 2026.

**Zhaohua Chang**  
Chairman

**Jonathan H. Chou**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025  
(Expressed in United States dollars)

Note	Attributable to equity shareholders of the Company							Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Share premium US\$'000	Exchange reserve US\$'000	Capital reserve US\$'000	Statutory general reserve US\$'000	Accumulated losses US\$'000	Total US\$'000		
<b>Balance at 1 January 2024</b>	18	677,626	(94,656)	1,418,774	136,956	(1,380,899)	757,819	645,178	1,402,997
<b>Changes in equity for 2024:</b>									
Loss for the year	-	-	-	-	-	(214,043)	(214,043)	(54,416)	(268,459)
Other comprehensive income	-	-	(10,886)	(1,062)	-	-	(11,948)	(6,047)	(17,995)
<b>Total comprehensive income</b>	-	-	(10,886)	(1,062)	-	(214,043)	(225,991)	(60,463)	(286,454)
Net contributions from non-controlling shareholders of subsidiaries	-	-	-	27,625	-	-	27,625	29,279	56,904
Disposal of interest in a subsidiary to non-controlling shareholders	-	-	-	7,562	-	-	7,562	(7,562)	-
Disposal of subsidiaries	-	-	-	-	-	-	-	3,621	3,621
Acquisition of non-controlling interests	-	-	-	(19,106)	-	-	(19,106)	(3,789)	(22,895)
Appropriation of statutory general reserve	-	-	-	-	2,848	(2,848)	-	-	-
Equity-settled share-based transactions	-	-	-	18,152	-	-	18,152	5,829	23,981
Shares issued under share option scheme of the Company	29(c)(iii)	6,822	-	(1,635)	-	-	5,187	-	5,187
Shares issued under share option scheme of a subsidiary	-	-	-	1	-	-	1	17	18
Shares purchased under share award scheme and restricted share unit plan	-	-	-	(12,632)	-	-	(12,632)	(26,994)	(39,626)
Shares granted under share award schemes	-	-	-	3,206	-	-	3,206	586	3,792
Lapse of share options	-	-	-	(1,171)	-	1,171	-	-	-
Issuance of convertible bonds	-	-	-	42,558	-	-	42,558	-	42,558
Dividends to holders of non-controlling interests	-	-	-	-	-	-	-	(43,832)	(43,832)
Others	-	-	-	(908)	-	-	(908)	(499)	(1,407)
<b>Balance at 31 December 2024</b>	18	684,448	(105,542)	1,481,364	139,804	(1,596,619)	603,473	541,371	1,144,844

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
		Share capital	Share premium	Exchange reserve	Capital reserve	Statutory general reserve	Accumulated losses	Total		
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
<b>Balance at 1 January 2025</b>		18	684,448	(105,542)	1,481,364	139,804	(1,596,619)	603,473	541,371	1,144,844
<b>Changes in equity for 2025:</b>										
Profit/(loss) for the year		-	-	-	-	-	48,519	48,519	(10,092)	38,427
Other comprehensive income		-	-	27,961	720	-	-	28,681	10,364	39,045
<b>Total comprehensive income</b>		-	-	27,961	720	-	48,519	77,200	272	77,472
Effect of restructuring of CRM business	30(b)(i)	-	-	-	190,172	-	-	190,172	82,161	272,333
Effect of placement and disposal of interests in a subsidiary without losing control, net of taxation	30(b)(ii)	-	-	-	64,628	-	-	64,628	28,480	93,108
Net contributions from non-controlling shareholders of subsidiaries		-	-	-	(283)	-	-	(283)	14,489	14,206
Disposal of interest in a subsidiary to non-controlling shareholders		-	-	-	9,987	-	-	9,987	(9,987)	-
Disposal of subsidiaries	30(a)	-	-	-	-	-	-	-	(122,744)	(122,744)
Conversion of convertible bonds	27(b)	1	41,386	-	(6,855)	-	-	34,532	-	34,532
Acquisition of non-controlling interests		-	-	-	(31,821)	-	-	(31,821)	13,198	(18,623)
Appropriation of statutory general reserve		-	-	-	-	2,517	(2,517)	-	-	-
Equity-settled share-based transactions		-	-	-	23,010	-	-	23,010	8,436	31,446
Shares issued under share option scheme of the Company	29(c)(iii)	-	44,890	-	(32,023)	-	-	12,867	-	12,867
Shares purchased under share award scheme and restricted share unit plan		-	-	-	(6,556)	-	-	(6,556)	(14,546)	(21,102)
Shares granted under share award schemes		-	-	-	3,606	-	-	3,606	188	3,794
Lapse of share options		-	-	-	(3,452)	-	3,452	-	-	-
Dividends to holders of non-controlling interests		-	-	-	-	-	-	-	(21,960)	(21,960)
<b>Balance at 31 December 2025</b>		19	770,724	(77,581)	1,692,497	142,321	(1,547,165)	980,815	519,358	1,500,173

The accompanying notes form part of the consolidated financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	2025 US\$'000	2024 US\$'000
<b>Operating activities</b>			
Cash generated from/(used in) operations	20(c)	101,189	(19,122)
Income tax refund received		9,395	19,149
Income tax paid		(41,452)	(49,696)
<b>Net cash generated from/(used in) operating activities</b>		<b>69,132</b>	<b>(49,669)</b>
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment		(86,814)	(88,284)
Payments for acquisition of subsidiaries, net of cash acquired		-	(63,442)
Settlements of consideration in connection with previous year's acquisitions of subsidiaries		(730)	(703)
Proceeds from disposal of subsidiaries, net of cash disposed		60,205	13,980
Proceeds from sale of property, plant and equipment		12,792	10,603
Payments for intangible assets, including expenditure on development costs		(14,944)	(20,149)
Decrease in pledged deposits and time deposits		101,993	4,817
Interest received		8,445	9,377
Proceeds from the disposal of interest in equity-accounted investees		5,410	19,392
Payments for the investments in equity-accounted investees		(17,932)	(19,843)
Payments for the investments in financial assets at FVPL		(1,053,629)	(723,697)
Redemption of financial assets at FVPL		1,032,230	716,968
Loans to equity-accounted investees	33(b)	(23,984)	(5,699)
Loans repaid by equity-accounted investees	33(b)	11,355	1,623
Others		(18,482)	(4,673)
<b>Net cash generated from/(used in) investing activities</b>		<b>16,155</b>	<b>(149,730)</b>

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2025  
(Expressed in United States dollars)

	Note	2025 US\$'000	2024 US\$'000
<b>Financing activities</b>			
Capital element of lease rentals paid	20(d)	(42,034)	(40,249)
Interest element of lease rentals paid	20(d)	(4,650)	(5,526)
Proceeds from interest-bearing borrowings, net of transaction costs	20(d)	664,842	654,908
Repayments of interest-bearing borrowings	20(d)	(578,584)	(376,431)
Proceeds from issuance of convertible bonds, net of transaction costs	20(d)	–	244,213
Payments for repurchase of convertible bonds	20(d)	(170,080)	(461,619)
Proceeds from issuance of financial instruments with redemption rights		–	1,407
Payments for acquisition of non-controlling interests		(17,332)	(29,187)
Capital contributions from non-controlling interests, net of transaction costs		63,187	55,497
Proceeds from disposal of subsidiaries without losing control		44,581	–
Proceeds from shares issued under the share option scheme	29(c)(iii)	12,867	5,205
Interests paid for convertible bonds	20(d)	(32,425)	(28,198)
Interests paid for interest-bearing borrowings	20(d)	(35,954)	(34,481)
Payments for repurchase of shares under share award scheme and restricted share unit plan		(21,102)	(39,626)
Dividends paid to non-controlling interests		(21,960)	(43,832)
Others	13	9,534	–
<b>Net cash used in financing activities</b>		<b>(129,110)</b>	<b>(97,919)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(43,823)</b>	<b>(297,318)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>712,995</b>	<b>1,019,551</b>
<b>Effect of foreign exchange rate changes</b>		<b>13,336</b>	<b>(9,238)</b>
<b>Cash and cash equivalents at 31 December</b>		<b>682,508</b>	<b>712,995</b>

The accompanying notes form part of the consolidated financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new or amended HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in equity-accounted investees.

#### **Material uncertainty related to going concern**

In determining the appropriate basis of preparation of the consolidated financial statements, the directors of the Company (the “Directors”) are required to consider whether the Group could continue in operational existence for the foreseeable future.

As at 31 December 2025, the Group had (i) bank borrowings of US\$414,387,000 due within 1 year (see note 23), and (ii) convertible bonds issued by the Company of US\$215,873,000 which are due for early redemption in December 2026 (see note 27(b)).

In addition, certain non-current bank borrowings and convertible bonds amounting to US\$750,049,000 (see notes 23 and 27) are subject to the fulfilment of covenants relating to certain of the Group’s financial performance and ratios, including the Group’s consolidated net profit being not less than (i) US\$45 million for the half year ending 30 June 2026; and (ii) US\$90 million for the year ending 31 December 2026 (see note 31(b)). If the Group were to breach the covenants, these bank borrowings and part of the convertible bonds would be immediately repayable if requested by the lenders of these bank borrowings and the holders of the convertible bonds in accordance with the underlying facilities agreements. The occurrence of such circumstance may trigger the cross-default provisions of other borrowings of the Group and, as a possible consequence, these other borrowings may also be declared to be immediately due and repayable.

For the year ended 31 December 2025, the Group’s continuing operations incurred a net loss of US\$255,713,000.

Given the above, the liquidity of the Group is primarily dependent on (i) its ability to renew or refinance existing borrowings and to utilise its cash and cash equivalents available to the Group (see note 20) for repayment of its borrowings; and (ii) whether the above-mentioned financial covenants could be achieved. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (continued)

#### Material uncertainty related to going concern (continued)

In view of these circumstances, the Directors have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from 31 December 2025. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (1) The Group has planned or implemented various strategies to improve the liquidity of the Group including to maintain more stringent cost control measure, substantially reduce the budget for operating costs, defer the plan for discretionary capital expenditure;
- (2) The Group has plans to realise additional cash from disposal of certain equity accounted investees and other assets;
- (3) The Group is in discussion with potential investors to make direct investment or to purchase equity interests in certain subsidiaries/equity-accounted investees of the Group; and
- (4) The Group is in discussion with banks for the renewal of existing bank borrowings and obtaining new banking facilities.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient financing and operating cash flows to meet its liquidity requirements for at least the next twelve months from the end of the reporting period. Based on the Directors' intentions and the cash flow forecast mentioned above, the Directors are of the opinion that it is appropriate to prepare the Group's consolidated financial statements for the year ended 31 December 2025 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investments in debt and equity securities (see note 1(g)); and
- derivative financial instruments (see note 1(h)).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (b) Basis of preparation of the financial statements (continued)

#### Material uncertainty related to going concern (continued)

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

Judgements made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

### (c) Changes in accounting policies

The Group has applied amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(r), (s), (t) and (u) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (d) Subsidiaries and non-controlling interests (continued)

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(m)(iii)).

### (e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture after applying the expected credit losses ("ECL") model to such other long-term interests where applicable (see note 1(m)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(m)).

### (f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(m)).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (g) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 31(e). These investments are subsequently accounted for as follows, depending on their classification.

#### (i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(z)(ii)(d)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

#### (ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(z)(ii)(c)).

### (h) Derivative financial instruments

Derivative financial instruments are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (i) Investment property

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(m)(iii)). Depreciation is calculated to write off the cost of investment property less its estimated residual value using the straight line method over its estimated useful life. Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with note 1(z)(ii)(a).

### (j) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest (see note 1(l)) are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(m)(iii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- Freehold land is not depreciated;
- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion;
- Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 5 to 10 years from the date of completion;
- Equipment and machinery 5 to 11 years
- Office equipment, furniture and fixtures 3 to 10 years
- Motor vehicles 4 to 10 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

Construction in progress represents plant and buildings under construction and equipment pending installation and is stated at cost less impairment losses (see note 1(m)(iii)). Construction in progress is transferred to property, plant and equipment when it is ready for its intended use. No depreciation is provided against construction in progress.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (k) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(m)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

– Technologies	9 to 20 years
– Products licences	12 to 17 years
– Capitalised development costs	5 to 10 years
– Customer contracts and related customer relationship	1.5 to 10 years
– Trademark and others	35 months to 20 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### (l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (l) Leased assets (continued)

#### (i) As a lessee (continued)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(j) and 1(m)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see notes 1(g)(i), 1(z)(ii)(d) and 1(m)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (l) Leased assets (continued)

#### (ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(z)(ii)(a).

### (m) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments and lease receivables

The Group recognises a loss allowance for ECLs on:

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures that are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

#### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments and lease receivables (continued)

##### *Measurement of ECLs (continued)*

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

##### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Credit losses and impairment of assets (continued)

#### (i) Credit losses from financial instruments and lease receivables (continued)

##### *Significant increases in credit risk (continued)*

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

The gross carrying amount of a financial asset or lease receivable is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Credit losses and impairment of assets (continued)

#### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

#### (iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment.

If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or Groups of CGUs that are expected to benefit from the synergies of the combination.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (m) Credit losses and impairment of assets (continued)

#### (iii) Impairment of other non-current assets (continued)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

### (n) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the first-in, first-out formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(z)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see note 1(m)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see note 1(p)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(z)). A contract liability also includes variable considerations such as rebates which are to offset further purchases from the customers.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(z)(ii)(d)).

### (p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(m)(i)).

Insurance reimbursement is recognised and measured in accordance with note 1(y).

### (q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 1(m)(i)).

### (r) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (s) Preferred shares

The preferred shares issued by the subsidiaries are classified, on the basis of their component parts, as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Preferred shares issued by the subsidiaries are classified as equity if they are non-redeemable by the Group or redeemable only at the Group's option, and any dividends are discretionary. Dividends on preferred shares classified as equity are recognised as distributions within equity.

Preferred shares are classified as financial liabilities if they are redeemable on a specific date or at the option of the non-controlling shareholders, or upon occurrence/non-occurrence of contingent events which the Group is not able to control over, or if dividend payments are not discretionary. The liability is recognised and measured in accordance with the Group's policy for interest-bearing borrowings set out in note 1(t) and accordingly dividends thereon are recognised on an accrual basis in profit or loss as part of finance costs.

Conversion features of preferred shares are classified separately as equity if the option will be settled by exchange of a fixed amount of cash and other financial assets for a fixed number of the Group's own equity instruments. The equity component is the difference between the initial fair value of the preferred shares as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity component in proportion to the allocation of proceeds.

### (t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(bb).

### (u) Convertible bonds/loans issued

#### (i) Convertible bonds/loans issued that contain an equity component

Compound financial instruments issued by the Group comprise convertible bonds/loans that can be converted to ordinary shares at the option of the holder, when the number of shares to be issued is fixed and does not vary with changes in fair value.

The liability component of compound financial instruments is initially recognised at the fair value of a similar liability that does not have an equity conversion option. The equity component is initially recognised at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component is measured at amortised cost using the effective interest method. Interest is recognised in profit or loss. The equity component is not remeasured and is recognised in the capital reserve until the bonds/loans are converted.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (u) Convertible bonds/loans issued (continued)

#### (i) Convertible bonds/loans issued that contain an equity component (continued)

If the bonds/loans are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued.

If the bonds/loans are early redeemed, the redemption payment is allocated to the liability and equity components. The method used is consistent with that used initially to allocate the instrument between its debt and equity components. The fair value of the liability component at the redemption date is compared with the carrying amount, giving rise to a gain or loss on redemption that is recognised in profit or loss. The remainder of the redemption payment is recognised in equity.

#### (ii) Other convertible bonds/loans

Convertible bonds/loans which do not contain an equity component and contain several embedded derivatives, have been designated entirely as financial liabilities at FVPL. At initial recognition, the convertible bonds/loans are measured at fair value. Transaction costs that relate to the issue of the convertible bonds/loans are recognised immediately in profit or loss. Subsequent changes in the fair value of convertible bonds/loans are recognised in profit or loss.

If the convertible bonds/loans are converted, the fair value of the convertible bonds/loans is transferred to share capital and share premium as consideration for the shares issued. If the convertible bonds/loans are redeemed, any difference between the amount paid and the carrying amount of the convertible bonds/loans is recognised in profit or loss.

### (v) Repurchase and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is deducted from equity attributable to the Company's equity holders, except for shares repurchased that are qualified as plan assets, which should be measured at fair value and not presented as a deduction from equity. Repurchased shares held at the end of reporting period are classified as treasury shares and are presented as a decrease in the capital reserve. When treasury shares are sold or reissued subsequently, the consideration received, net of any directly attributable transaction costs, is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in capital reserve.

### (w) Employee benefits

#### (i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (w) Employee benefits (continued)

#### (ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit retirement plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and discounting that amount.

The calculation of defined benefit obligation is performed by using the projected unit credit method.

Remeasurements arising from defined benefit retirement plans, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of any asset ceiling (excluding interest), are recognised immediately in OCI. Net interest expense for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the then net defined benefit liability, taking into account any changes in the net defined benefit liability during the period. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

#### (iii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the option is exercised (when it is included in the amount recognised in share capital for the shares issued) or the option expires (when it is released directly to retained profits).

#### (iv) Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### (v) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (x) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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

Deferred tax assets and liabilities are offset only if certain criteria are met.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (y) Provisions and contingent liabilities

Generally, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(m)(iii)).

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (z) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of medical devices that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (z) Revenue and other income (continued)

#### (i) Revenue from contracts with customers (continued)

##### (a) Sale of medical devices

Revenue from product sales is recognised when the customer takes possession of and accepts the products, depending on the terms set forth in the customer contract. The Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

Provisions for estimated discounts and rebates to customers, returns/exchanges and other adjustments are accounted for as variable consideration and recorded as a reduction in sales.

In certain of the Group's business, the Group participates in arrangements that include multiple performance obligations. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis except when a variable consideration is allocated to a specific performance obligation in the contract. Generally, the Group establishes standalone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. If the observable stand-alone selling prices are not available, the Group uses an expected costs plus a margin approach to estimate the stand-alone selling price.

##### (b) Revenue from rendering of services

Revenue from rendering of services is recognised over time by measuring the progress of that performance obligation.

#### (ii) Revenue from other sources and other income

##### (a) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

##### (b) Finance lease income

Finance lease income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the lease receivables to the gross carrying amount of the lease receivables.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (z) Revenue and other income (continued)

#### (ii) Revenue from other sources and other income (continued)

##### (c) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

##### (d) Interest income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

##### (e) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

### (aa) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into United States dollars ("US\$") at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into US\$ at the exchange rates at the end of each month.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (aa) Translation of foreign currencies (continued)

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (bb) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

### (cc) Non-current assets held for sale and discontinued operations

#### (i) Non-current assets held for sale

Non-current assets, or disposal Group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal Groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal Group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (cc) Non-current assets held for sale and discontinued operations (continued)

#### (ii) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale.

Where an operation is classified as discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

### (dd) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or Group of similar identifiable assets.

When a Group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (ee) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

### (ff) Segment reporting

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

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

## 2 ACCOUNTING JUDGEMENTS AND ESTIMATES

### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

#### (i) Consolidation of the entity in which the Group holds less than a majority of voting rights

In accordance with the Group's accounting policy set out in note 1(d), in determining whether the Group has the controls over the entities where the Group holds less than a majority of voting rights, management evaluates relevant facts and circumstances available, including the size of the Group's relative holding of voting rights, dispersion of the holdings of other vote holders, voting patterns at previous shareholders' meetings of the entities and the practical ability to direct the relevant activities. Judgement is reassessed on a continuous basis. If management concludes the Group does not have power over the entity, the Group shall derecognise the assets and liabilities of the respective entity from the consolidated statement of financial position.

#### (ii) Determining the lease term

As explained in policy note 1(l), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 2 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### (b) Sources of estimation uncertainty

Notes 5(b), 12, 28 and 33(e) contain information about the assumptions and their risk factors relating to defined benefit retirement plans, goodwill impairment, fair value of share-based payment awards granted and financial instruments. Other key sources of estimation uncertainty are as follows:

#### (i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor's actions in response to changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is carried at the lower of cost and net realisable value.

#### (ii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Management carefully evaluates the tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

#### (iii) Impairment of non-current assets

Internal and external sources of information are reviewed by the Group at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset or the cash-generating unit to which it belongs is estimated to determine impairment losses on the asset. Changes in facts and circumstances may result in revisions to the conclusion of whether an indication of impairment exists and revised estimates of recoverable amount, which would affect profit or loss in future years. Goodwill and intangible assets not yet available for use are tested for impairment at least annually even if there is no indication of impairment.

#### (iv) Revenue recognition

As explained in note 1(z)(i), in certain of the Group's business, such as the cardiac rhythm management business (the "CRM business") and the surgical robot business, the Group participates in sales arrangements that include multiple performance obligations. The total transaction price is allocated to each performance obligation in an amount based on the estimated relative stand-alone selling prices of the goods or services underlying each performance obligation. The Group estimates stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. If the observable stand-alone selling prices are not available, the Group estimates the stand-alone selling price considering market conditions, entity-specific factors and information about the customer or type of the customer. For the CRM business, the Group also considers the average costs, the frequency of the provision of each post-sales service and the estimated product lives.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 2 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

### (b) Sources of estimation uncertainty (continued)

#### (iv) Revenue recognition (continued)

These estimates are based on the historical information as well as prevailing market conditions. Management reassessed the estimation based on related available information at reporting period end. Changes in facts and circumstances may result in revisions to the conclusion, which would affect profit or loss.

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
– Sales of medical devices	968,675	899,773	110,202	106,415
– Others	16,217	16,489	270	279
	<b>984,892</b>	916,262	<b>110,472</b>	106,694
<b>Revenue from other sources</b>	<b>10,017</b>	8,107	–	–
	<b>994,909</b>	924,369	<b>110,472</b>	106,694

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iii) respectively.

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	2025 US\$'000	2024 US\$'000
Customer A	145,805	141,183
Customer B	117,100	N/A*

\* Less than 10% of the Group's revenue in the respective years

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (a) Revenue (continued)

#### (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2025, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was US\$45,507,000 (2024: US\$34,354,000). This amount represents revenue expected to be recognised in the future from rendering post-sales services and extended warranty services. The Group will recognise the expected revenue in future when or as the service is rendered.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

### (b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mixture of both lines of business (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified a number of reportable segments. No operating segments have been aggregated to form the following reportable segments.

Cardiovascular devices business	Sales, manufacture, research and development ("R&D") of cardiovascular devices.
Orthopedics devices business	Sales, manufacture, R&D of orthopedics devices.
CRM business	Sales, manufacture, R&D of cardiac rhythm management devices.
Endovascular and peripheral vascular devices business	Sales, manufacture, R&D of endovascular and peripheral vascular devices.
Neurovascular devices business	Sales, manufacture, R&D of neurovascular devices.
Structural heart disease business	Sales, manufacture, R&D of heart valve devices.
Surgical robot business	Sales, manufacture, R&D of surgical robot devices.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all current and non-current assets with the exception of corporate assets. Segment liabilities include liabilities directly attributable to the activities of each individual segment.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Segment profit/(loss) includes the Group's share of profit/(loss) arising from the activities of the Group's equity-accounted investees that directly held by the respective reportable segment. However, other than reporting intersegment sales, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit/(loss) is "reportable segment net profit/(loss)". Items that are not specifically attributed to individual segments, such as unallocated exchange gain/(loss), unallocated corporate income and expenses, unallocated equity-settled share-based payment expenses and the People's Republic of China ("PRC") dividends withholding tax are excluded from segment net profit/(loss).

In addition to receiving segment information concerning reportable segment net profit/(loss), management is provided with segment information concerning revenue from external customers, interest income from bank deposits, interest expenses, depreciation and amortisation, impairment losses of non-current assets, ECLs on trade and other receivables and financial guarantee issued, and additions to non-current segment assets used by the segments in their operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (i) Segment results, assets and liabilities

	2025									
	Continuing operations								Discontinued operation	
	Cardiovascular devices business US\$'000	Orthopedics devices business US\$'000	Cardiac rhythm management business US\$'000	Endovascular and peripheral vascular devices business US\$'000	Structural heart disease business US\$'000	Surgical robot business US\$'000	Others* US\$'000	Subtotal US\$'000	Neurovascular devices business US\$'000	Total US\$'000
<b>Disaggregated by timing of revenue recognition</b>										
Point in time	180,251	232,400	220,221	187,855	42,717	21,393	92,728	977,565	110,202	1,087,767
Over time	1,500	2,358	9,479	-	-	1,126	2,881	17,344	270	17,614
<b>Revenue from external customers</b>	181,751	234,758	229,700	187,855	42,717	22,519	95,609	994,909	110,472	1,105,381
Intersegment revenue	430	397	19	1,626	8,597	55,056	-	66,125	564	66,689
<b>Reportable segment revenue</b>	182,181	235,155	229,719	189,481	51,314	77,575	95,609	1,061,034	111,036	1,172,070
<b>Reportable segment net profit/(loss)</b>	28,506	(18,365)	(118,401)	77,700	(17,693)	(37,612)	(62,540)	(148,405)	25,670	(122,735)
Interest income from bank deposits	662	119	225	1,575	6,940	942	10	10,473	2,067	12,540
Interest expense	6,384	4,901	28,882	284	1,144	2,661	924	45,180	172	45,352
Depreciation and amortisation for the year	24,949	24,847	15,624	12,605	12,947	15,274	17,436	123,682	8,557	132,239
Provision for/(reversal of) impairment of:										
- Property, plant and equipment	-	-	2,054	-	-	5,091	14,000	21,145	-	21,145
- Equity-accounted investees	-	-	-	-	-	(420)	16,100	15,680	8,303	23,983
- Intangible assets	11,000	-	6,900	-	-	-	1,497	19,397	-	19,397
- Goodwill	-	-	-	-	-	211	-	211	-	211
- Trade and other receivables	85	579	351	1,220	-	-	-	2,235	-	2,235
<b>Reportable segment assets</b>	479,075	555,916	331,974	660,101	338,383	189,847	444,915	3,000,211	-	3,000,211
Additions to non-current segment assets during the year	12,127	17,553	12,469	54,232	3,557	5,603	35,328	140,869	24,718	165,587
<b>Reportable segment liabilities</b>	408,798	434,769	331,733	76,501	67,618	131,190	142,988	1,593,597	-	1,593,597

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (i) Segment results, assets and liabilities (continued)

	2024 (Re-presented)									
	Continuing operations							Discontinued operation		Total US\$'000
	Cardiovascular devices business US\$'000	Orthopedics devices business US\$'000	Cardiac rhythm management business US\$'000	Endovascular and peripheral vascular devices business US\$'000	Structural heart disease business US\$'000	Surgical robot business US\$'000	Others* US\$'000	Subtotal US\$'000	Neurovascular devices business US\$'000	
<b>Disaggregated by timing of revenue recognition</b>										
Point in time	160,140	249,565	212,129	167,918	48,902	22,158	47,909	908,721	106,415	1,015,136
Over time	1,040	2,880	8,456	-	-	375	2,897	15,648	279	15,927
<b>Revenue from external customers</b>	161,180	252,445	220,585	167,918	48,902	22,533	50,806	924,369	106,694	1,031,063
Intersegment revenue	4,555	261	28	1,619	1,795	13,489	918	22,665	287	22,952
<b>Reportable segment revenue</b>	165,735	252,706	220,613	169,537	50,697	36,022	51,724	947,034	106,981	1,054,015
<b>Reportable segment net profit/(loss)</b>	(18,167)	(26,268)	(88,460)	69,238	(7,485)	(90,927)	(97,048)	(259,117)	34,968	(224,149)
Interest income from bank deposits	1,545	147	783	2,407	10,473	309	388	16,052	2,230	18,282
Interest expense	5,924	10,821	32,207	232	514	2,778	5,233	57,709	496	58,205
Depreciation and amortisation for the year	23,354	27,193	16,224	9,845	13,132	16,559	19,981	126,288	8,481	134,769
Provision for/(reversal of) impairment of:										
- Property, plant and equipment	-	-	-	-	-	-	4,428	4,428	-	4,428
- Equity-accounted investees	-	-	-	-	(11,526)	16,365	-	4,839	-	4,839
- Intangible assets	-	-	-	-	-	-	31,339	31,339	-	31,339
- Goodwill	13,430	-	-	-	-	-	4,157	17,587	-	17,587
- Trade and other receivables	-	236	-	456	-	-	837	1,529	-	1,529
<b>Reportable segment assets</b>	465,775	509,802	360,720	597,017	373,009	178,488	519,604	3,004,415	284,447	3,288,862
Additions to non-current segment assets during the year	14,431	31,795	11,165	121,202	72,875	10,126	35,062	296,656	9,885	306,541
<b>Reportable segment liabilities</b>	370,798	408,113	524,126	67,179	62,722	140,612	217,339	1,790,889	46,392	1,837,281

Note: The comparative information of segment reporting has been re-presented to reflect the changes in allocation of resources and assessment of performance.

\* Revenues and results from segments below the quantitative thresholds are mainly attributable to non-vascular interventional devices business, surgical devices business and fermentation-based active pharmaceutical ingredients business, etc. None of those segments individually met any of the quantitative thresholds for reportable segments.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (ii) Reconciliation of reportable segment profit or loss, assets and liabilities

	2025 US\$'000	2024 US\$'000
<b>Profit or loss</b>		
Reportable segment net loss	(122,735)	(224,149)
Share awards scheme	(3,417)	(2,585)
Other equity-settled share-based payment expenses	(10,084)	(13,966)
Interest expenses on convertible bonds issued by the Company	(42,930)	(33,416)
Unallocated exchange loss	(6,011)	(3,748)
Impairment losses of non-current assets	(42,514)	(28,358)
Gain on disposal of subsidiaries, net of tax	326,540	98,155
Unallocated expenses, net	(60,422)	(60,392)
Consolidated profit/(loss) for the year	<b>38,427</b>	(268,459)
<b>Assets</b>		
Reportable segment assets	3,000,211	3,288,862
Elimination	(167,196)	(182,996)
Unallocated corporate assets:		
– Cash and cash equivalents	131,084	95,171
– Pledged and time deposits	1,092	30,598
– Equity-accounted investees	569,653	240,296
– Property, plant and equipment	112,423	124,397
– Others	49,408	37,094
Consolidated total assets	<b>3,696,675</b>	3,633,422

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (ii) Reconciliation of reportable segment profit or loss, assets and liabilities (continued)

	2025 US\$'000	2024 US\$'000
<b>Liabilities</b>		
Reportable segment liabilities	1,593,597	1,837,281
Elimination	(120,773)	(136,033)
Convertible bonds	355,386	369,945
Interest-bearing borrowings	340,051	386,164
Lease liabilities	2,677	9,046
Unallocated corporate liabilities	25,564	22,175
Consolidated total liabilities	<b>2,196,502</b>	2,488,578

#### (iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, intangible assets, goodwill and investments in equity-accounted investees ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered and services are rendered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in case of goodwill and intangible assets, and the location of operations, in case of investments in equity-accounted investees.

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Revenues from external customers</b>				
The PRC (country of domicile)	421,470	425,710	97,478	96,401
North America	79,579	90,724	2,694	1,683
Europe	325,950	278,332	2,681	1,920
Asia (excluding the PRC)	108,927	85,665	3,223	2,610
South America	42,325	29,342	4,396	4,080
Others	16,658	14,596	-	-
	<b>994,909</b>	924,369	<b>110,472</b>	106,694

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

### (b) Segment reporting (continued)

#### (iii) Geographic information (continued)

	31 December 2025 US\$'000	31 December 2024 US\$'000
<b>Specified non-current assets</b>		
The PRC (country of domicile)	1,516,995	1,285,224
North America	145,104	149,901
Europe	260,128	272,621
Asia (excluding the PRC)	22,601	35,542
South America	2,379	491
Others	–	286
	<b>1,947,207</b>	<b>1,744,065</b>

## 4 OTHER NET INCOME

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Government grants*	19,547	16,960	5,066	4,234
Interest income on financial assets measured at amortised cost	14,577	20,229	2,142	2,519
Net gain/(loss) on disposal of property, plant and equipment	3,921	(2,495)	–	15
Net foreign exchange gain/(loss)	8,257	(12,195)	140	(139)
Others	1,345	248	–	(17)
	<b>47,647</b>	<b>22,747</b>	<b>7,348</b>	<b>6,612</b>

\* Majority of the government grants are subsidies received from government for the encouragement of R&D projects.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 5 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after charging/(crediting):

### (a) Finance costs

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Interest on the convertible bonds	43,027	33,523	–	–
Interest on interest-bearing borrowings	36,229	36,193	–	–
Interest on preferred shares issued by subsidiaries (note 21(ii))	24,446	27,671	–	–
Interest on lease liabilities (note 10(b))	5,204	6,637	165	325
<b>Total interest expense on financial liabilities not at fair value through profit or loss</b>	<b>108,906</b>	<b>104,024</b>	<b>165</b>	<b>325</b>
Less: interest expense capitalised into properties under development	(2,252)	(2,113)	–	–
Add: fee charges and others	4,607	3,998	57	170
	<b>111,261</b>	<b>105,909</b>	<b>222</b>	<b>495</b>

### (b) Staff costs

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Contributions to defined contribution retirement plans	20,587	24,194	2,529	2,404
Expenses recognised in respect of defined benefit retirement plans	773	1,207	–	–
Equity-settled share-based payment expenses (note 28(f))	32,603	26,042	2,637	1,731
Cash-settled share-based payment expenses and other long-term employee benefits	242	390	–	–
Salaries, wages and other benefits	322,878	321,196	19,922	18,581
	<b>377,083</b>	<b>373,029</b>	<b>25,088</b>	<b>22,716</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 5 LOSS BEFORE TAXATION (CONTINUED)

### (b) Staff costs (continued)

#### (i) Defined contribution retirement plans

##### *The PRC*

As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a specified proportion of the eligible employees' salaries. The Group's contributions made to the plans are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the plans.

##### *The United States (the "US")*

The Group sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code, which covers US employees who are 21 years of age and over. Under this plan, the Group matches voluntary employee contributions at a rate of 100% for the first 3% of an employee's annual compensation and at a rate of 50% for the next 2% of an employee's annual compensation.

#### (ii) Defined benefit retirement plans

The Group makes contribution to several defined benefit retirement plans in Italy, France and Japan. In Italy and France, the Group maintains a severance defined benefit plan that obligates the employer to pay a severance payment in case of resignation, dismissal or retirement. In other jurisdictions, non-contributory defined benefit plans are designated to provide a guaranteed minimum retirement benefits to eligible employees.

The defined benefit plans expose the Group to various demographic and economic risks such as longevity risks, investment risks, currency and interest risks and inflation risks. When calculating the defined benefit liabilities, the Group estimated the key assumptions by reference to actuarial valuations. The Group recorded the present value of funded obligation of approximately US\$7,793,000 as at 31 December 2025 (31 December 2024: US\$7,691,000), recognising an actuarial gain of US\$755,000 in other comprehensive income for the year ended 31 December 2025 (31 December 2024: gain of US\$649,000).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 5 LOSS BEFORE TAXATION (CONTINUED)

### (b) Staff costs (continued)

#### (iii) Long-term defined benefit plans

The Group adopted a long-term defined benefit plan, pursuant to which, eligible employees of the Group in the PRC will receive a lump-sum benefit calculated by predetermined formula upon the fulfilment of 30-year service period or retirement. The plan is funded by contributions from the Group and administered by an independent trustee, whose assets are held separately from those of the Group. The trustees are required by the trust deed to repurchase and hold the shares of the Company as investments.

The plan exposes the Group to interest rate risks, investment risks, equity price risks and other economic risks. The Group recorded the present value of funded obligation of approximately US\$2,512,000 as at 31 December 2025 (31 December 2024: US\$2,493,000), recognising an actuarial gain of US\$95,000 in other comprehensive income for the year ended 31 December 2025 (31 December 2024: a loss of US\$45,000).

### (c) Other operating costs

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Legal and professional service fee	10,243	1,632	–	–
Donations	4,540	5,734	282	125
Others	16,724	5,769	–	–
	<b>31,507</b>	13,135	<b>282</b>	125

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 5 LOSS BEFORE TAXATION (CONTINUED)

### (d) Other items

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
Amortisation of intangible assets* (note 11)	23,096	18,956	2,426	2,305
Depreciation charge*				
– owned property, plant and equipment (note 10)	79,133	90,415	2,696	2,866
– right-of-use assets (note 10)	39,913	42,264	3,409	3,487
Less: Amounts capitalised as development costs	(576)	(547)	(392)	(234)
<b>Total amortisation and depreciation</b>	<b>141,566</b>	<b>151,088</b>	<b>8,139</b>	<b>8,424</b>
Impairment losses on non-current assets:				
– property, plant and equipment	23,079	5,741	–	–
– intangible assets (note 11)	19,397	31,339	–	–
– goodwill (note 12)	211	17,587	–	–
– equity-accounted investees (note 14)	56,260	33,197	8,303	–
	<b>98,947</b>	<b>87,864</b>	<b>8,303</b>	<b>–</b>
R&D expenditures	147,791	223,176	15,207	21,277
Less: Amortisation of capitalised development costs	(9,050)	(11,068)	–	–
Costs capitalised into intangible assets	(12,292)	(20,218)	(4,202)	(7,720)
	<b>126,449</b>	<b>191,890</b>	<b>11,005</b>	<b>13,557</b>
Cost of inventories* (note 18(b))	456,217	442,787	31,252	34,530
Auditors' remuneration				
– audit services	2,934	2,834	287	280
– other assurance services	1,690	612	131	112
– other services	158	108	3	4
	<b>4,782</b>	<b>3,554</b>	<b>421</b>	<b>396</b>

\* Cost of inventories includes US\$147,164,000 (2024: US\$133,743,000) relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses, of which, US\$11,593,000 (2024: US\$9,808,000) relates to the continuing operations.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

### (a) Taxation in the consolidated statement of profit or loss represents:

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Current tax – PRC Corporate Income Tax (“CIT”)</b>				
Provision for the year	19,829	16,184	15,631	8,617
(Over)/under-provision in respect of prior years	(26)	11,583	–	–
	19,803	27,767	15,631	8,617
<b>Current tax – other jurisdictions</b>	5,018	5,648	–	–
	24,821	33,415	15,631	8,617
<b>Total current tax</b>				
<b>Deferred tax</b>				
Origination and reversal of temporary differences (note 25(b))	(1,598)	2,689	(858)	(1,047)
	23,223	36,104	14,773	7,570

Pursuant to the CIT Law of the PRC, all of the Company’s PRC subsidiaries are subject to PRC CIT at a rate of 25% except for those subsidiaries entitled to a preferential income tax rate of 15% as they are certified as “High and New Technology Enterprise” (“HNTE”). According to Guoshuihan [2009] No. 203, HNTE is entitled to a preferential income tax rate of 15% during the certified period.

Taxation for overseas subsidiaries is calculated using the estimated annual effective tax rate applicable in the relevant jurisdictions.

### (b) Pillar Two income tax

From 1 January 2024, many countries, including Japan and many European Union member states, adopted a global minimum effective tax rate of 15% based on the Pillar Two framework issued by the Organisation for Economic Cooperation and Development (“OECD”). From 1 January 2025, the Group is also liable to Pillar Two income taxes under the Hong Kong Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Ordinance 2025 for its earnings in the Hong Kong SAR and certain other jurisdictions where a domestic minimum top-up tax has not been implemented, including the Chinese Mainland. Other countries where the Group does business are also actively considering adopting the framework or are in various stages of enacting the framework into their country’s laws. The Group continues to monitor legislative adoption of the Pillar Two rules by country, as well as for additional guidance from the OECD. The Group considers the current impact of the adoption of a global minimum effective tax is not material.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

### (c) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	Continuing operations		Discontinued operation	
	2025 US\$'000	2024 US\$'000	2025 US\$'000	2024 US\$'000
<b>Continuing operations</b>				
Loss before taxation	<b>(232,490)</b>	(267,323)	<b>308,913</b>	42,538
Notional tax on loss before taxation, calculated at the rates applicable to profit in the countries concerned	<b>(7,456)</b>	(19,784)	<b>11,518</b>	11,159
Effect of the PRC preferential tax rate	<b>(12,336)</b>	(16,964)	<b>(4,949)</b>	(5,013)
Effect of other non-deductible expenses	<b>16,144</b>	10,806	<b>1,195</b>	2,132
Effect of additional deduction on research and development expenses	<b>(5,438)</b>	(7,117)	<b>(1,188)</b>	(1,242)
Effect of tax losses and temporary differences not recognised	<b>34,915</b>	56,339	<b>43</b>	534
Effect of non-taxable income	<b>(3,562)</b>	(5,015)	<b>-</b>	-
Withholding tax	<b>2,598</b>	4,438	<b>8,154</b>	-
(Over)/under-provision in respect of prior years	<b>(1,327)</b>	11,954	<b>-</b>	-
Others	<b>(315)</b>	1,447	<b>-</b>	-
Actual tax expenses	<b>23,223</b>	36,104	<b>14,773</b>	7,570

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2025						Total US\$'000
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Equity-settled share-based payment (Note)	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
<b>Executive director</b>							
Zhaohua Chang	-	-	-	-	-	4,243	4,243
<b>Non-executive directors</b>							
Feng Gu (appointed on 30 September 2025)	-	-	-	-	-	-	-
Qingbing Men (appointed on 30 September 2025)	-	-	-	-	-	-	-
Weiqin Sun	-	-	-	-	-	-	-
Norihiro Ashida (resigned on 30 September 2025)	53	-	-	-	53	-	53
Hiroshi Shirafuji (resigned on 30 September 2025)	50	-	-	-	50	-	50
<b>Independent non-executive directors</b>							
Jonathan Chou	70	50	-	-	120	-	120
Guoen Liu	70	8	-	-	78	-	78
Chunyang Shao	70	6	-	-	76	-	76
	<b>313</b>	<b>64</b>	<b>-</b>	<b>-</b>	<b>377</b>	<b>4,243</b>	<b>4,620</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 7 DIRECTORS' EMOLUMENTS (CONTINUED)

	2024						Total US\$'000
	Directors' fees US\$'000	Salaries, allowances and benefits in kind US\$'000	Discretionary bonuses US\$'000	Retirement scheme contributions US\$'000	Sub-Total US\$'000	Equity-settled share-based payment (Note) US\$'000	
<b>Executive director</b>							
Zhaohua Chang	-	-	200	-	200	4,930	5,130
<b>Non-executive directors</b>							
Norihiro Ashida	70	-	-	-	70	-	70
Hiroshi Shirafuji	66	-	-	-	66	-	66
Wei Qin Sun	-	-	-	-	-	-	-
Qiyi Luo (resigned on 22 May 2024)	28	-	-	-	28	329	357
Bo Peng (resigned on 22 May 2024)	28	-	-	-	28	364	392
<b>Independent non-executive directors</b>							
Jonathan Chou	70	46	-	-	116	-	116
Guen Liu	70	7	-	-	77	-	77
Chunyang Shao	70	4	-	-	74	-	74
	402	57	200	-	659	5,623	6,282

Notes:

These represent the estimated value of share options granted to the Directors under the Group's share option scheme and estimated value of the restricted shares granted under the Company's share award scheme. The value of these share options and restricted shares is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(w)(iii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option schemes" in report of the director and note 28.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2024: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2024: four) individual are as follows:

	2025 US\$'000	2024 US\$'000
Salaries and other benefits	878	1,184
Discretionary bonuses	274	53
Equity-settled share-based payment	3,619	3,483
	<b>4,771</b>	<b>4,720</b>

The emoluments of the four (2024: four) individuals with the highest emoluments are within the following bands:

	2025 Number of Individuals	2024 Number of Individuals
HK\$5,000,001 to HK\$5,500,000	–	1
HK\$5,500,001 to HK\$6,000,000	1	–
HK\$6,000,001 to HK\$6,500,000	1	–
HK\$7,000,001 to HK\$7,500,000	–	1
HK\$8,500,001 to HK\$9,000,000	1	–
HK\$9,500,001 to HK\$10,000,000	1	–
HK\$11,500,001 to HK\$12,000,000	–	1
HK\$12,500,001 to HK\$13,000,000	–	1

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 9 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of US\$48,519,000 (2024: loss of US\$214,043,000) and the weighted average number of ordinary shares of 1,872,418,000 shares (2024: 1,831,792,000 shares) in issue during the year, calculated as follows:

#### (i) Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares at 1 January	1,846,725	1,834,477
Effect of share options exercised	9,867	2,261
Effect of treasury shares held	(1,952)	(4,946)
Effect of conversion of convertible loans	17,778	–
Weighted average number of ordinary shares at 31 December	<b>1,872,418</b>	1,831,792

### (b) Diluted earnings/(loss) per share

The calculation of diluted earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of US\$29,888,000 (2024: loss of US\$222,591,000) and the weighted average number of ordinary shares of 1,966,530,000 shares (2024: 1,831,792,000 shares) after adjusting the effects of dilutive potential issuable ordinary shares under a put option granted to Sino Rhythm Limited ("SRL") that may be settled in ordinary shares of the Company, calculated as follows.

#### (i) Profit/(loss) attributable to ordinary equity shareholders of the Company (diluted)

	2025 US\$'000	2024 US\$'000
Profit/(loss) attributable to ordinary equity shareholders	48,519	(214,043)
Effect of deemed exercise of put option granted to SRL in respect of share repurchase obligation (note 17)	(18,631)	(8,548)
Profit/(loss) attributable to ordinary equity shareholders (diluted)	<b>29,888</b>	(222,591)

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 9 EARNINGS/(LOSS) PER SHARE (CONTINUED)

### (b) Diluted earnings/(loss) per share (continued)

#### (ii) Weighted average number of ordinary shares (diluted)

	2025 '000	2024 '000
Weighted average number of ordinary shares at 31 December	1,872,418	1,831,792
Effect of deemed exercise of put option granted to SRL in respect of share repurchase obligation	94,112	–
Weighted average number of ordinary shares at 31 December (diluted)	1,966,530	1,831,792

#### (iii) Consolidated profit/(loss) attributable to ordinary equity shareholders of the Company (diluted):

	2025 US\$'000	2024 US\$'000
Profit/(loss) attributable to ordinary equity shareholders (diluted)		
– from continuing operations	(252,480)	(240,612)
– from discontinued operation	282,368	18,021
	29,888	(222,591)

#### (iv) Earnings/(loss) per share (diluted):

	2025	2024
Earnings/(loss) per share (diluted) (in cents)		
– from continuing operations	(12.84)	(13.14)
– from discontinued operation	14.36	0.99
	1.52	(12.15)

Save as disclosed above, the calculation of diluted earnings/(loss) per share amount for the year ended 31 December 2025 has not included the potential effects of the deemed issue of shares under the share option schemes adopted by the Company (see note 28(a)(i)) and the deemed conversion of the convertible bonds/loans issued by the Company (see note 27(b)) into ordinary shares during the year and neither included the effects of potential ordinary shares in or issued by subsidiaries and equity-accounted investees of the Group, as they had anti-dilutive effects on the basic earnings/(loss) per share amount.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

	Ownership interests in land and buildings held for own use	Leasehold improvements	Equipment and machinery	Office equipment, furniture and fixtures	Motor vehicles	Right-of-use assets	Construction in progress	Sub-total	Investment property	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cost:</b>										
At 1 January 2024	370,525	114,831	396,203	95,446	3,298	307,919	227,539	1,515,761	8,593	1,524,354
Exchange adjustments	(5,140)	(3,360)	(9,398)	(1,599)	(82)	(7,153)	(2,715)	(29,447)	(12)	(29,459)
Transfer	73,296	13,252	13,175	1,799	-	-	(101,522)	-	-	-
Additions	-	4,458	27,555	3,412	1,351	12,202	74,209	123,187	-	123,187
Transfer to assets classified as held-for-sale	(1,359)	-	-	-	-	-	-	(1,359)	(2,522)	(3,881)
Disposals	(223)	(6,363)	(24,417)	(3,691)	(662)	(25,339)	(1,516)	(62,211)	-	(62,211)
At 31 December 2024 and 1 January 2025	<b>437,099</b>	<b>122,818</b>	<b>403,118</b>	<b>95,367</b>	<b>3,905</b>	<b>287,629</b>	<b>195,995</b>	<b>1,545,931</b>	<b>6,059</b>	<b>1,551,990</b>
Exchange adjustments	(7,916)	(12)	26,138	8,106	74	9,304	5,172	40,866	-	40,866
Transfer	5,954	6,757	9,534	1,347	28	-	(23,620)	-	-	-
Additions	20,004	878	20,792	2,503	-	12,924	91,734	148,835	-	148,835
Transfer to assets classified as held-for-sale	(5,028)	-	(35)	(841)	-	-	-	(5,904)	-	(5,904)
Disposals	(3,675)	(5,417)	(17,098)	(2,507)	(2,224)	(16,881)	(405)	(48,207)	-	(48,207)
Disposal of subsidiaries (note 30(a))	(8,019)	(16,565)	(20,974)	(3,236)	(200)	(33,677)	(19,682)	(102,353)	-	(102,353)
At 31 December 2025	<b>438,419</b>	<b>108,459</b>	<b>421,475</b>	<b>100,739</b>	<b>1,583</b>	<b>259,299</b>	<b>249,194</b>	<b>1,579,168</b>	<b>6,059</b>	<b>1,585,227</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (a) Reconciliation of carrying amount (continued)

	Ownership interests in land and buildings held for own use US\$'000	Leasehold improvements US\$'000	Equipment and machinery US\$'000	Office equipment, furniture and fixtures US\$'000	Motor vehicles US\$'000	Right-of-use assets US\$'000	Construction in progress US\$'000	Sub-total US\$'000	Investment properties US\$'000	Total US\$'000
<b>Accumulated depreciation, amortisation and impairment:</b>										
At 1 January 2024	59,220	48,544	199,815	66,938	2,675	133,996	-	511,188	2,337	513,525
Exchange adjustments	(900)	(2,180)	(5,079)	(1,255)	(33)	(3,745)	-	(13,192)	67	(13,125)
Charge for the year	14,932	22,023	48,380	13,325	189	45,751	-	144,600	172	144,772
Transfer to assets classified as held-for-sale	-	-	-	-	-	-	-	-	(781)	(781)
Written back on disposals	(100)	(3,394)	(9,808)	(2,670)	(608)	(14,195)	-	(30,775)	-	(30,775)
At 31 December 2024 and 1 January 2025	<b>73,152</b>	<b>64,993</b>	<b>233,308</b>	<b>76,338</b>	<b>2,223</b>	<b>161,807</b>	<b>-</b>	<b>611,821</b>	<b>1,795</b>	<b>613,616</b>
Exchange adjustments	5,208	(2,877)	24,860	7,890	(46)	5,173	-	40,208	-	40,208
Charge for the year	13,154	20,375	59,337	9,724	191	45,376	-	148,157	73	148,230
Transfer to assets classified as held-for-sale	(3,675)	-	(35)	(755)	-	-	-	(4,465)	-	(4,465)
Written back on disposals	(1,504)	(846)	(12,638)	(2,196)	(855)	(12,920)	-	(30,959)	-	(30,959)
Disposal of subsidiaries (note 30(a))	(7,309)	(10,055)	(8,498)	(2,316)	(200)	(28,893)	-	(57,271)	-	(57,271)
At 31 December 2025	<b>79,026</b>	<b>71,590</b>	<b>296,334</b>	<b>88,685</b>	<b>1,313</b>	<b>170,543</b>	<b>-</b>	<b>707,491</b>	<b>1,868</b>	<b>709,359</b>
<b>Net book value:</b>										
At 31 December 2025	<b>359,393</b>	<b>36,869</b>	<b>125,141</b>	<b>12,054</b>	<b>270</b>	<b>88,756</b>	<b>249,194</b>	<b>871,677</b>	<b>4,191</b>	<b>875,868</b>
At 31 December 2024	<b>363,996</b>	<b>57,825</b>	<b>169,810</b>	<b>19,029</b>	<b>1,682</b>	<b>125,822</b>	<b>195,995</b>	<b>934,159</b>	<b>4,214</b>	<b>938,373</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

		<b>31 December 2025 US\$'000</b>	31 December 2024 US\$'000
Land use rights, carried at depreciated cost	<i>(i)</i>	<b>42,507</b>	44,028
Properties leased for own use and others, carried at depreciated cost	<i>(ii)</i>	<b>46,249</b>	81,794
		<b>88,756</b>	125,822

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	<b>2025 US\$'000</b>	2024 US\$'000
Depreciation charge of right-of-use assets by class of underlying asset:		
– Land use rights	<b>995</b>	1,007
– Properties leased for own use and others	<b>42,327</b>	44,744
	<b>43,322</b>	45,751
Interest on lease liabilities (note 5(a))	<b>5,369</b>	6,962
Expense relating to short-term leases and leases of low-value assets	<b>1,747</b>	1,900

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(e) and 31(b), respectively.

#### (i) Land use rights

The Group has obtained land use rights in the PRC where certain manufacturing facilities are located. The land use rights are typically granted for 30 to 50 years, on the expiry of which the land reverts back to the PRC state. The payment for leasing the land is normally made in full at the start of the land use rights period.

#### (ii) Properties leased for own use

The Group has obtained the right to use other properties as its manufacturing facilities, warehouses and office buildings through tenancy agreements. The leases typically run for an initial period of 1 to 10 years. None of the leases includes variable lease payments.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 11 INTANGIBLE ASSETS

	Technologies US\$'000	Products licences US\$'000	Capitalised development costs US\$'000	Customer contracts and related customer relationship US\$'000	Trademark and others US\$'000	Total US\$'000
<b>Cost</b>						
At 1 January 2024	109,994	21,491	181,434	23,278	16,430	352,627
Exchange adjustments	(3,721)	(510)	(2,870)	(816)	(522)	(8,439)
Additions through acquisition of subsidiaries	-	-	4,918	23,689	-	28,607
Additions	191	166	27,938	-	264	28,559
Disposals	(166)	(4)	-	-	(195)	(365)
At 31 December 2024 and 1 January 2025	<b>106,298</b>	<b>21,143</b>	<b>211,420</b>	<b>46,151</b>	<b>15,977</b>	<b>400,989</b>
Exchange adjustments	7,133	928	5,157	1,553	1,241	16,012
Additions	12	120	16,680	-	765	17,577
Disposals	(17)	(1,850)	-	-	(166)	(2,033)
Disposal of subsidiaries (note 30(a))	-	(139)	(46,788)	-	(296)	(47,223)
At 31 December 2025	<b>113,426</b>	<b>20,202</b>	<b>186,469</b>	<b>47,704</b>	<b>17,521</b>	<b>385,322</b>
<b>Accumulated amortisation and impairment:</b>						
At 1 January 2024	29,375	14,916	50,811	16,455	6,635	118,192
Exchange adjustments	(1,974)	(391)	(812)	(426)	(265)	(3,868)
Amortisation charge for the year	6,043	1,217	11,068	1,696	1,237	21,261
Impairment charge for the year	28,111	-	3,228	-	-	31,339
Written back on disposals	(166)	(3)	-	-	(83)	(252)
At 31 December 2024 and 1 January 2025	<b>61,389</b>	<b>15,739</b>	<b>64,295</b>	<b>17,725</b>	<b>7,524</b>	<b>166,672</b>
Exchange adjustments	5,291	799	1,623	373	353	8,439
Amortisation charge for the year	4,271	934	15,748	3,953	616	25,522
Impairment charge for the year	-	1,497	11,000	-	6,900	19,397
Written back on disposals	(10)	(1,843)	-	-	(135)	(1,988)
Disposal of subsidiaries (note 30(a))	-	(190)	(15,548)	-	(287)	(16,025)
At 31 December 2025	<b>70,941</b>	<b>16,936</b>	<b>77,118</b>	<b>22,051</b>	<b>14,971</b>	<b>202,017</b>
<b>Net book value:</b>						
At 31 December 2025	<b>42,485</b>	<b>3,266</b>	<b>109,351</b>	<b>25,653</b>	<b>2,550</b>	<b>183,305</b>
At 31 December 2024	<b>44,909</b>	<b>5,404</b>	<b>147,125</b>	<b>28,426</b>	<b>8,453</b>	<b>234,317</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 11 INTANGIBLE ASSETS (CONTINUED)

Capitalised development costs primarily related to product candidates of cardiovascular devices and endovascular and peripheral vascular devices, of which, US\$33,786,000 (2024: US\$37,046,000) are not yet available for use as at 31 December 2025.

Amortisation of intangible assets has been charged to the consolidated statement of profit or loss as follows:

	2025 US\$'000	2024 US\$'000
Cost of sales	5,192	5,113
Research and development costs	14,807	13,999
Distribution costs	4,038	1,709
Administrative expenses	1,485	440
	<b>25,522</b>	21,261

As at 31 December 2025, management identified impairment indicators on certain capitalised development costs and other intangible assets. Based on the impairment tests performed, impairment losses of US\$19,397,000 (2024: US\$31,339,000) were recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 12 GOODWILL

	US\$'000
<b>Cost:</b>	
At 1 January 2024	310,195
Additions through acquisition of subsidiaries	62,953
Exchange adjustments	(8,922)
At 31 December 2024 and 1 January 2025	<b>364,226</b>
Exchange adjustments	<b>21,816</b>
At 31 December 2025	<b>386,042</b>
<b>Accumulated impairment losses:</b>	
At 1 January 2024	160,802
Charge for the year	17,587
Exchange adjustments	(2,677)
At 31 December 2024 and 1 January 2025	<b>175,712</b>
Charge for the year	<b>211</b>
Exchange adjustments	<b>9,008</b>
At 31 December 2025	<b>184,931</b>
<b>Carrying amount:</b>	
At 31 December 2025	<b>201,111</b>
At 31 December 2024	188,514

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 12 GOODWILL (CONTINUED)

### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified according to place of operations and operating segment as follow:

	2025 US\$'000	2024 US\$'000
CRM business	109,371	102,248
Endovascular and peripheral vascular devices business	66,191	60,637
OrthoRecon business	19,907	19,907
Intravascular imaging business	5,642	5,516
Multiple units without significant goodwill	-	206
	<b>201,111</b>	<b>188,514</b>

The Group carried out the impairment tests on goodwill by comparing the recoverable amounts of the CGUs to their carrying amounts. The recoverable amounts of the CGUs are higher of the fair value less costs of disposals and the value in use. The key assumptions used for the calculation of the recoverable amounts of the CGUs under impairment tests are as follows:

The recoverable amount of the CGU of the CRM business has been determined based on a value in use calculation, which is based on financial budget covering a nine-year period (2024: nine-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2024: 2%) and 15% – 16% (2024: 14.5%), respectively. As at 31 December 2025, the recoverable amount is above the carrying amount of the CGU.

The recoverable amount of the CGU of the endovascular and peripheral vascular devices business has been determined based on a value in use calculation, which is based on financial budget covering a nine-year period. The growth rate beyond the forecast period and pre-tax discount rate are 0% (2024: 0%) and 10.6% (2024: 11.7%), respectively. As at 31 December 2025, the recoverable amount is estimated to exceed the carrying amount of the CGU by US\$14,982,000.

The recoverable amount of the CGU of the OrthoRecon business has been determined based on a value in use calculation, which is based on financial budget covering a six-year period (2024: five-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2024: 2%) and 17.6% (2024: 16%), respectively. As at 31 December 2025, the recoverable amount is estimated to exceed the carrying amount of the CGU by US\$6,540,000.

The recoverable amount of the CGU of the intravascular imaging business has been determined based on a value in use calculation, which is based on financial budget covering a ten-year period (2024: ten-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2024: 2%) and 19.4% (2024: 19.4%), respectively. As at 31 December 2025, the recoverable amount is estimated to exceed the carrying amount of the CGU by US\$1,851,000.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 12 GOODWILL (CONTINUED)

### Impairment tests for cash-generating units containing goodwill (continued)

An impairment loss of US\$211,000 was recognised for other CGUs without significant goodwill.

Management has identified that a reasonably possible change in assumptions could cause the carrying amount of the following CGUs to exceed the recoverable amount.

The recoverable amount of each CGU would equal its carrying amount if key assumptions were changed to the following rates:

	2025		2024	
	Growth rate beyond the forecast period	Pre-tax discount rate	Growth rate beyond the forecast period	Pre-tax discount rate
Endovascular and peripheral vascular devices business	-2.7%	12.0%	-3.6%	12.1%
OrthoRecon business	1.6%	18.0%	1.4%	16.3%
Intravascular imaging business	1.3%	19.7%	N/A	N/A

## 13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated:

Name of company	Place of incorporation and business	Issued/registered capital	Proportion of ownership interest		Principal activity
			As at 31 December 2025	As at 31 December 2024	
Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort") (上海微創醫療器械(集團)有限公司) (i)	The PRC	US\$350,000,000	100.00%	100.00%	Manufacture, distribution, research and development of medical devices
MicroPort Sinica Co., Ltd. ("MP Sinica") (微創投資控股有限公司) (i)	The PRC	RMB4,714,028,763/ RMB5,000,000,000	100.00%	100.00%	Investment holding, management service and research and development of medical devices

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation and business	Issued/registered capital	Proportion of ownership interest		Principal activity
			As at 31 December 2025	As at 31 December 2024	
Suzhou MicroPort Orthopedics Scientific (Group) Co., Ltd. ("Suzhou MP Orthopedics") (蘇州微創骨科學(集團)有限公司) (iii)	The PRC	US\$389,118,286	91.08%	86.41%	Manufacture, distribution, research and development of orthopedics devices
Suzhou MicroPort OrthoRecon Co., Ltd. (蘇州微創關節醫療科技有限公司) (ii)	The PRC	RMB20,000,000	91.08%	86.41%	Manufacture, distribution, research and development of orthopedics devices
Shanghai MicroPort Orthopedics Co., Ltd. ("Shanghai MP Orthopedics") (上海微創骨科醫療科技有限公司) (ii)	The PRC	RMB2,480,000,000	74.95%	86.41%	Manufacture, distribution, research and development of orthopedics devices
MicroPort Orthopedic Instruments Suzhou Co., Ltd. (蘇州微創骨科醫療工具有限公司) (ii)	The PRC	RMB20,000,000	91.08%	86.41%	Manufacture, distribution, research and development of orthopedics devices
MicroPort Scientific S.R.L.	Italy	EUR2,000,000	74.95%	86.41%	Distribution of medical devices
MicroPort Orthopedics Japan K.K.	Japan	JPY100,000,000	74.95%	86.41%	Distribution of medical devices
MicroPort Scientific Ltd.	United Kingdom	GBP1	74.95%	86.41%	Distribution of medical devices
MicroPort Scientific Cooperatief U.A.	Netherlands	US\$330,283,000	74.95%	74.95%	Investment holding
Shanghai MicroPort Endovascular MedTech Co., Ltd. ("MP Endo") (上海微創心脈醫療科技(集團)股份有限公司) (iii)&(iv)	The PRC	RMB123,262,117	41.12%	40.74%	Manufacture, distribution, research and development of endovascular and peripheral vascular devices

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation and business	Issued/registered capital	Proportion of ownership interest		Principal activity
			As at 31 December 2025	As at 31 December 2024	
Optimum Medical Device Inc ("OMD") (iv)	The British Virgin Islands	US\$38,799,990	41.12%	40.74%	Manufacture, distribution, research and development of endovascular and peripheral vascular devices
MicroPort CardioFlow Medtech Corporation ("MP CardioFlow") (iv)	Cayman Islands	US\$12,018/ US\$50,000	45.12%	47.77%	Investment holding
Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司) (i)&(iv)	The PRC	RMB2,270,000,000/ RMB1,780,000,000	45.12%	47.77%	Manufacture, distribution, research and development of heart valve devices
Shanghai MicroPort MedBot (Group) Co., Ltd. ("MP MedBot") (上海微創醫療機器人(集團)股份有限公司) (iii)&(iv)	The PRC	RMB971,493,831	43.98%	48.08%	Manufacture, research and development of surgical robot devices
MicroPort SynCreo Biotechnology Co., Ltd. ("MP SynCreo") (上海微創生成生物技術有限公司) (ii)	The PRC	RMB104,880,000/ RMB105,000,000	95.35%	95.35%	Manufacture, distribution, research and development of active pharmaceutical ingredients
Fujian Kerui Pharmaceutical Co., Ltd. ("Kerui Pharma") (福建科瑞藥業有限公司) (ii)&(vii)	The PRC	RMB25,000,000	49.58%	49.58%	Manufacture, distribution, research and development of active pharmaceutical ingredients
MicroImaging (Shenzhen) Medical Equipment Co., Ltd ("Shenzhen MicroImaging") (深圳微創縱影醫療裝備有限公司) (i)	The PRC	RMB306,734,375/ RMB312,500,000	72.68%	69.53%	Manufacture, distribution, research and development of intravascular imaging devices
Suzhou MicroPort Argus Medtech Co., Ltd. ("Suzhou Argus") (蘇州微創阿格斯醫療科技有限公司) (ii)&(vi)	The PRC	RMB13,153,929/ RMB13,587,242	50.30%	48.11%	Manufacture, distribution, research and development of intravascular imaging devices
MicroPort Medical (Jiaxing) Co., Ltd. ("Jiaxing MicroPort") (嘉興微創醫療科技有限公司) (i)	The PRC	RMB415,000,000	100.00%	100.00%	Research and development of medical devices

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Place of incorporation and business	Issued/registered capital	Proportion of ownership interest		Principal activity
			As at 31 December 2025	As at 31 December 2024	
Sorin CRM SAS (viii)	France	EUR171,576,128	45.12%	76.88%	Manufacture of cardiac rhythm management devices
Sorin Group DR, S.R.L. (viii)	Dominican Republic	US\$26,502,400	45.12%	76.88%	Manufacture of cardiac rhythm management devices
MicroPort CRM S.R.L. (viii)	Italy	EUR3,932,700	45.12%	76.88%	Manufacture, distribution, research and development of cardiac rhythm management devices
MicroPort Cardiac Rhythm B.V. (viii)	Netherlands	EUR133	45.12%	76.88%	Investment holding
MicroPort Cardiac Rhythm Management Limited ("CRM Cayman") (viii)	Cayman Islands	US\$50,000	45.12%	76.88%	Investment holding
MicroPort CRM B.V. (viii)	Netherlands	EUR1	45.12%	76.88%	Distribution of medical devices

### Notes:

- (i) These subsidiaries are wholly foreign-owned enterprises.
- (ii) These subsidiaries are domestic enterprises.
- (iii) These subsidiaries are sino-foreign equity joint venture enterprises. These entities are accounted for as the Group's subsidiaries as they are controlled by the Group.
- (iv) Management believe the Group retains control over MP Endo, MP CardioFlow and MP MedBot even though it holds less than half of the voting rights of them. In making this judgement, the Group has taken into account that the Group continues to be the single major shareholder of MP Endo, MP CardioFlow and MP MedBot and holds relatively larger voting rights than other dispersed public shareholders in aggregate.
- (v) As disclosed in note 30(b)(ii), the Group's equity interest in MP MedBot was diluted from 48.08% to 43.98%. Shanghai Qingzhen Enterprise Management Consultation Center (Limited Partnership) ("Shanghai Qingzhen", an employee share purchase platform) and the Group are parties acting-in-concert. As at 31 December 2025, the Group's voting right on MP MedBot is 45.63%.
- (vi) As at 31 December 2025, the Group held 72.68% equity interest in Shenzhen Microlmaging and Shenzhen Microlmaging directly held 69.20% equity interest in Suzhou Argus. As a result, the Group's effective interest in Suzhou Argus is 50.30%.
- (vii) As at 31 December 2025, the Group held 95.35% equity interest in MP SynCreo and MP SynCreo directly held 52% equity interest in Kerui Pharma. As a result, the Group's effective interest in Kerui Pharma is 49.58%.
- (viii) As disclosed in note 30(b)(i), as a result of a restructuring completed in 2025, the Group's equity interest in MP CardioFlow was diluted from 47.77% to 45.12%.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to Group's subsidiaries that have material non-controlling interests ("NCI") as at 31 December 2025. The summarised financial information presented below represents the amounts before any inter-company elimination.

	2025					Total US\$'000
	MP Endo US\$'000	MP MedBot US\$'000	MP CardioFlow US\$'000	MP Neuro US\$'000	Other individually immaterial subsidiaries US\$'000	
NCI percentage	58.88%	56.02%	54.88%	Not applicable (note 30(a)(i))		
Current assets	398,653	147,337	373,195	–		
Non-current assets	261,652	42,538	296,474	–		
Current liabilities	(58,224)	(64,049)	(147,780)	–		
Non-current liabilities	(18,977)	(68,928)	(265,657)	–		
Net assets	583,104	56,898	256,232	–		
Carrying amount of NCI	344,632	28,852	140,620	–	5,254	519,358
Revenue	189,481	77,575	57,044	111,036		
Profit/(loss) for the year	77,700	(37,612)	(18,824)	25,670		
Total comprehensive income	81,462	(37,233)	(16,645)	30,323		
Profit/(loss) allocated to NCI	46,765	(20,278)	(9,239)	11,772	(39,112)	(10,092)
Dividend paid to NCI	(16,580)	–	–	(5,380)	–	(21,960)
Cash flows from operating activities	80,317	(3,328)	(3,318)	28,314		
Cash flows from investing activities	(54,248)	507	51,925	(9,411)		
Cash flows from financing activities	(49,043)	6,969	5,696	(19,615)		

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	2024					
	MP Endo US\$'000	MP MedBot US\$'000	MP CardioFlow US\$'000	MP Neuro US\$'000	Other individually immaterial subsidiaries US\$'000	Total US\$'000
NCI percentage	59.26%	51.92%	52.23%	45.67%		
Current assets	381,193	119,157	232,942	190,595		
Non-current assets	215,824	58,774	139,291	93,548		
Current liabilities	(47,165)	(70,037)	(60,360)	(36,383)		
Non-current liabilities	(18,097)	(72,047)	(2,808)	(10,317)		
Net assets	531,756	35,846	309,066	237,443		
Carrying amount of NCI	312,560	20,094	158,934	108,679	(58,896)	541,371
Revenue	169,537	36,022	50,697	106,981		
Profit/(loss) for the year	69,238	(90,927)	(7,485)	34,968		
Total comprehensive income	67,088	(91,089)	(3,462)	36,095		
Profit/(loss) allocated to NCI	42,106	(44,709)	(3,679)	16,661	(64,795)	(54,416)
Dividend paid to NCI	(37,916)	-	-	(5,916)		(43,832)
Cash flows from operating activities	52,497	(41,891)	(15,692)	39,964		
Cash flows from investing activities	(103,017)	(6,689)	(112,201)	(22,559)		
Cash flows from financing activities	(75,172)	63,226	(7,913)	(31,792)		

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES

	2025 US\$'000	2024 US\$'000
Investments in equity-accounted investees	679,850	369,890
Amounts due from and other convertible debt securities issued by equity-accounted investees	7,073	12,971
	<b>686,923</b>	<b>382,861</b>

The following list contains only the particulars of material equity-accounted investees held by the Group as at 31 December 2025:

Name of equity-accounted investees	Form of business structures	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal Activity
				Group's effective interests	Held by the Company	Held by a subsidiary	
Shanghai MicroPort EP MedTech Co., Ltd. ("EP MedTech") (i)	Incorporated	The PRC	RMB471 million	32.7%	-	32.7%	Manufacture, distribution, R&D of electrophysiology devices
Shanghai Huarui Bank Co., Ltd. ("SHRB") (ii)	Incorporated	The PRC	RMB3 billion	13.8%	-	13.8%	Commercial bank providing wholesale and retail banking products and service
MicroPort Urocare (Jiaxing) Co., Ltd. ("MP Urocare")	Incorporated	The PRC	RMB105 million	49.4%	-	49.4%	Manufacture, distribution, research and development of medical devices
MicroPort NeuroScientific Corporation ("MP Neuro") (Note 30(a)(i))	Incorporated	Cayman Islands	US\$9,228/ US\$50,000	39.2%	-	39.2%	Manufacture, distribution, research and development of medical devices

Notes:

- (i) EP MedTech is listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange. As at 31 December 2025, the fair value of the shares of EP MedTech held by the Group is approximately US\$507 million, which is referenced to its quoted market price (31 December 2024: US\$408 million).
- (ii) MP Neuro is listed on the Main Board of the Stock Exchange of Hong Kong Limited. As at 31 December 2025, the fair value of the shares of MP Neuro held by the Group is approximately US\$316 million, which is referenced to its quoted market price.
- (iii) SHRB and MP Urocare are unlisted corporate entities whose quoted market price are not available.
- (iv) Both external and internal sources of information of equity-accounted investees are considered in assessing whether there is any indicator that the equity-accounted investee may be impaired, including the information about financial position and business performance of these equity-accounted investees. The Group carried out impairment assessments on these investments with impairment indicators, and the respective recoverable amounts of the investments are determined with reference to the higher of fair value less costs of disposal and value in use. During the year ended 31 December 2025, an aggregate impairment loss (net of reversal of impairment loss on an investee) of US\$64,563,000 (2024: US\$33,197,000) has been recognised in profit or loss for equity-accounted investees with impairment indicators.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

All of the Group's investments in equity-accounted investees are accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the material equity-accounted investees, adjusted for fair value adjustments at acquisition and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EP MedTech	
	2025 US\$'000	2024 US\$'000
<b>Gross amount</b>		
Current assets	220,946	219,453
Non-current assets	59,335	47,641
Current liabilities	(22,603)	(15,062)
Non-current liabilities	(4,565)	(6,076)
Equity	253,113	245,956
Revenue	57,888	57,173
Profit for the year	5,605	5,674
Other comprehensive income	723	–
Total comprehensive income	6,327	5,675
<b>Reconciled to the Group's interest in equity-accounted investees</b>		
Gross amounts of net assets of equity-accounted investees	253,113	245,956
Group's effective interest	32.7%	32.7%
Group's share of net assets of equity-accounted investees	82,768	80,428
Goodwill	33,103	32,695
Dilution effect of share-based payments arrangement of an equity-accounted investee	(2,765)	(2,577)
Carrying amount in the consolidated financial statements	113,106	110,546

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEES (CONTINUED)

	SHRB	
	2025 US\$'000	2024 US\$'000
<b>Gross amount</b>		
Total assets	8,977,544	7,959,006
Total liabilities	(8,330,822)	(7,362,707)
Equity	646,722	596,299
Net operating income (Note)	324,467	267,453
Profit for the year	35,894	30,955
Other comprehensive income	318	(7,694)
Total comprehensive income	36,212	23,261
<b>Reconciled to the Group's interest in equity-accounted investees</b>		
Gross amounts of net assets of equity-accounted investees	646,722	596,299
Group's effective interest	13.8%	13.8%
Group's share of net assets of equity-accounted investees	89,248	82,289
Goodwill	–	1,192
Impairment on Group's share of net assets of equity-accounted investees	(14,893)	–
Group's carrying amount in the consolidated financial statements	74,355	83,481

Note: Net operating income represents the sum of net interest income, net fee and commission income and other net income of the equity-accounted investee for each reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

	Uro	
	2025 US\$'000	2024 US\$'000
<b>Gross amount</b>		
Total assets	21,550	17,072
Total liabilities	(10,054)	(5,943)
Equity	11,496	11,129
Revenue	5,216	868
Loss for the year	(11,557)	(667)
Other comprehensive income	-	-
Total comprehensive income	(11,557)	(667)
<b>Reconciled to the Group's interest in equity-accounted investees</b>		
Gross amounts of net assets of equity-accounted investees	11,496	11,129
Group's effective interest	45.4%	49.4%
Group's share of net assets of equity-accounted investees	5,224	5,498
Goodwill	30,225	56,674
Group's carrying amount in the consolidated financial statements	35,449	62,172
		<b>MP Neuro</b>
		2025 US\$'000
<b>Gross amount</b>		
Total assets (adjusted for provisional fair value adjustments)		524,660
Total liabilities		(44,796)
Equity		479,864
<b>Reconciled to the Group's interest in equity-accounted investees</b>		
Gross amounts of net assets of equity-accounted investees		479,864
Group's effective interest		39.2%
Group's share of net assets of equity-accounted investees		188,203
Goodwill		125,865
Carrying amount in the consolidated financial statements		314,068

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES (CONTINUED)

Aggregate information of equity-accounted investees that are not individually material:

	2025 US\$'000	2024 US\$'000
Aggregate carrying amount of individually immaterial investment in equity-accounted investees	142,872	113,691
Aggregate amounts of the Group's share of those equity-accounted investees		
Loss for the year	(30,177)	(24,586)
Other comprehensive income	(41)	19
Total comprehensive income	(30,218)	(24,567)

## 15 FINANCIAL ASSETS MEASURED AT FVPL

	2025 US\$'000	2024 US\$'000
<b>Non-current assets</b>		
Unlisted equity securities outside Hong Kong	6,997	9,883
<b>Current assets</b>		
Structured deposits and money market funds issued by financial institutions	19,904	51,817

## 16 OTHER NON-CURRENT ASSETS

	2025 US\$'000	2024 US\$'000
Lease and security deposits (Note)	37,432	46,849
Income tax recoverable (Note 25(a))	6,344	8,538
Lease receivables	15,626	11,543
Value-added tax recoverable	11,162	16,589
Prepayment for non-current assets	2,693	30,114
Others	11,198	10,080
	84,455	123,713

Note: Lease and security deposits are typically paid for leased properties, which are refundable after the expiry of the leases. The Group entered into a 5-year lease agreement (the "Lease Agreement") with Shanghai Huiqingcheng Investment Management Co., Ltd. ("Huiqingcheng Investment") in respect of certain leasehold properties for use of manufacturing facilities, warehouses and office buildings. As at 31 December 2025, the carrying amount of lease and security deposits paid to Huiqingcheng Investment is US\$38,613,000 (31 December 2024: US\$43,816,000).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 17 DERIVATIVE FINANCIAL INSTRUMENTS

	2025 US\$'000	2024 US\$'000
<b>Derivative financial (assets)/liabilities</b>		
Put options written to SRL ("SRL Put Option") (Note)	-	7,500
Early redemption options in relation to the convertible loans (Note 27(b))	(2,933)	5,534
	<b>(2,933)</b>	<b>13,034</b>

Note:

Pursuant to the latest shareholders' agreement among CRM Cayman and its shareholders, in the event that an initial public offering or a trade sale of the CRM business has not occurred on or prior to 30 April 2023, SRL has the right to require the Company to purchase any or all of series A preferred shares of CRM Cayman held by SRL at a price equal to the original investment being US\$50 million plus an annual internal return of 8%.

Upon receipt of SRL's notice of exercising the SRL Put Option, the Company shall have the sole right to decide whether to pay its consideration in cash or by issuing to SRL new shares of the Company, or with a combination of cash and shares of the Company. The SRL Put Option is considered to be a derivative financial liability which was measured at fair value.

As disclosed in note 30(b)(i), as a result of a restructuring, the SRL Put Option was terminated and the respective derivative was derecognised in 2025.

## 18 INVENTORIES

### (a) Inventories in the consolidated statement of financial position comprise:

	2025 US\$'000	2024 US\$'000
Raw materials	99,419	129,141
Work in progress	80,736	84,747
Finished goods	169,044	165,400
	<b>349,199</b>	<b>379,288</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 18 INVENTORIES (CONTINUED)

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 US\$'000	2024 US\$'000
<b>Continuing operations</b>		
Carrying amount of inventories sold	427,045	404,717
Write down of inventories	11,397	12,851
Cost of inventories directly recognised as research and development costs and distribution costs	17,775	25,219
	<b>456,217</b>	442,787
<b>Discontinued operation</b>		
Carrying amount of inventories sold	25,722	27,878
Write down of inventories	3,677	1,045
Cost of inventories directly recognised as research and development costs and distribution costs	1,853	5,607
	<b>31,252</b>	34,530

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 19 TRADE AND OTHER RECEIVABLES

	<b>31 December 2025 US\$'000</b>	31 December 2024 US\$'000
Trade receivables due from:		
– third party customers	<b>333,182</b>	278,568
– related parties	<b>14,475</b>	8,075
	<b>347,657</b>	286,643
Less: Loss allowance (Note 31(a))	<b>(19,587)</b>	(21,007)
Trade receivables, net of loss allowance	<b>328,070</b>	265,636
Other debtors	<b>44,458</b>	39,064
Amounts due from a related party in relation to transfer of non-current assets	<b>795</b>	777
Consideration receivable in relation to disposal of subsidiaries	<b>498</b>	7,167
Income tax recoverable (note 25(a))	<b>5,716</b>	930
Deposits and prepayments	<b>89,430</b>	62,990
	<b>468,967</b>	376,564

All of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

### Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	<b>2025 US\$'000</b>	2024 US\$'000
Within 1 month	<b>148,861</b>	126,052
1 to 3 months	<b>108,158</b>	79,739
3 to 12 months	<b>57,297</b>	53,045
More than 12 months	<b>13,754</b>	6,800
	<b>328,070</b>	265,636

Further details of the Group's credit policy and credit risk arising from trade debtors and lease receivables are set out in note 31(a).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Pledged deposits and time deposits

	2025 US\$'000	2024 US\$'000
Deposits with original maturities over three months	108,135	209,669
Pledged deposits	3,381	3,840
	<b>111,516</b>	213,509

### (b) Cash and cash equivalents

As at 31 December 2025, the balance of the deposits in the designated bank accounts of MP Endo is US\$141,581,000 (2024: US\$181,422,000) which is not available for general usage and could only be used for purposes specified in the IPO and placing prospectus of MP Endo.

Apart from the above, as at 31 December 2025, cash and cash equivalents situated in Chinese Mainland amounted to US\$377,520,000 (2024: US\$434,054,000), which are not freely remissible to the Company as the remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign currency exchange control.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

### (c) Reconciliation of profit/(loss) before taxation to cash generated from/(used in) operations:

	Note	2025 US\$'000	2024 US\$'000
Profit/(loss) before taxation		76,423	(224,785)
Adjustments for:			
Amortisation and depreciation	5(d)	149,705	159,512
Impairment losses on non-current assets	5(d)	107,250	87,864
Finance costs	5(a)	106,819	102,236
Interest income		(8,445)	(9,377)
Gain on disposal of subsidiaries		(326,540)	(98,155)
Changes in the fair value of convertible bonds		23,744	18,849
Changes in the fair value of other financial instruments		1,183	(1,600)
Net (gain)/loss on disposal of property, plant and equipment	4	(3,921)	2,480
Gain on disposal of interests in equity-accounted investees		(3,884)	(16,729)
Share of profits less losses of equity-accounted investees		28,642	18,783
Equity-settled share-based payment expenses	5(b)	35,240	27,773
Others		8,397	–
Changes in working capital:			
Decrease in inventories		7,189	35,580
Increase in trade and other receivables		(139,363)	(83,407)
Increase/(decrease) in trade and other payables		20,504	(50,141)
Increase in contract liabilities		17,414	2,045
Increase in deferred income		832	9,950
Cash generated from/(used in) operations		101,189	(19,122)

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

### (d) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings (note 23) US\$'000	Convertible bonds (note 27) US\$'000	Share repurchase obligations issued by subsidiaries (note 21) US\$'000	Lease liabilities (note 24) US\$'000	Total US\$'000
<b>At 1 January 2025</b>	1,075,777	521,357	246,948	88,075	1,932,157
<b>Changes from financing cash flows:</b>					
Proceeds from interest-bearing borrowings, net of transaction costs	664,842	-	-	-	664,842
Repayments of interest-bearing borrowings	(578,584)	-	-	-	(578,584)
Interest paid for interest-bearing borrowings	(35,954)	-	-	-	(35,954)
Interest paid for convertible bonds	-	(32,425)	-	-	(32,425)
Payment for repurchase of convertible bonds	-	(170,080)	-	-	(170,080)
Capital element of lease rentals paid	-	-	-	(42,034)	(42,034)
Interest element of lease rentals paid	-	-	-	(4,650)	(4,650)
<b>Total changes from financing cash flows</b>	<b>50,304</b>	<b>(202,505)</b>	<b>-</b>	<b>(46,684)</b>	<b>(198,885)</b>
<b>Exchange adjustments</b>	<b>7,458</b>	<b>28</b>	<b>(136)</b>	<b>1,985</b>	<b>9,335</b>
<b>Changes in fair value</b>	<b>-</b>	<b>32,211</b>	<b>-</b>	<b>-</b>	<b>32,211</b>
<b>Other changes:</b>					
Interest charge (note 5(a))	36,229	43,027	24,446	5,369	109,071
Derecognition in relation to the disposal of subsidiaries	-	(4,200)	(6,425)	(7,848)	(18,473)
Derecognition in relation to the restructuring of CRM business (note 30(b)(i))	-	-	(264,833)	-	(264,833)
Increase in lease liabilities from entering into new leases during the year	-	-	-	11,838	11,838
Decrease in lease liabilities due to termination of lease	-	-	-	(1,322)	(1,322)
Conversion of convertible loans (note 27(b)(ii))	-	(34,532)	-	-	(34,532)
Others	24,185	-	-	-	24,185
<b>Total other changes</b>	<b>60,414</b>	<b>4,295</b>	<b>(246,812)</b>	<b>8,037</b>	<b>(174,066)</b>
<b>At 31 December 2025</b>	<b>1,193,953</b>	<b>355,386</b>	<b>-</b>	<b>51,413</b>	<b>1,600,752</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

### (d) Reconciliation of liabilities arising from financing activities (continued)

	Interest-bearing borrowings (note 23) US\$'000	Convertible bonds (note 27) US\$'000	Share repurchase obligations issued by subsidiaries (note 21) US\$'000	Lease liabilities (note 24) US\$'000	Total US\$'000
<b>At 1 January 2024</b>	803,768	762,737	239,780	132,242	1,938,527
<b>Changes from financing cash flows:</b>					
Proceeds from interest-bearing borrowings, net of transaction costs	654,908	-	-	-	654,908
Net proceeds from issuance of convertible bonds, net of transaction costs	-	244,213	-	-	244,213
Proceeds from issuance of financial instruments with redemption rights	-	-	1,407	-	1,407
Repayments of interest-bearing borrowings	(376,431)	-	-	-	(376,431)
Interest paid for interest-bearing borrowings	(34,481)	-	-	-	(34,481)
Interest paid for convertible bonds	-	(28,198)	-	(28,198)	(56,396)
Payment for repurchase of convertible bonds	-	(461,619)	-	-	(461,619)
Capital element of lease rentals paid	-	-	-	(40,249)	(40,249)
Interest element of lease rentals paid	-	-	-	(5,526)	(5,526)
Total changes from financing cash flows	243,996	(245,604)	1,407	(45,775)	(45,976)
<b>Exchange adjustments</b>	(7,365)	(56)	(350)	(5,352)	(13,691)
<b>Changes in fair value</b>	-	19,262	-	-	19,262
<b>Other changes:</b>					
Interest charge (note 5(a))	36,193	33,523	27,671	6,962	104,349
Movement of equity components and derivative components of financial instruments	-	(48,505)	-	-	(48,505)
Increase in lease liabilities from entering into new leases during the year	-	-	-	11,061	11,061
Decrease in lease liabilities due to termination of lease	-	-	-	(11,063)	(10,495)
Derecognition in relation to the disposal of a subsidiary	-	-	(21,560)	-	(21,560)
Others	(815)	-	-	-	(815)
Total other changes	35,378	(14,982)	6,111	6,960	34,035
<b>At 31 December 2024</b>	1,075,777	521,357	246,948	88,075	1,932,157

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

### (e) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 US\$'000	2024 US\$'000
Within operating cash flows	1,747	1,900
Within financing cash flows	46,684	45,775
	<b>48,431</b>	47,675

## 21 TRADE AND OTHER PAYABLES

### Current

Trade payables due to:

- third party suppliers
- related parties

Total trade payables (i) & (iv)

Share repurchase obligations (ii)

Consideration payables in connection with the acquisition of subsidiaries (iii)

Other payables and accrued charges

### Non-current

Share repurchase obligations (ii)

Consideration in connection with the acquisition of a subsidiary (iii)

Net defined benefit obligation (note 5(b))

Other payables

	31 December 2025 US\$'000	31 December 2024 US\$'000
	<b>152,734</b>	150,134
	<b>23,917</b>	24,446
	<b>176,651</b>	174,580
	–	240,690
	<b>5,879</b>	952
	<b>251,730</b>	222,775
	<b>434,260</b>	638,997
	–	6,258
	–	4,935
	<b>10,305</b>	10,184
	<b>3,495</b>	2,747
	<b>13,800</b>	24,124

All current trade and other payables are expected to be settled within one year or are repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 21 TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

- (i) As of the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2025 US\$'000	2024 US\$'000
Within 1 month	102,463	93,869
Over 1 month but within 3 months	33,378	24,925
Over 3 months but within 6 months	14,399	19,652
Over 6 months but within 1 year	15,430	4,249
Over 1 year	10,981	31,885
	<b>176,651</b>	<b>174,580</b>

- (ii) Share repurchase obligations

The share repurchase obligations borne by CRM Cayman are terminated as a result of a restructuring as disclosed in note 30(b)(i).

Movements of the share repurchase obligations arising from these shares are as follows:

	Preferred shares issued by CRM Cayman US\$'000	Redemption rights issued by other subsidiary US\$'000	Total US\$'000
As at 1 January 2025	240,690	6,258	246,948
Charge to finance costs (note 5(a))	24,143	303	24,446
Derecognition in relation to the disposal of a subsidiary	–	(6,425)	(6,425)
Derecognition in relation to the restructuring of CRM business (note 30(b)(i))	(264,833)	–	(264,833)
Exchange adjustments	–	(136)	(136)
At 31 December 2025	–	–	–

- (iii) Consideration in business combinations

The consideration payable in connection with the acquisition of subsidiaries primarily includes the contingent consideration payable to the former shareholders of Hemovent, subject to certain milestones and conditions within 5 years from October 2021. The contingent consideration is measured at fair value with subsequent changes charged into profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 21 TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

(iv) Supplier finance arrangement

The Group participates in a supplier finance arrangement under which the suppliers may elect to receive early payment of their invoices from a bank. Under the arrangement, the bank agrees to pay amounts due to participating suppliers in respect of invoices owed by the Group and the Group repays the bank at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and provide the willing suppliers early payment terms, compared with the related invoice payment due date.

The Group has not derecognised the original trade payables relating to the arrangement because neither a legal release was obtained nor was the original liability substantially modified on entering into the arrangement.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating; however, the arrangement does provide willing suppliers with the benefit of early payment. Additionally, the Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore includes the amounts subject to the arrangement within trade payables because the nature and function of these payables remains the same as those of other trade payables.

As at 31 December 2025, carrying amount of financial liabilities under the supplier finance arrangement, presented within current trade payables was US\$14,225,000, of which, none suppliers have received payment from the bank.

There were no significant non-cash changes in the carrying amount of financial liabilities subject to supplier finance arrangements.

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e. payments for the purchase of goods and services. The payments to a supplier by the bank of US\$15,650,000 are considered non-cash transactions.

Further details of these arrangements which affect the Group's exposure to liquidity risk are set out in note 31(b).

## 22 CONTRACT LIABILITIES

	<b>31 December 2025 US\$'000</b>	31 December 2024 US\$'000
<b>Current</b>		
Unfulfilled performance obligations	<b>5,737</b>	6,142
Advanced receipts from customers for sales of medical devices	<b>14,513</b>	6,281
Others	<b>7,239</b>	7,440
	<b>27,489</b>	19,863
<b>Non-current</b>		
Unfulfilled performance obligations	<b>30,196</b>	25,501
Others	<b>7,776</b>	1,447
	<b>37,972</b>	26,948

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 22 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	2025 US\$'000	2024 US\$'000
Balance at 1 January	46,811	46,439
Exchange adjustments	2,866	(1,673)
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities as at 1 January	(22,638)	(20,464)
Net movement in sales discounts	6,304	5,478
Increase in contract liabilities as a result of receiving advance payments during the year	28,152	13,751
Increase in contract liabilities as a result of accruing interest expense on advances	3,966	3,280
Balance at 31 December	<b>65,461</b>	46,811

## 23 INTEREST-BEARING BORROWINGS

As of the end of the reporting period, the interest-bearing borrowings were repayable as follows:

	2025 US\$'000	2024 US\$'000
Within 1 year or on demand	414,387	318,066
After 1 year but within 2 years	335,449	321,805
After 2 years but within 5 years	360,596	331,492
After 5 years	83,521	104,414
	<b>779,566</b>	757,711
	<b>1,193,953</b>	1,075,777

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 23 INTEREST-BEARING BORROWINGS (CONTINUED)

As of the end of the reporting period, the interest-bearing borrowings were secured as follows:

	2025 US\$'000	2024 US\$'000
Bank loans		
– secured	750,157	556,319
– unsecured	443,796	519,458
	<b>1,193,953</b>	<b>1,075,777</b>

At 31 December 2025, the bank loans totaling US\$750,157,000 (31 December 2024: US\$556,319,000) were secured by (i) the land use rights and buildings held for own use with net book values of US\$12,931,000 and US\$234,127,000, respectively (31 December 2024: land use rights of US\$12,585,000 and buildings held for own use of US\$267,903,000, respectively); (ii) the Group's equity interest in several subsidiaries, and (iii) certain patents held by the Group, whose carrying value is nil as they have not been capitalised as intangible assets.

Part of the Group's non-current bank loans amounting to US\$610,536,000 (31 December 2024: US\$439,851,000) are subject to the fulfilment of covenants relating to certain financial targets or ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The occurrence of such circumstance may trigger the cross-default provisions of other borrowings available to the Group and, as a possible consequence, these other borrowings may also be declared to be immediately due and payable. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 31(b). As at 31 December 2025 and 2024, none of the covenants relating to drawn down facilities had been breached.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 24 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2025 US\$'000	2024 US\$'000
Within 1 year or on demand	20,874	40,143
After 1 year but within 2 years	5,556	24,640
After 2 years but within 5 years	9,835	7,835
After 5 years	15,148	15,457
	30,539	47,932
	51,413	88,075

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 US\$'000	2024 US\$'000
Current income tax recoverable	(5,716)	(930)
Non-current income tax recoverable	(6,344)	(8,538)
Income tax payable	16,129	7,311

Income tax recoverable primarily represents a tax credit of US\$9,784,000 (2024: US\$9,468,000) from French government, which is an incentive tax programme to support the research and development projects of a subsidiary in France ("France CIR"). The French CIR is deductible from the following 3 years' income tax or is receivable from the France government after 3 years if there is no sufficient profits available to deduct such research and development costs. As at 31 December 2025, the France CIR are classified as current and non-current receivables amounting to US\$3,440,000 and US\$6,344,000 (2024: US\$930,000 and US\$8,538,000), respectively.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (b) Deferred tax (assets)/liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Accrued expense US\$'000	Withholding tax on retained profits of PRC subsidiaries US\$'000	Fair value adjustments in respect of net assets acquired in business combinations US\$'000	Unused tax losses and others US\$'000	Total US\$'000
<b>Deferred tax arising from:</b>					
At 1 January 2024	(12,181)	3,589	19,564	(16,668)	(5,696)
Exchange adjustments	278	–	(515)	254	17
Acquisition of subsidiaries (note 31)	–	–	7,150	–	7,150
Charged/(credited) to profit or loss (note 6(a))	3,228	–	(10,907)	9,321	1,642
At 31 December 2024 and 1 January 2025	<b>(8,675)</b>	<b>3,589</b>	<b>15,292</b>	<b>(7,093)</b>	<b>3,113</b>
Exchange adjustments	(49)	–	670	(1,150)	(529)
Derecognition in relation to the disposal of subsidiaries	2,549	–	–	963	3,512
Charged/(credited) to profit or loss (note 6(a))	(3,523)	–	(2,022)	3,089	(2,456)
At 31 December 2025	<b>(9,698)</b>	<b>3,589</b>	<b>13,940</b>	<b>(4,191)</b>	<b>3,640</b>

Reconciliation to the consolidated statement of financial position:

	2025 US\$'000	2024 US\$'000
Net deferred tax assets recognised in the consolidated statement of financial position	(21,550)	(18,488)
Net deferred tax liabilities recognised in the consolidated statement of financial position	25,190	21,601
	<b>3,640</b>	<b>3,113</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

### (c) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(x), the Group has not recognised deferred tax assets in respect of cumulative tax losses attributable to certain subsidiaries of US\$1,794,022,000 at 31 December 2025 (2024: US\$1,817,299,000), as the Directors consider that it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions and entities.

The tax losses incurred by PRC subsidiaries of US\$1,140,636,000 will expire in the period from 2026 to 2034. The tax losses of US\$653,385,000 are incurred by subsidiaries in other jurisdictions primarily in US and France, of which tax losses could be carried forward indefinitely.

### (d) Deferred tax liabilities not recognised

At 31 December 2025, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to US\$253,546,000 (2024: US\$317,520,000). Deferred tax liabilities of US\$25,355,000 (2024: US\$31,752,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

## 26 DEFERRED INCOME

	<b>Government subsides for research and development projects</b> US\$'000
At 1 January 2024	42,344
Additions	16,468
Government grant recognised as other income	(6,518)
Exchange adjustments	(803)
At 31 December 2024 and 1 January 2025	<b>51,491</b>
Additions	<b>5,776</b>
Government grant recognised as other income	<b>(4,944)</b>
Derecognition in relation to the disposal of subsidiaries	<b>(12,611)</b>
Exchange adjustments	<b>1,198</b>
At 31 December 2025	<b>40,910</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 27 CONVERTIBLE BONDS

	2025 US\$'000	2024 US\$'000
Convertible bonds issued by CRM Cayman	–	147,133
Convertible bonds/loans issued by the Company	<b>355,386</b>	369,945
Convertible bonds issued by a subsidiary	–	4,279
	<b>355,386</b>	521,357
<b>Representing</b>		
Current portion	<b>215,873</b>	147,133
Non-current portion	<b>139,513</b>	374,224
	<b>355,386</b>	521,357

### (a) Convertible bonds issued by CRM Cayman (the “CRM Convertible Bonds”)

In October 2022, CRM Cayman issued the CRM Convertible Bonds with a principal amount of US\$90 million to several external investors. The maturity date of the CRM Convertible Bonds is 14 October 2025, and each bondholder may, in its sole discretion, exercise a one-time option to extend the maturity date for two years. The holders have the right to convert any portion of the CRM Convertible Bonds into shares of CRM Cayman at any time on or after the issue date based on the enterprise value of the CRM Cayman, being US\$1.25 billion (subject to adjustments). The CRM Convertible Bonds are designated as financial liabilities at FVPL in accordance with the accounting policies set out in note 1(u).

In 2025, the outstanding CRM Convertible Bonds were fully redeemed by the CRM Cayman at a cash consideration of US\$170,080,000.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 27 CONVERTIBLE BONDS (CONTINUED)

### (a) Convertible bonds issued by CRM Cayman (the “CRM Convertible Bonds”) (continued)

The movement of the CRM Convertible Bonds during the year represents as follow:

	2025 US\$'000	2024 US\$'000
Balance at 1 January	147,133	92,836
Changes in fair value recognised in profit or loss during the year	32,211	19,262
Interests paid	(9,264)	(10,661)
Issued during the year	–	45,696
Redemption during the year	(170,080)	–
Balance at 31 December	–	147,133

### (b) Convertible bonds/loans issued by the Company

#### (i) Convertible bonds issued by the Company due in 2028 (the “2028 Convertible Bonds”)

In December 2023, the Company issued the 2028 Convertible Bonds with a principal amount of US\$220 million, which are listed on the Stock Exchange. The 2028 Convertible Bonds bear an interest rate of 5.75% per annum and the interests are payable semi-annually.

Pursuant to the terms of the 2028 Convertible Bonds, the bondholders could convert part of or the entire outstanding bond balances at the option of the bondholders into fully paid ordinary shares of the Company at an initial conversion price of HK\$12.7790 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK\$7.8148 to US\$1 before the maturity date.

The maturity date of the 2028 Convertible Bonds is 19 December 2028 and the Company shall redeem the 2028 Convertible bonds at its principal amount together with accrued and unpaid interests. In addition, the bondholders also have a right to require the Company to redeem entire or partial of the 2028 Convertible Bonds on 21 December 2026 at their principal amount together with interest accrued but unpaid.

The 2028 Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component with an accounting treatment similar to the 2026 Convertible Bonds.

As at 31 December 2024 and 2025, the outstanding principal of the 2026 Convertible Bonds was US\$220 million. The carrying value of the liability component of the 2028 Convertible Bonds was US\$215,873,000 as at 31 December 2025.

No conversion of the 2028 Convertible Bonds had occurred up to 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 27 CONVERTIBLE BONDS (CONTINUED)

### (b) Convertible bonds/loans issued by the Company (continued)

#### (ii) Convertible loans issued by the Company due in 2029 (the "2029 Convertible Loans")

In April 2024, the Company entered into a convertible facility agreement (the "Convertible Facility Agreement") with four lenders (the "Original Lenders"), pursuant to which, the Original Lenders agreed to make available to the Company a convertible term loan facility in an aggregate principal amount of US\$150 million, with an accordion option to increase the total commitments by an aggregate principal amount of up to US\$50 million.

The 2029 Convertible Loans bear interest at of 5.75% per annum. The lender could convert part of or the entire outstanding balances into fully paid ordinary shares of the Company at an initial conversion price of HK\$7.46 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK\$7.8285 to US\$1 before the maturity date.

The Company shall repay the 2029 Convertible Loans in 2029, together with all interest, a premium, being 40% of the outstanding principal and any accrued but unpaid amounts payable to the lenders.

In addition, pursuant to the terms of the 2029 Convertible Loans, in May 2027, the lenders have right to require the Company to redeem all 2029 Convertible Loans, together with all interest, a premium, being 30% of the outstanding principal and any accrued but unpaid amounts payable to the lenders. And at any time after May 2027, the Company could redeem all 2029 Convertible Loans, together with all interest, a premium, being 40% of the outstanding principal and any accrued but unpaid amounts payable to the lenders, provided that the closing price of the ordinary shares of the Company for each of any 20 trading days within a period of 30 consecutive trading days, the last of which occurs not more than 5 trading days prior to the publishing date of such notice, is at least 130% of the conversion price, subject to further adjustments.

The Company shall also attain certain performance targets, failing which the lenders may require the Company to apply an amount equal to US\$50,000,000 towards prepayment of the 2029 Convertible Loans and payment of all accrued interest on the prepayment amount and a premium, being 30% of the prepayment amount.

The 2029 Convertible Loans are accounted for as compound financial instruments which contain a debt component, derivative components and an equity component. The debt component is initially measured as the present value of the future cash flows, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. The derivative components represent the aforesaid early redemption rights granted to the lenders and the Company and are initially measured at fair value. Any excess of proceeds over the amount initially recognised as the debt components and derivative components is recognised as the equity component. The debt component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the debt component is calculated using the effective interest method. Changes in the fair value of the derivative components are recognised in profit or loss. The equity component is recognised in the capital reserve until the 2029 Convertible Loans are either converted or redeemed.

As at 31 December 2024, the outstanding principal of the 2029 Convertible Loans was US\$200 million.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 27 CONVERTIBLE BONDS (CONTINUED)

### (b) Convertible bonds/loans issued by the Company (continued)

#### (ii) Convertible loans issued by the Company due in 2029 (the “2029 Convertible Loans”) (continued)

In 2025, part of the 2029 Convertible Loans with a principal amount of US\$41.5 million were converted into 43,549,965 new issued ordinary shares of the Company in accordance with the terms and conditions of the Convertible Facility Agreement.

As at 31 December 2025, the outstanding principal of the 2029 Convertible Loans was US\$158.5 million. The carrying value of the liability component of the 2029 Convertible Loans was US\$139,513,000 as at 31 December 2025.

The 2029 Convertible Loans are secured by (i) assignment by way of security of certain intercompany loan(s) by the Company; (ii) security over a property located in the US with a carrying value of approximately US\$44.8 million as at 31 December 2025; and (iii) share mortgage in respect of all issued ordinary shares of two subsidiaries.

#### (iii) Movement of the convertible bonds/loans issued by the Company during the year

	Derivative component US\$'000	Liability component US\$'000	Equity component US\$'000	Total US\$'000
At 1 January 2025	5,534	369,945	83,651	459,130
Interest charged	–	42,930	–	42,930
Interest paid	–	(22,957)	–	(22,957)
Changes in fair value recognised in profit or loss during the year	(8,467)	–	–	(8,467)
Conversion during the year	–	(34,532)	(6,855)	(41,387)
At 31 December 2025	(2,933)	355,386	76,796	429,249

## 28 SHARE-BASED PAYMENT TRANSACTIONS

### (a) Share schemes (equity-settled)

#### (i) Share schemes adopted by the Company

On 3 September 2010 and 18 June 2020, the Company adopted the share schemes (referred as the “2010 Option Plan” and “2020 Option Plan”, respectively), pursuant to which, the board of directors may authorise, at their discretion, the issuance of share options to the executives, employees, external consultants or business associates of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (i) Share schemes adopted by the Company (continued)

The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of options	Fair value US\$'000	Weighted average fair value per share option US\$	Weighted average exercise price US\$
<b>Options granted to executives and directors on:</b>				
21 January 2014	650,000	184	0.28	0.69
28 August 2014	500,000	118	0.24	0.61
20 January 2015	29,400,000	4,459	0.15	0.41
30 June 2015	300,000	53	0.18	0.41
7 December 2015	2,000,000	306	0.15	0.39
30 March 2016	40,970,000	6,737	0.16	0.45
27 June 2016	700,000	122	0.17	0.50
23 January 2017	23,340,000	7,308	0.31	0.73
30 March 2017	3,277,472	950	0.29	0.75
25 August 2017	2,000,000	559	0.28	0.96
29 March 2018	2,451,474	1,100	0.45	1.10
24 December 2018	30,739,346	8,425	0.27	0.99
23 January 2019	4,570,994	292	0.06	1.00
1 April 2019	4,061,604	1,283	0.32	0.96
30 August 2019	500,000	131	0.26	0.90
31 March 2020	1,417,997	1,354	0.96	2.26
31 March 2021	795,383	1,676	2.11	5.61
14 May 2021	17,118,723	49,405	2.89	7.39
31 August 2021	6,500,000	20,945	3.22	6.17
2 November 2021	1,740,000	4,095	2.35	4.72
21 January 2022	696,003	936	1.35	3.57
1 April 2022	743,757	658	1.13	2.31
16 May 2022	15,763,657	10,991	0.70	1.82
10 October 2023	17,840,780	11,666	0.65	1.48
	208,077,190	133,753		

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (i) Share schemes adopted by the Company (continued)

	Number of options	Fair value US\$'000	Weighted average fair value per share option US\$	Weighted average exercise price US\$
<b>Options granted to employees on:</b>				
31 March 2020	345,225	251	0.73	2.26
28 August 2020	750,000	1,018	1.36	4.48
28 December 2020	1,150,000	1,922	1.67	5.44
31 March 2021	654,003	1,287	1.97	5.61
21 January 2022	3,420,334	4,645	1.35	3.57
1 April 2022	10,233,893	10,979	1.41	2.31
16 May 2022	3,356,598	2,340	0.70	1.82
23 June 2022	300,000	375	1.25	2.54
31 March 2023	18,027,634	17,352	0.96	2.56
12 September 2023	200,000	142	0.71	1.65
8 April 2024	10,980,116	5,167	0.47	0.84
1 April 2025	3,408,502	1,784	0.52	1.07
27 June 2025	3,700,000	2,141	0.58	1.10
	56,526,305	49,403		
<b>Options granted to consultants and business associates on:</b>				
1 September 2016	750,000	199	0.27	0.64
8 October 2018	500,000	280	0.56	1.29
12 September 2023	1,115,322	794	0.71	1.65
8 April 2024	668,692	71	0.11	0.84
	3,034,014	1,344		

The above share options are vested in instalments over an explicit vesting period of one month to seven years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of options is ten years.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (i) Share schemes adopted by the Company (continued)

The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options	Weighted average exercise price HK\$	Number of options
Outstanding at the beginning of the year	16.27	172,879,795	16.42	179,566,120
Granted during the year	8.48	7,108,502	6.58	11,648,808
Exercised during the year	4.48	(22,671,935)	3.30	(12,248,341)
Forfeited during the year	20.27	(3,090,429)	27.67	(3,592,451)
Expired during the year	10.87	(8,734,772)	20.27	(2,494,341)
Outstanding at the end of the year	18.08	145,491,161	16.27	172,879,795
Exercisable at the end of the year	18.39	110,864,142	16.28	120,831,716

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from January 2026 through April 2035. As at 31 December 2025, the weighted average remaining contractual life for the share options granted under the 2010 and 2020 Share Option Plans was 5.41 years (2024: 5.58 years).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (i) Share schemes adopted by the Company (continued)

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial tree model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Fair value of share options and assumptions	2025	2024
Fair value at measurement dates	<b>US\$0.43 to US\$0.61</b>	US\$0.37
Share price	<b>HK\$7.78 to HK\$8.61</b>	HK\$6.58
Exercise price	<b>HK\$8.34 to HK\$8.61</b>	HK\$6.58
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial tree model)	<b>48.5% to 48.7%</b>	56%
Option life	<b>10 years</b>	10 years
Suboptimal exercise factor	<b>2.4</b>	1.4
Expected dividend yield	<b>0.00%</b>	0.00%
Average risk-free interest rate	<b>3.03% to 3.35%</b>	3.87%

The expected volatility is determined by the historical volatility of the Company. Changes in the subjective input assumptions could materially affect the fair value estimate. Expected dividend yield is based on historical dividends.

In respect of share options granted during 2025 and 2024, the service condition has been taken into account in the grant date fair value measurement of the services received. There was no market condition associated with these share options.

The total expenses recognised in the consolidated statement of profit or loss for the above transactions were US\$9,345,000 for the year ended 31 December 2025 (2024: US\$12,828,000).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (ii) Share scheme adopted by MP CardioFlow

In March 2020, MP CardioFlow adopted its share scheme (the "CardioFlow Share Scheme"). The CardioFlow Share Scheme provides the eligible person with the options to acquire proprietary interests in MP CardioFlow. Each option gives the holder the right to subscribe for one ordinary share of MP CardioFlow.

The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options '000	Weighted average exercise price HK\$	Number of options '000
Outstanding at the beginning of the year	2.33	84,511	2.68	80,294
Granted during the year	1.11	8,138	1.00	14,324
Exercised during the year	1.24	(114)	1.24	(115)
Cancelled during the year	2.21	(7,240)	2.62	(7,690)
Forfeited during the year	2.85	(5,103)	5.14	(2,302)
Outstanding at the end of the year	2.19	80,192	2.33	84,511
Exercisable at the end of the year	2.37	52,740	2.35	38,356

The above share options are vested in instalments over an explicit vesting period of five years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of options is ten years.

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from March 2030 through August 2033. As at 31 December 2025, the weighted average remaining contractual life for the share options granted under Share Option Scheme was 6.14 years (2024: 6.95 years).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (ii) Share scheme adopted by MP CardioFlow (continued)

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The share price was determined by the closing price of the shares of MP CardioFlow at the grant date. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Fair value of share options and assumptions	2025	2024
Fair value at measurement dates	US\$0.05	US\$0.06
Share price	HK\$1.00	HK\$0.90
Exercise price	HK\$1.106	HK\$1.00
Expected volatility	38.54%	60.00%
Option life	10 years	10 years
Expected dividend yield	0.00%	0.00%
Risk-free interest rate	3.52%	3.87%

The total expenses recognised in the consolidated statement of profit or loss for the above transaction were US\$423,000 for the year ended 31 December 2025 (2024: US\$1,197,000).

#### (iii) Restricted share units plan adopted by MP Endo

In October 2021, MP Endo adopted a restricted share units plan (the "2021 Endo RSU Plan"). The 2021 Endo RSU Plan provides the eligible persons with the restricts share units of MP Endo (the "Endo RSU"). Each Endo RSU gives the holder the right to subscribe for one ordinary share of MP Endo at the designated exercise price.

As at 31 December 2025, the outstanding number of the Endo RSUs at an exercise price of RMB184.55 per share of MP Endo is 529,269 (31 December 2024: 560,729). There is no new grant for the year ended 31 December 2025.

The Endo RSUs granted under the 2021 Endo RSU Plan are vested in instalments over an explicit vesting period of five to six years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of options is seven years.

The fair value of services received in return for Endo RSUs is measured by reference to the fair value of the Endo RSUs granted in 2021. The estimate of the fair value of the Endo RSUs granted is measured based on a binomial tree model. The contractual life of the Endo RSUs is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

The total expenses recognised in the consolidated statement of profit or loss for the above transaction were US\$1,706,000 for the year ended 31 December 2025 (2024: US\$1,893,000).

For the year ended 31 December 2025, MP Endo purchased 1,154,975 own shares (2024: 1,266,068) at a consideration of US\$16,834,000 (2024: US\$16,813,000)

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (iv) Equity option plan adopted by Suzhou MP Orthopedics

In April 2021, Suzhou MP Orthopedics adopted an equity option scheme (the “Orthopedics EOS”), which provides the eligible employees with the options to acquire proprietary equity interests in Suzhou MP Orthopedics. Each option gives the holder the right to subscribe for US\$1 registered capital of Suzhou MP Orthopedics (“the Orthopedics Registered Capital Unit”).

During the year ended 31 December 2025, 2,771,000 options were granted under Orthopedics EOS at an exercise price at US\$1.58 per Orthopedics Registered Capital Unit. As at 31 December 2025, the total outstanding options were 6,695,643 units under Orthopedics EOS at an exercise price at US\$1.58 per Orthopedics Registered Capital Unit.

These options will vest in instalments and are exercisable only upon the completion of a public offering of Suzhou MP Orthopedics. If Suzhou MP Orthopedics fails to complete a public offering prior to the date as specified in the offer letters of certain option holders (the “Option Holders with Guarantee”), the options granted to the Option Holders with Guarantee will be forfeited and the Option Holders with Guarantee could receive cash payments approximately totalling US\$631,000. The contractual life of options is ten years.

#### (v) Share scheme adopted by MP Neuro

In July 2023, MP Neuro adopted its share scheme (the “Neuro Share Scheme”). The Neuro Share Scheme provides the eligible person with the options to acquire proprietary interests in MP Neuro. Each option gives the holder the right to subscribe for one ordinary share of MP Neuro.

The number and weighted average exercise prices of share options are as follows:

	2025		2024	
	Weighted average exercise price HK\$	Number of options '000	Weighted average exercise price HK\$	Number of options '000
Outstanding at the beginning of the year	25.24	4,250	26.16	4,239
Granted during the year	–	–	6.58	146
Exercised during the year	11.00	(19)	–	–
Expired during the year	20.14	(100)	20.14	(50)
Forfeited during the year	48.15	(50)	35.82	(85)
Outstanding at the end of the year	24.73	4,081	25.24	4,250
Exercisable at the end of the year	25.15	2,711	16.71	2,870

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (a) Share schemes (equity-settled) (continued)

#### (v) Share scheme adopted by MP Neuro (continued)

The above share options are vested in instalments over an explicit vesting period of five years. The contractual life of the options is ten years.

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from December 2028 through May 2032. As at 31 December 2025, the weighted average remaining contractual life for the share options granted was 5.51 years (2024: 6.53 years).

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions	2025	2024
Fair value at measurement date	<b>US\$0.26 to US\$0.53</b>	US\$0.19 to US\$0.37
Share price	<b>HK\$10.40 to HK\$12.85</b>	HK\$6.91 to HK\$8.38
Exercise price	<b>HK\$10.68 to HK\$14.53</b>	HK\$6.99 to HK\$8.50
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	<b>38.4% to 40.5%</b>	37.20% to 50.00%
Option life	<b>10 years</b>	10 years
Expected dividends yield	<b>1% to 1.8%</b>	1.60%
Risk-free interest rate	<b>3.11% to 4.30%</b>	3.66% to 4.28%

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (b) Share award scheme (equity-settled)

#### (i) Share award scheme adopted by the Company

Pursuant to the share award scheme (as amended) of the Company, which was adopted and approved by the board of directors in 2021, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration.

For the year ended 31 December 2025, the Company granted 3,889,869 shares (2024: 3,123,202) to the Group's executives and employees with a fair value of US\$3,417,000 (2024: US\$2,585,000).

The consideration paid for the purchase of the Company's shares is reflected as a decrease in the capital reserve of the Company. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in capital reserve, which is measured based on the grant date share price of the Company.

#### (ii) Share award scheme adopted by MP CardioFlow

Pursuant to a share award scheme adopted by MP CardioFlow in 2022, MP CardioFlow may purchase its own shares and grant such shares to certain eligible persons.

For the year ended 31 December 2025, MP CardioFlow purchased 1,415,000 own shares (2024: 37,982,000) at a consideration of US\$125,000 (2024: US\$5,498,000) and 3,626,804 shares (2024: 3,254,407) of MP CardioFlow were granted with a fair value of US\$358,000 (2024: US\$373,000).

#### (iii) Share award scheme adopted by MP NeuroTech

Pursuant to a share award scheme adopted by MP NeuroTech in 2024, MP NeuroTech may purchase its own shares and grant such shares to certain eligible person.

For the year ended 31 December 2025, MP NeuroTech purchased 3,218,000 own shares at a consideration of US\$4,168,000 and 1,132,000 shares of MP NeuroTech were granted with a fair value of US\$1,393,000 (2024: US\$834,000).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (c) Employee share purchase plans (“ESPP”) (equity-settled)

Since 2014, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group, invested in the Group’s subsidiaries and equity-accounted investees (together, the “Target Companies”) by way of subscribing newly issued equity interests of the Target Companies, or acquiring equity interests from the Group. All participants of above ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

All ESPPs contain a service condition. Employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partners of the partnership firms at a price no higher than the amounts specified in the respective partnership agreements. The fair value of the ESPP at the grant date, being the difference between the considerations and the fair value of the equity interests subscribed shall be spread over the vesting period and recognised as staff costs in the profit or loss.

The fair value of the equity interests subscribed was measured by reference to either (i) the price at which third party investors made contributions to these Targeted Companies or (ii) the valuation reports prepared by the external valuers and reviewed and approved by the management.

The total expenses recognised in the consolidated statement of profit or loss for the above transaction were US\$6,268,000 for the year ended 31 December 2025 (2024: US\$7,190,000).

### (d) Long-term incentive awards (equity-settled)

In 2020, CRM Cayman adopted a long-term incentive plan (the “CRM LTI Plan”), pursuant to which, the Group granted performance-based restricted share units (the “2020 CRM RSUs”) to the eligible participants of the Group who has contributed or will contribute to the development of CRM business. Each RSU will be settled by one ordinary share of either CRM Cayman or the Company, as the case may be.

The fair value of services received in return for 2020 CRM RSUs is measured by reference to the fair value of the underlying ordinary shares of CRM Cayman and the Company in 2020. Back-solve method was used to determine the equity fair value of the ordinary shares of CRM Cayman.

In 2025, prior to the completion of the restructuring of CRM business, the Group granted additional restricted share units (the “2025 CRM RSUs”) to the eligible participants of the Group under the CRM LTI Plan. The fair value of the 2025 CRM RSUs is measured by reference to the fair value of the underlying ordinary shares of CRM Cayman. Equity-allocation method was used to determine the fair value of the ordinary shares of CRM Cayman and back-solve method was used to determine the equity value of CRM Cayman.

The outstanding restricted share units under the CRM LTI Plan were vested in 2025 and the expenses recognised immediately.

The total expenses recognised in the consolidated statement of profit or loss for the above transaction were US\$10,164,000 for the year ended 31 December 2025 (2024: adjustment of US\$1,075,000 to the cumulative fair value recognised in prior years credited to the profit or loss).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

### (e) Bonus distribution plan (equity-settled)

On 30 March 2022, the board of directors of the Company approved a bonus distribution plan, pursuant to which, the Company may purchase the shares of the designated subsidiaries and grant such shares to the executive and the employee of the Group at nil consideration.

During the year ended 31 December 2025, 1,702,000 ordinary shares of MP CardioFlow (2024: 3,620,000), and 272,000 ordinary shares of MP Neuro (2024: 320,000) were purchased with aggregated consideration of US\$560,000 (2024: US\$788,000) in cash.

During the year ended 31 December 2025, 1,827,577 ordinary shares of MP CardioFlow (2024: 3,672,283), 254,178 ordinary shares of MP MedBot (2024: 149,585) and 291,607 ordinary shares of MP Neuro (2024: 475,636) were granted with a fair value of US\$1,018,000 (2024: US\$1,138,000).

### (f) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the current and prior years:

	2025 US\$'000	2024 US\$'000
Research and development costs	8,441	9,207
Distribution costs	6,840	6,073
Administrative expenses	18,995	12,058
Cost of sales	964	435
	<b>35,240</b>	<b>27,773</b>

The compensation expenses resulting from those equity-settled schemes were reflected as equity-settled share-based payment expenses in the consolidated statement of profit or loss with a corresponding increase primarily in the equity of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 29 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital US\$'000	Share premium US\$'000	Capital reserve US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>Balance at 1 January 2024</b>		18	677,626	147,206	(77,553)	747,297
<b>Changes in equity for 2024:</b>						
Loss and total comprehensive income		-	-	(45)	(23,924)	(23,969)
Issuance of convertible bonds	27(b)	-	-	42,558	-	42,558
Equity-settled share-based transactions	27(b)	-	-	12,854	-	12,854
Shares purchased under share award scheme		-	-	(1,522)	-	(1,522)
Lapse of share options		-	-	(717)	717	-
Shares issued under share scheme	29(c)(iii)	-	6,822	(1,635)	-	5,187
Shares granted under share award scheme	28(b)(i)	-	-	2,585	-	2,585
<b>Balance at 31 December 2024 and 1 January 2025</b>		<b>18</b>	<b>684,448</b>	<b>201,284</b>	<b>(100,760)</b>	<b>784,990</b>
<b>Changes in equity for 2025:</b>						
Profit and total comprehensive income		-	-	95	79,248	79,343
Conversion of convertible loans		1	41,386	(6,855)	-	34,532
Equity-settled share-based transactions		-	-	9,066	-	9,066
Lapse of share options		-	-	(2,696)	2,696	-
Shares issued under share scheme	29(c)(iii)	-	44,890	(32,023)	-	12,867
Shares granted under share award scheme	28(b)(i)	-	-	3,417	-	3,417
<b>Balance at 31 December 2025</b>		<b>19</b>	<b>770,724</b>	<b>172,288</b>	<b>(18,816)</b>	<b>924,215</b>

### (b) Dividends

The Directors did not propose any payment of final dividend in respect of the previous year during the year ended 31 December 2025 (2024: nil).

The Directors did not propose any payment of final dividend for the year ended 31 December 2025 (2024: nil).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital

#### (i) Ordinary shares

	2025		2024	
	Number of shares '000	Amount US\$'000	Number of shares '000	Amount US\$'000
<b>Authorised:</b>				
Ordinary shares of US\$0.00001 each	5,000,000	50	5,000,000	50
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	1,846,725	18	1,834,477	18
Shares issued under share schemes (note 29(c)(iii))	22,672	–	12,248	–
Shares issued in respect of the conversion of convertible loans (note 27(b))	43,550	1	–	–
At 31 December	1,912,947	19	1,846,725	18

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

#### (ii) Purchase of own shares

During the year ended 31 December 2025, the Company did not purchase its own ordinary shares (2024: 1,877,400 ordinary shares) through the designated trustees under the share award scheme (note 28(b)(i)).

Repurchased shares held at the end of the reporting period under the share award scheme are classified as treasury shares and are presented as a decrease in the capital reserve.

At 31 December 2025, the trustee under a long-term benefit plan held 172,000 ordinary shares of the Company (31 December 2024: 172,000 ordinary shares). These shares are treated as plan assets and carried at fair value with reference to the share price of ordinary shares of the Company, which are presented as a deduction of non-current defined benefit obligation.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (c) Share capital (continued)

#### (iii) Shares issued under the share schemes

During the year ended 31 December 2025, 22,671,935 (2024: 12,248,341) share options were exercised to subscribe for 22,671,935 (2024: 12,248,341) ordinary shares in the Company at a total consideration of US\$12,867,000 (2024: US\$5,187,000), of which nil (2024: nil) and US\$12,867,000 (2024: US\$5,187,000) was credited to share capital and share premium, respectively. In addition, an amount of US\$32,023,000 (2024: US\$1,635,000) was transferred from the capital reserve to the share premium account in accordance with accounting policies set out in note 1(w)(iii).

### (d) Nature and purpose of reserves

#### (i) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands.

#### (ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in note 1(aa).

#### (iii) Capital reserve

The capital reserve primarily comprises the following:

- the fair value of the actual or estimated number of unexercised share options granted to executives, employees and external consultants of the Group and other equity-settled share-based payment transactions (note 28) in accordance with the accounting policy adopted for share-based payments in note 1(w)(iii);
- the consideration paid for the purchase of the Company's shares net of the fair value of shares granted to the Group's executives under the share award scheme (note 28(b)(i));
- the amount allocated to the unexercised equity component of convertible bonds (note 1(u)(i)) and preferred shares (note 1(s)) and the amount allocated to the equity component of the convertible bonds upon its extinguishment before maturity or early redemption;
- gain/loss on acquisition or dilution of interests in subsidiaries where the Group's interest in a subsidiary is increased/decreased without losing control (note 1(d)) and net of direct tax effect; and
- remeasurement gain/loss arising from defined benefit plans.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

### (d) Nature and purpose of reserves (continued)

#### (iv) Statutory general reserve

In accordance with the relevant PRC accounting rules and regulations, the PRC subsidiaries of the Company are required to make appropriation of its retained profits to statutory general reserve at the rate of 10% of its net profit each year, until the reserve balance reaches 50% of its paid up capital. The transfer to this reserve must be made before distribution of dividend to equity owners. The statutory reserve fund can be utilised to offset prior year's losses or converted into paid up capital.

### (e) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines "capital" as including all components of equity, lease liabilities, convertible bonds, non-current interest-bearing borrowings (including the current portion) and other non-current liabilities, less unaccrued proposed dividends based on the number of ordinary shares as at 31 December 2025. On this basis, the amount of capital employed at 31 December 2025 was US\$2,937,481,000 (2024: US\$2,698,669,000).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group is subject to covenants imposed by the lenders of the interest-bearing borrowings and the holders of the 2029 Convertible Loans based on the Group's financial ratios relating to capital requirements. The Group complied with the imposed covenants as at 31 December 2025 and 2024. Except for the above, neither the Company nor any its subsidiaries are subject to externally imposed capital requirements.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES

### (a) Disposal or dilution results in a loss of control

#### (i) MP Neuro

In December 2025, the Group transferred certain equity interest in MP Neuro to several third-party investors, upon completion of which the Group's equity interests in MP Neuro were approximately 39%. In addition, due to an appointment of a new director of MP Neuro in December 2025, the Group could no longer control the board of MP Neuro. Management consider the Group has lost control over MP Neuro and ceased to consolidate MP Neuro in its consolidated financial statements.

As the operation of MP Neuro is considered as separate major line of business, management accounted for the operations of MP Neuro as a discontinued operation in the consolidated financial statements for the year ended 31 December 2025 in accordance with the accounting policy set out in note 1(cc).

#### *Cash flows generated from discontinued operation*

	2025 US\$'000	2024 US\$'000
Net cash generated from operating activities	28,314	39,964
Net cash used in investing activities	(9,411)	(22,559)
Net cash used in financing activities	(19,615)	(31,792)
<b>Net cash generated from discontinued operation</b>	<b>(712)</b>	<b>(14,387)</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES (CONTINUED)

### (a) Disposal or dilution results in a loss of control (continued)

#### (i) MP Neuro (continued)

*Net assets of disposal group*

	As at the date of the deemed disposal US\$'000
Property, plant and equipment	31,498
Investment property	1,741
Intangible assets	28,830
Interest in associates	7,114
Financial assets at FVPL	57,873
Time deposit	7,410
Deferred tax assets	3,512
Other non-current assets	6,571
Inventories	16,882
Trade and other receivables	51,503
Cash and cash equivalents	86,964
<b>Total assets</b>	<b>299,898</b>
Trade and other payables	29,144
Contract liabilities	859
Lease liabilities	1,984
Income tax payables	3,503
Lease liabilities	284
Deferred income	6,676
Other non-current liabilities	2,346
<b>Total liabilities</b>	<b>44,796</b>
<b>Net assets</b>	<b>255,102</b>
Less: Non-controlling interests	(116,375)
<b>Net assets attributable to shareholders of the Company</b>	<b>138,727</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES (CONTINUED)

### (a) Disposal or dilution results in a loss of control (continued)

#### (i) MP Neuro (continued)

The transactions were accounted for in accordance with the accounting policies set out in note 1(d). A gain on deemed disposal of US\$276,893,000 was recognised in profit or loss and the Group's remaining equity interest in MP Neuro was recognised as an equity-accounted investee. A reconciliation of the gain on deemed disposal is set out below:

	As at the date of the deemed disposal US\$'000
Cash considerations	101,552
Fair value of remaining equity interests in MP Neuro	314,068
	415,620
Net assets of MP Neuro attributable to shareholders of the Company	(138,727)
	276,893
<b>Reconciliation of net cash inflow</b>	
Cash considerations	101,552
Less: cash and cash equivalent of MP Neuro as at the date of disposal	(86,964)
	14,588
Net cash inflow arising from the disposal of a subsidiary in 2025	14,588

#### (ii) MicroPort Neuronical Corporation ("MP Neuronical")

During the year ended 31 December 2025, the Group transferred certain equity interest in MP Neuronical to an investor at a consideration of RMB24.5 million. Following the equity transfer, an original investor of MP Neuronical contributed RMB50 million and subscribed for new issued shares of MP Neuronical. Upon the completion of the aforesaid transactions, the Group's equity interests in MP Neuronical were decreased from approximately 57% as at 31 December 2024 to approximately 43%. Management consider the Group has lost control over MP Neuronical.

Accordingly, a gain on disposal of US\$28,840,000 was recognised in profit or loss for the year ended 31 December 2025 and the Group's remaining equity interest in MP Neuronical was recognised as an equity-accounted investee.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES (CONTINUED)

### (a) Disposal or dilution results in a loss of control (continued)

#### (iii) Shenzhen Surgical

During the year ended 31 December 2025, the Group entered into agreements with the existing investors of Shenzhen Surgical, pursuant to which, (i) the Group and one of the investors made capital increase to Shenzhen Surgical amounting to RMB40 million and RMB80 million, respectively; and (ii) the Group transferred partial equity interests held in Shenzhen Surgical to several existing investors of Shenzhen Surgical. The transfer and the capital increase are linked transactions. Upon the completion of the aforesaid transactions, the Group's equity interest in Shenzhen Surgical decreased from approximately 60% as at 31 December 2024 to approximately 36%.

The transactions were accounted for as disposal of Shenzhen Surgical and accordingly, a gain on disposal of US\$25,970,000 was recognised in profit or loss for the year ended 31 December 2025 and the Group's remaining equity interest in Shenzhen Surgical was recognised as an equity-accounted investee.

#### (iv) Other subsidiaries

In 2025, the Group also completed the disposals and lost control of other subsidiaries in relation to several non-core business, resulting in a net loss of US\$5,163,000 and a net cash inflow of US\$42,202,000 arising from these disposals.

### (b) Material disposal or dilution without losing control

#### (i) Restructuring of CRM business

In December 2025, the Group completed a restructuring of CRM business, pursuant to which, all the existing issued ordinary and preferred shares of CRM Cayman were cancelled in exchange for newly issued ordinary shares of MP CardioFlow. Upon the completion of the restructuring, CRM Cayman became a wholly-owned subsidiary of MP CardioFlow and the Group's equity interest in MP CardioFlow decreased from approximately 48% as at 31 December 2024 to approximately 45% (considering the effect of treasury shares). As disclosed in note 13, the Directors consider the Group retains control over MP CardioFlow.

The restructuring of CRM business was treated as equity transactions. The difference between (i) the sum of the carrying value of preferred shares (disclosed in note 21) and the derivative financial liabilities (disclosed in note 17); and (ii) the carrying amount of net assets in proportion of the diluted equity interests in MP CardioFlow, was credit to capital reserve of the Group.

Further details of the restructuring are set out in the Company's announcements dated 16 July 2025, 29 September 2025 and 15 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES (CONTINUED)

### (b) Material disposal or dilution without losing control (continued)

#### (ii) MP MedBot

In May 2025, MP MedBot completed a placement and issued 25,136,500 shares at a price of HK\$15.5 per share. The net proceeds received from the placement was approximately US\$48,981,000. Simultaneously, the Group disposed 30,163,500 shares of MP MedBot at a price of HK\$15.5 per share to third party investors and received cash consideration of US\$59,449,000. Upon the completion of the above transactions, the Group's equity interest in MP MedBot decreased from 48.08% as at 31 December 2024 to 43.98%. As disclosed in note 13, management considers the Group retains control over MP MedBot.

The difference between the net proceeds received from the above-mentioned transactions and the carrying amount of net assets in proportion of the diluted or disposed equity interests in MP MedBot, net of the tax in relation to the disposal, was credited to capital reserve of the Group.

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from movements in its own equity share price.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents and pledged and time deposits is limited because the counterparties are banks and financial institutions which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

Except for the guarantee issued by the Group as set out in note 33(b), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of the guarantee at the end of the reporting period is disclosed in note 31(b).

#### Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 360 days from the date of billing. Debtors with balances that are overdue are requested to settle all outstanding balances before any further credit is granted. The Group does not obtain collateral from customers.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (continued)

#### Trade receivables (continued)

The Group has no significant concentration of credit risk in countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 16% (2024: 14%) and 33% (2024: 36%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. The Group segments its trade receivables based on business lines, due to different loss pattern experienced in the different businesses.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2025		
	Expected loss rate %	Gross carrying amount US\$'000	Loss allowance US\$'000
Current and less than 1 year past due	1.7%	320,005	5,292
1- 3 years past due	9.8%	13,947	1,365
More than 3 years past due	94.3%	13,705	12,930
		<b>347,657</b>	<b>19,587</b>
	2024		
	Expected loss rate %	Gross carrying amount US\$'000	Loss allowance US\$'000
Current and less than 1 year past due	2.1%	264,527	5,498
1- 3 years past due	39.8%	10,713	4,239
More than 3 years past due	99.2%	11,403	11,270
		<b>286,643</b>	<b>21,007</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (a) Credit risk (continued)

#### Trade receivables (continued)

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2025 US\$'000	2024 US\$'000
Balance at 1 January	21,007	20,193
Amounts written off during the year	(3,717)	(1,529)
Provision for impairment during the year	2,235	2,250
Exchange adjustments	62	93
Balance at 31 December	19,587	21,007

The management has assessed that during the year ended 31 December 2025, lease receivables, other receivables and amounts due from associates have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by the counterparties was remote and loss allowance provision was immaterial.

### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Note 2(b) further explains management's plans for managing the liquidity needs of the Group to enable it to continue to meet its obligations as they fall due.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025 Contractual undiscounted cash outflow					Carrying amount at 31 December US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000	Total US\$'000	
Interest-bearing borrowings	441,477	351,904	376,546	90,913	1,260,840	1,193,953
Convertible bonds	248,089	215,164	–	–	463,253	355,386
Lease liabilities	23,738	8,568	17,478	19,180	68,964	51,413
Trade and other payables	330,161	–	–	–	330,161	330,161
	<b>1,043,465</b>	<b>575,636</b>	<b>394,024</b>	<b>110,093</b>	<b>2,123,218</b>	<b>1,930,913</b>
Financial guarantee issued: Maximum amount guaranteed#	<b>10,225</b>	<b>2,494</b>	<b>9,331</b>	<b>20,487</b>	<b>42,537</b>	<b>3,000</b>

	2024 Contractual undiscounted cash outflow					Carrying amount at 31 December US\$'000
	Within 1 year or on demand US\$'000	More than 1 year but less than 2 years US\$'000	More than 2 years but less than 5 years US\$'000	More than 5 years US\$'000	Total US\$'000	
Interest-bearing borrowings	348,843	341,938	359,944	120,874	1,171,599	1,075,777
Convertible bonds	137,253	244,150	270,369	–	651,772	521,357
Lease liabilities	45,162	27,519	14,775	20,329	107,785	88,075
Trade and other payables	559,441	7,682	8,072	–	575,195	558,791
	<b>1,090,699</b>	<b>621,289</b>	<b>653,160</b>	<b>141,203</b>	<b>2,506,351</b>	<b>2,244,000</b>
Financial guarantee issued: Maximum amount guaranteed#	<b>10,309</b>	<b>7,050</b>	<b>4,873</b>	<b>21,160</b>	<b>43,392</b>	<b>–</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Liquidity risk (continued)

As described in note 21(iv), the Group participates in a supplier finance arrangement with the principal purpose of facilitating efficient payment processing of supplier invoices and providing the willing suppliers early payment terms compared with the related invoice payment due date.

From the Group's perspective, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other non-participating suppliers.

As disclosed in notes 23 and 27, part of the Group's banking facilities and the 2029 Convertible Loans are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, all or part of the related borrowings would become payable on demand in accordance with the agreements. As disclosed in note 1(b), there is an uncertainty as to whether the financial covenants could be achieved by the Group. Information about the covenants for those borrowings classified as non-current at the end of the reporting period is set out below:

Borrowings	Carrying amount as at 31 December 2025 US\$'000	Covenant(s)	Timing to comply with covenant(s)
Bank loans under the syndicated facility	155,259	<ul style="list-style-type: none"> <li>• the net decrease in the Group's consolidated cash and cash equivalents does not exceed US\$700 million in aggregation for three years ending 31 December 2026 (cash balance as at 31 December 2025 is approximately US\$730 million (unaudited), buffer for net decrease in cash balance is approximately US\$190 million);</li> <li>• the Group's consolidated net loss is not more than US\$55 million for the year ended 31 December 2025;</li> <li>• the Group's consolidated net profit is not less than (i) US\$45 million for the half year ending 30 June 2026; and (ii) US\$90 million for the year ending 31 December 2026; and</li> <li>• the Group's current portion of bank loans shall not exceed 100 percent of the Group's unrestricted cash at any time for the financial year ended and after 31 December 2024.</li> </ul>	Semi-annually
2029 Convertible Loans	139,513	<ul style="list-style-type: none"> <li>• the Group's consolidated net loss is not more than US\$55 million for the year ended 31 December 2025; and</li> <li>• the Group's consolidated net profit is not less than (i) US\$45 million for the half year ending 30 June 2026; and (ii) US\$90 million for the year ending 31 December 2026.</li> </ul>	At any time throughout the loan period

Other bank loans amounting to US\$455,277,000 (which were classified as non-current liabilities as at 31 December 2025 and borrowed by subsidiaries of the Group) contained financial covenants including requirements on the Group or the subsidiaries' debt-to-asset ratio, current ratio, ratio of contingent liabilities to net assets, cash and cash equivalents, net losses, net assets, etc. with respective applicable test dates of each year until maturity.

The Group has complied with the covenants under the relevant facility agreements as at 31 December 2025.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk from deposit with banks (note 20), loans to equity-accounted investees (note 14), interest-bearing borrowings (note 23), and convertible bonds/loans issued by the Company (note 27(b)), which were issued at fixed rates, and cash flow risk from deposits with banks (note 20) and interest-bearing borrowings (note 23) that were issued at variable rates.

At 31 December 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit for the year by approximately US\$14,440,000 (2024: decreased/increased loss by US\$2,618,000) and increased/decreased accumulated losses by approximately US\$10,949,000 (2024: decreased/increased accumulated losses by US\$2,122,000), respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis as 2024.

### (d) Currency risk

The Group is exposed to currency risk primarily from (i) sales and purchases which give rise to receivables, payables that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Euros and US\$ and (ii) intra-Group borrowings that are denominated in RMB, between the PRC subsidiaries, whose functional currency is RMB and overseas subsidiaries, whose functional currency is Hong Kong dollars or US\$.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in US\$, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (d) Currency risk (continued)

#### (i) Exposure to currency risk (continued)

	Exposure to foreign currencies (expressed in US\$)			
	2025		2024	
	US\$ US\$'000	RMB US\$'000	US\$ US\$'000	RMB US\$'000
Trade and other receivables	45,218	351	19,590	230
Cash and cash equivalents	31,648	11,927	48,983	2,790
Interest-bearing borrowings	–	(415,303)	–	(299,981)
Trade and other payables	(2,921)	(203)	(4,743)	–
Amounts due from/(to) Group companies	38,222	922	19,286	(27,097)
Amounts due from related parties	572	–	971	–
<b>Net exposure arising from recognised assets and liabilities</b>	<b>112,739</b>	<b>(402,306)</b>	<b>84,087</b>	<b>(324,058)</b>

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulated losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2025		2024	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses US\$'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses US\$'000
<b>RMB (against US\$)</b>	<b>3%</b>	<b>12,069</b>	<b>3%</b>	<b>9,722</b>
	<b>(3)%</b>	<b>(12,069)</b>	<b>(3)%</b>	<b>(9,722)</b>

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (d) Currency risk (continued)

#### (ii) Sensitivity analysis (continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into US\$ at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of the entities into the Group's presentation currency. The analysis has been performed on the same basis for 2024.

### (e) Fair value measurement

#### (i) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has a team with assistance of external valuers, performing valuations for the financial instruments, including unlisted equity securities, a call option, put options and other financial instruments which are categorised into Level 3 of the fair value hierarchy. The team reports directly to the chief financial officer. A valuation report with analysis of changes in fair value measurement is prepared by the team at each interim and annual reporting date, and is reviewed and approved by the Group's management.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

*Fair value hierarchy (continued)*

	Fair value measurements as at 31 December 2025 categorised into			
	Fair value at 31 December 2025 US\$'000	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Unlisted debt and equity securities (note 15)	6,997	–	–	6,997
Structured deposits (note 15)	14,280	–	–	14,280
Options embedded in the convertible notes issued by the Company (note 27(b))	2,933	–	–	2,933
Money market funds issued by financial institutions (note 15)	5,624	–	5,624	–
Financial liabilities:				
Contingent liabilities in business combination (note 21)	(5,879)	–	–	(5,879)

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

*Fair value hierarchy (continued)*

	Fair value at 31 December 2024 US\$'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Unlisted debt and equity securities (note 15)	9,883	–	–	9,883
Convertible bond issued by equity- accounted investees	12,971	–	–	12,971
Structured deposits (note 15)	51,817	–	–	51,817
Financial liabilities:				
Contingent liabilities in business combination (note 21)	(4,935)	–	–	(4,935)
Convertible bonds issued by a subsidiary (note 27(a))	(147,133)	–	–	(147,133)
Options embedded in the convertible notes issued by the Company (note 27(b))	(5,534)	–	–	(5,534)
Put option written to SRL Put Option (note 17(ii))	(7,500)	–	–	(7,500)

During the year ended 31 December 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3.

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

##### Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Range
Unlisted equity securities	Equity allocation model (Note a)	Expected volatility	61%
		Expected probability of event	55%
Contingent liabilities	Probability-weighted discounted cash flow method (Note b)	Expected probability of achievement of milestones and conditions	100%
Structured deposits	Net asset value (Note c)	Expected rate of return	From 0.65% to 2.20%
Early redemption options in relation to the convertible bonds	Binomial tree model (Note d)	Expected volatility	30%
		Expected probability of event	20%

Note a As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 10% would have increased/decreased the Group's loss by US\$272,000/US\$273,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by US\$75,000/US\$77,000.

Note b As at 31 December 2025, it is estimated that with all other variables held constant, a decrease in the expected probability of achievement of milestones and conditions by 10% would have decreased the Group's loss by US\$568,000.

Note c As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease of 100 basis points in the expected rate of return would have decreased/increased the Group's loss by US\$163,000/US\$92,000.

Note d As at 31 December 2025, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have increase the Group's loss by US\$19,939,000/US\$12,291,000 and an increase/decrease in the Expected probability of event by 10% would have decreased/increased the Group's loss by US\$15,841,000/US\$15,422,000.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 31 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

### (e) Fair value measurement (continued)

#### (i) Financial assets and liabilities measured at fair value (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	<b>Financial assets</b>	<b>Financial liabilities</b>
	US\$'000	US\$'000
At 1 January 2025	74,671	(165,102)
Additions	977,715	–
Changes in fair value recognised in profit or loss during the year	(298)	(24,688)
Settlements	(961,881)	177,580
Derecognition in relation to the disposal of subsidiaries	(57,012)	–
Transfer into preferred shares of an associate	(12,108)	–
Interests paid	–	9,264
Exchange adjustments	190	–
At 31 December 2025	21,277	(2,946)

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

As at 31 December 2025, the quoted market value of the 2028 Convertible Bonds is approximately US\$243.4 million.

Except for the 2028 convertible bonds, the carrying amounts of the Group's other financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

## 32 COMMITMENTS

Capital commitments outstanding at 31 December 2025 not provided for in the financial statements were as follows:

	<b>2025</b>	2024
	US\$'000	US\$'000
Contracted for	<b>37,868</b>	48,902
Authorised but not contracted for	<b>68,077</b>	85,824
	<b>105,945</b>	134,726

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 33 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid individuals as disclosed in note 8, is as follows:

	2025 US\$'000	2024 US\$'000
Salaries and other benefits	8,278	5,718
Discretionary bonuses	1,217	1,067
Retirement scheme contributions	293	169
Equity-settled share-based payment expenses	9,678	11,377
Cash-settled share-based payment expenses	37	108
	<b>19,503</b>	18,439

Total remuneration was included in staff costs (note 5(b)).

### (b) Financing arrangements

	2025 US\$'000	2024 US\$'000
Loans to equity-accounted investees	23,984	5,699
Loans repaid by equity-accounted investees	11,355	1,623
Interest income on loans to equity-accounted investees (Note)	598	49
Loans from equity-accounted investees	10,231	2,057
Loans repaid to equity-accounted investees	1,958	2,370

In addition, the Group provided financial guarantee to certain equity-accounted investees for their bank facilities. As at 31 December 2025, bank loans amounting to US\$42,537,000 drawn down by these equity-accounted investees were guaranteed by the Group (31 December 2024: US\$43,392,000). As at 31 December 2025, the Group made a provision of the financial guarantee amounting to US\$3,000,000. Except for the individual provision made, management of the Group consider the default risk of financial guarantee is insignificant and no expected credit loss was recognised in this regard for the years ended 31 December 2025 and 2024. The liquidity risk arising from the financial guarantee issued is disclosed in note 31(b).

As disclosed in note 27(b), the Group issued the 2029 Convertible Loans to the Original Lenders. One of the Original Lenders, namely Jumbo Glorious Limited ("Jumbo Glorious") is wholly owned by a family member of a director of the Company and lent the Group the 2029 Convertible Loans with a principal amount of US\$20,000,000.

Note: As at 31 December 2025, loans to equity-accounted investees of the Group bore an interest rate at 0.10% – 7% per annum. (2024: 1.35% – 7.00% per annum).

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (c) Sales to related parties

For the years ended 31 December 2025 and 2024, the Group entered into sales transactions with the following related parties:

Name of party	Relationship
Thai Otsuka Pharmaceutical Co., Ltd.	Subsidiary of Otsuka Holdings Co., Ltd. ("Otsuka Holdings"), the controlling party of former substantial shareholder of the Company (Note)
Otsuka (Philippines) Pharmaceutical, Inc.	Subsidiary of Otsuka Holdings
P.T. Otsuka Indonesia	Subsidiary of Otsuka Holdings
Otsuka Pakistan Ltd.	Subsidiary of Otsuka Holdings
KISCO Co., Ltd.	Subsidiary of Otsuka Holdings
Zhejiang AccuPath Smart Manufacturing (Group) Co., Ltd. ("AccuPath")	Equity-accounted investee of the Group
Purple Medical Solutions Private Limited ("Purple Medical")	Equity-accounted investee of the Group
Suzhou All Bright Medical Technology Co., Ltd. ("All Bright")	Equity-accounted investee of the Group
EndoPhix Medtech Corporation ("EndoPhix")	Equity-accounted investee of the Group
Shenzhen MicroPort Surgical (Group) Co., Ltd. ("Shenzhen Surgical")	Equity-accounted investee of the Group
MicroPort Urocare (Jiaxing) Co., Ltd. ("Urocare")	Equity-accounted investee of the Group
Lombard Medical Limited ("Lombard")	Former equity-accounted investee of the Group (Note)

Note: As disclosed in the Company's announcement dated 25 July 2025, Otsuka agreed to sell a total of 290.7 million shares of the Company to certain investors. Upon the completion of the transaction in 2025, Otsuka is no longer the substantial shareholder of the Company, nor a related party of the Group.

Lombard was previously an equity-accounted investee of the Group and became a subsidiary since August 2024.

Particulars of the Group's sales transactions with these parties are as follows:

	2025 US\$'000	2024 US\$'000
Subsidiaries of Otsuka holdings	1,488	219
AccuPath	3,967	5,216
Purple Medical	2,526	1,548
All Bright	1,595	1,683
EndoPhix	1,207	1,650
Shenzhen Surgical	1,194	–
Urocare	1,045	288

Trade receivables due from related parties as disclosed in note 19 are unsecured, interest-free and expected to be recovered within one year.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 33 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

### (d) Other transactions with related parties

Particulars of the Group's other transactions with related parties are as follows:

Name of party	Relationship
EP MedTech	Equity-accounted investee of the Group
AccuPath	Equity-accounted investee of the Group
Endophix Medtech Corporation	Equity-accounted investee of the Group
SuZhou ProSteri Medical Technology Co., Ltd. ("SuZhou ProSteri")	Equity-accounted investee of the Group
Suzhou Reveda Medtech Co., Ltd. ("Reveda")	Former equity-accounted investee of the Group (Note)
Shanghai MicroPort Lifesciences Co., Ltd.	Equity-accounted investee of the Group
Brian Yale Chang ("Dr. Brian")	Immediate family member of a Director

Note: Reveda was previously an equity-accounted investee of the Group and became a subsidiary of the Group since April 2025.

Dr. Brian was appointed as the chief medical officer of the Company in June 2025. Since then, his remuneration was included in note 33(a).

	2025 US\$'000	2024 US\$'000
Purchase from equity-accounted investees	60,466	38,823
Service fee income from equity-accounted investees	9,373	9,824
Dividend income from an equity-accounted investee	1,025	–
Payment on behalf of equity-accounted investees by the Group	1,610	1,736
Transfer of non-current assets to equity-accounted investees	613	1,268
Service fee charged by Dr. Brian	84	236

### (e) Applicability of the Listing Rules relating to connected transactions

The related party transactions with subsidiaries of Otsuka Holding constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the paragraph "Connected transactions" in the reports of the directors.

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 34 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2025 US\$'000	31 December 2024 US\$'000
<b>Non-current assets</b>		
Investments in subsidiaries	1,437,812	1,356,388
Equity-accounted investees	793	3,793
Derivative financial assets	2,933	–
	<b>1,441,538</b>	1,360,181
<b>Current assets</b>		
Other receivables	10,413	5,659
Pledged and time deposits	–	30,185
Cash and cash equivalents	84,148	38,817
	<b>94,561</b>	74,661
<b>Current liabilities</b>		
Amounts due to subsidiaries	1,672	1,672
Other payables	3,021	1,111
Derivative financial liabilities	–	7,500
Convertible bonds	215,873	–
Interest-bearing borrowings	94,033	18,687
	<b>314,599</b>	28,970
<b>Net current (liabilities)/assets</b>	<b>(220,038)</b>	45,691
<b>Total assets less current liabilities</b>	<b>1,221,500</b>	1,405,872
<b>Non-current liabilities</b>		
Convertible bonds	139,513	369,945
Interest-bearing borrowings	155,259	242,907
Derivative financial liabilities	–	5,534
Other payables	2,513	2,496
	<b>297,285</b>	620,882
<b>NET ASSETS</b>	<b>924,215</b>	784,990
<b>CAPITAL AND RESERVES (note 29(a))</b>		
Share capital	19	18
Reserves	924,196	784,972
<b>TOTAL EQUITY</b>	<b>924,215</b>	784,990

# NOTES TO THE FINANCIAL STATEMENTS

(Expressed in United States dollars unless otherwise indicated)

## 35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2025 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

### **HKFRS 18, *Presentation and disclosure in financial statements***

HKFRS 18 will replace HKAS 1, *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity's financial statements. HKFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under HKFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt HKFRS 18 and is still in the process of assessing the impact of the adoption.

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