MicroPort 微创

MicroPort Scientific Corporation
微創醫療科學有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 00853)

2024
ANNUAL REPORT


创领心律医疗®
Rega DR
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Made in China

CONTENTS

CORPORATE INFORMATION

HONORARY CHAIRMAN
Mr. Hiroshi Shirafuji

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

NON-EXECUTIVE DIRECTORS
Mr. Hiroshi Shirafuji
Mr. Norihiro Ashida
Ms. Weiqin Sun
Dr. Qiyi Luo *(retired on 22 May 2024)*
Mr. Bo Peng *(retired on 22 May 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Jonathan H. Chou
Dr. Guoen Liu
Mr. Chunyang Shao

COMPANY SECRETARY
Ms. Yuen Wing Yan Winnie, *FCG, HKFCG*

AUTHORIZED REPRESENTATIVES
Dr. Zhaohua Chang
Ms. Yuen Wing Yan Winnie

AUDIT COMMITTEE
Mr. Jonathan H. Chou *(Chairman)*
Mr. Norihiro Ashida
Mr. Chunyang Shao

REMUNERATION COMMITTEE
Dr. Guoen Liu *(Chairman)*
Dr. Zhaohua Chang
Mr. Jonathan H. Chou

NOMINATION COMMITTEE
Mr. Chunyang Shao *(Chairman)*
Dr. Guoen Liu
Ms. Weiqin Sun

STRATEGIC COMMITTEE
Dr. Zhaohua Chang *(Chairman)*
Mr. Hiroshi Shirafuji
Mr. Jonathan H. Chou
Ms. Weiqin Sun
Dr. Qiyi Luo *(retired on 22 May 2024)*
Mr. Bo Peng *(retired on 22 May 2024)*

REGISTERED OFFICE
PO Box 309, Ugland 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
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183 Queen's Road East
Wanchai
Hong Kong

COMPANY WEBSITE
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

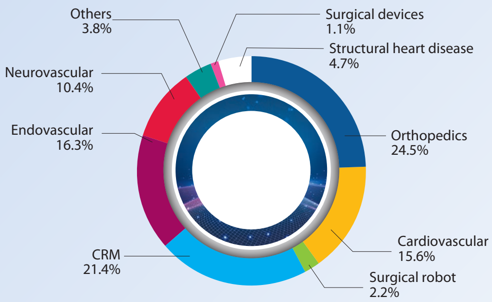
SECURITIES CODES
Stock: 00853.HK
Bonds: 40168.HK

FINANCIAL HIGHLIGHTS

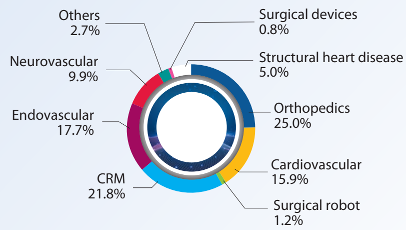
	Financial Year Ended		
	2024 US$'000	2023 US$'000	Change %
Revenue	**1,031,063**	950,725	Increased by 8.5%
Gross profit	**574,092**	532,098	Increased by 7.9%
Profit/(loss) for the year	**(268,459)**	(649,157)	Loss narrowed by 58.6%
Profit/(loss) attributable to equity shareholders of the Company	**(214,043)**	(477,629)	Loss narrowed by 55.2%
Profit/(loss) per share –			
Basic (in cents)	**(11.68)**	(26.19)	Loss narrowed by 55.4%
Diluted (in cents)	**(12.15)**	(27.17)	Loss narrowed by 55.3%
Non-HKFRS adjusted profit/(loss) for the year	**(222,786)**	(434,553)	Loss narrowed by 48.7%

Revenue Analysis

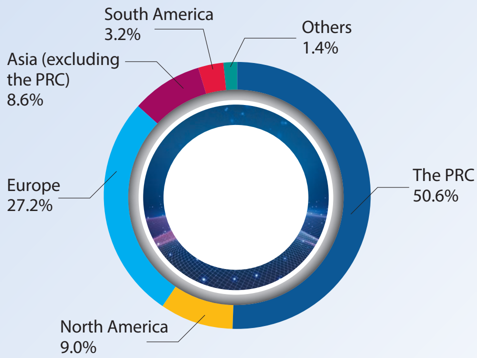
Revenue by Business Segment
For the Year Ended 31 December 2024



Revenue by Business Segment
For the Year Ended 31 December 2023
(restated)



Revenue by Geographical Region
For the Year Ended 31 December 2024



FIVE YEARS' FINANCIAL SUMMARY

	2024 US$'000	2023 US$'000 (restated)	2022 US$'000	2021 US$'000	2020 US$'000
Revenue	**1,031,063**	950,725	840,831	778,639	648,732
(Loss)/profit for the year	**(268,459)**	(649,157)	(588,115)	(351,295)	(223,348)
Assets					
Non-current assets	**1,896,149**	1,921,958	2,054,851	1,993,762	989,270
Current assets	**1,737,273**	2,010,447	1,939,234	2,386,767	1,479,863
Total assets	**3,633,422**	3,932,405	3,994,085	4,380,529	2,469,133
Liabilities					
Current liabilities	**1,179,013**	1,363,920	662,125	546,757	519,379
Non-current liabilities	**1,309,565**	1,165,488	1,539,292	1,616,280	561,808
Total liabilities	**2,488,578**	2,529,408	2,201,417	2,163,037	1,081,187
Total equity	**1,144,844**	1,402,997	1,792,668	2,217,492	1,387,946

COMPANY PROFILE

MicroPort Scientific Corporation (the "Company" or "MicroPort®") and its subsidiaries (collectively the "Group") is 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, cardiac rhythm management ("CRM"), endovascular and peripheral vascular devices, neurovascular devices, structural heart disease, surgical robot, 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. 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 Shanghai, Suzhou, Jiaxing, Shenzhen in China, Irvine, Memphis, Boston in the United States, outskirts of Paris in France, outskirts 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 10,000* patents (including applications).

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

During the year ended 31 December 2024 (the "Reporting Period"), we continued to focus on executing our Group's strategic transformation with the goal of improving the health of our financial statements. We concentrated on and consolidated our core businesses, aggressively promoted product exports, and strived to reduce costs, increase operational efficiency, and drive sustained growth in our Group's performance.

Facing a rapidly changing external environment and increasingly fierce industry competition, we made swift adjustment, proactively adapted to the evolving landscape, and solidly implemented various measures for strategic focus, costs reduction and expenditures control. In 2024, the Group recorded a net loss of US$268 million, representing a significant year-on-year narrowing of 59%. EBITDA* turned positive during the Reporting Period, improving from a loss of US$370.4 million last year to a gain of US$60.4 million. The Company's liquidity also improved, with a significant narrowing of 79% in operating cash outflow during the Reporting Period. In spite of the influence of the introduction of new domestic regulatory policies and market environment changes in the second half of the year, the Group still achieved a year-on-year revenue growth of 10%[Note 1] in 2024. It is worth mentioning that, by leveraging the overseas platforms of the Group, each business sub-segment swiftly achieved overseas sales in groups, which lead to a strong growth of 85%[Note 1] in revenue of our going abroad business.

On the operational level, the Group was more cautious in allocating internal resources. During the Reporting Period, our operating expense ratio# decreased by 29 percentage points year-on-year to 68% through enhancing our overall operational efficiency. Among them, while ensuring the continuous launch of innovative products as planned, by focusing on and emphasizing the return on investment in R&D, the research and development costs ratio# decreased from 40% to 21%. This has fully demonstrated the unique advantages of MicroPort® corporatization and platformization in improving efficiency, and will also lay a solid foundation for us to continue reducing loss and steadily realize a turnaround from loss to profit.

During the Reporting Period, the Group integrated its global business resources accumulated over the years to build a global commercialization platform to empower the domestically developed products of diverse business segments, enabling swift international market entry and fostering overseas sales. Up to date, our innovative products have reached more than 20,000 hospitals in over 100 countries and regions. The global commercialization platform utilizes core countries/regions as hubs to extend coverage to surrounding areas and facilitate integrated sales of all innovative products of the Group. This platform generates increasing revenue to the Group and empowers the Group's business segments in unlocking the boundless potential of exploring global markets and extending our commercial influence worldwide.

Innovation capability remains one of the fundamental and core competencies of the Group. During the Reporting Period, a number of products from different segments were intensively approved for launch as scheduled, continuously enriching and improving the integrated solutions within and between the Group's segments, persistently strengthening the overall competitiveness of the Group to expand the accessible market boundaries for the Group. During the Reporting Period and up to the date of this report, a total of 9 products from the Group were admitted in the national review and approval of innovative medical device (the "Green Path"), making a total of 39 products from the Group being included into the "Green Path", which marks the Group's tenth consecutive year of ranking first among peers in the medical device sector. During the Reporting Period and up to the date of this report, the Group had a total of 58 Class III medical devices initial registration certificates from the National Medical Products Administration of China ("NMPA"), and obtained 249 initial registration certificates in 43 overseas markets (countries and regions). Among them, 18 products have obtained the CE mark and 4 products have obtained FDA approval. [Note 2]

After 30 years of development and accumulation, MicroPort® has grown into a comprehensive and platform-based high-value medical device group and maintains its industry-leading position in multiple high-value consumable sectors, including cardiovascular, endovascular, neurovascular, surgical robot, structural heart disease, orthopedics and cardiac rhythm management. We provide integrated solutions to save and extend lives or enhance the quality of life. During the Reporting Period, each core business segment demonstrated steady performance:

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

The operating expense ratio is calculated by dividing the sum of research and development costs, distribution costs and administrative expenses by revenue. The research and development costs ratio is calculated by dividing research and development costs by revenue, same as hereinafter.

CHAIRMAN'S STATEMENT

In terms of the cardiovascular devices business, global revenue achieved a stable year-on-year growth of 9.9%[Note 1] during the Reporting Period. In overseas markets, the cardiovascular devices business achieved strong year-on-year sales revenue growth of 47.0%[Note 1] in overseas markets through precise market positioning and order acquisition in core markets; in China, MicroPort® continued to maintain its leading market share in the coronary stent products. During the Reporting Period, a number of products in the cardiovascular devices business were approved by the NMPA as scheduled, which include: Firesorb®, the world's first next-generation bioresorbable scaffold system, the Firelimus® Coronary Rapamycin-Eluting Balloon Dilatation Catheter, the FireFalcon® Coronary Scoring Balloon Catheter, the FireRaptor® Rotational Atherectomy System, the TomaHawk® Shockwave Intravascular Lithotripsy System, the Decypher™ Coronary Intravascular Ultrasound Imaging System and Outsight® Disposable Intravascular Ultrasound Imaging Catheter. The marketed products of the cardiovascular devices business have fully covered the fields of implantation devices, intervention without implantation devices, access devices, active devices, and imaging diagnosis devices, with the currently most comprehensive product portfolio in the world. In 2025, we will fully promote the marketing strategy for the coronary holistic solutions.

In terms of the orthopedic devices business, global revenue achieved a stable year-on-year growth of 6.2%[Note 1] during the Reporting Period, net loss narrowed by 67.1% year-on-year, and EBITDA turned positive as planned. During the Reporting Period, benefiting from the in-depth implementation of national volume-based procurement, sales revenue of the orthopedics business in China increased by 26.1%[Note 1] year-on-year. Overseas, the orthopedics international business achieved rapid sales growth in several overseas regions. Through the active combination of Sky Walker® Orthopedic Surgical Robot and Evolution® Medial-pivot Knee System, the sales growth of both products was efficiently and effectively boosted.

In terms of the CRM business, global revenue achieved a stable year-on-year growth of 7.2%[Note 1] during the Reporting Period, and EBITDA was also improved. In China, leveraging volume-based procurement, we accelerated the market penetration of pacemaker products. China business revenue saw a significant year-on-year increase of 51.3%[Note 1], with the coverage of hospitals continuously expanded. During the Reporting Period and as of the date of this report, our product portfolio of CRM business in China has been greatly enriched. We have comprehensively built a multi-level and full-cycle solution system, significantly smoothing out the generational differences between the Group's products and those imported brand products and helping us further expand our competitive edge in the China market. Overseas, the supply of upstream components for CRM business has been restored, and we are actively promoting the market for Bluetooth pacemaker systems and Bluetooth CRT-D products, and have taken the first step toward a holistic solution for left bundle branch area pacing (LBBAP).

In terms of the endovascular and peripheral vascular devices business, global revenue achieved US$169.5 million during the Reporting Period, which is relatively flat compared to the same period of last year, with revenue from the going-abroad business increasing significantly by 99.4%[Note 1] year-on-year and the proportion of overseas revenue continuing to rise by 13.6%. In terms of R&D, during the Reporting Period and up to the date of this report, we had 9 innovative products approved for launch by the NMPA, including seven peripheral vascular interventional devices, and 1 product entered the Green Path, continually enriching and improving the product portfolio around the thoracic aorta, abdominal aorta, peripheral and tumor devices domains. By far, this segment has exported 37 products to overseas markets, with product sales covering 40 countries in Europe and Latin America, etc. the Cratos® Branched Aortic Graft Stent System has been awarded a customized certificate by the European Union, which lays the foundation for its commercial implantation in overseas markets.

In terms of the neurovascular devices business, the Group achieved a global revenue growth of 14.4%[Note 1] year-on-year during the Reporting Period, with revenue from the going-abroad business showing a year-on-year growth of 137.6%[Note 1]. In China, this segment newly expanded its sales network to approximately 450 hospitals in 2024, with a cumulative coverage of approximately 3,400 hospitals, including over 2,000 tertiary hospitals and all of the top 100 hospitals in China's national stroke center ranking. In terms of R&D, from the beginning of 2024 and up to the date of this report, this segment has received NMPA approval for 9 new products. In overseas markets, Numen® Silk has obtained registration approval in the United States and European Union. To date, this segment has successfully introduced 8 products to the international market, with a cumulative commercialization in 30 overseas countries and regions.

CHAIRMAN'S STATEMENT

In terms of the structural heart disease business, the Group achieved a global revenue growth of 7.5%[Note 1] year-on-year during the Reporting Period, with revenue from the going abroad business achieving a robust increase of 108.3%[Note 1] compared to last year, and the net loss narrowed significantly by 88.8% year-on-year. Domestically, our TAVI products have expanded into over 80 hospitals in China with a cumulative coverage of over 630 hospitals, and maintained a stable growth in leading hospitals, and the AnchorMan® Left Atrial Appendage Closure System and its access system were approved by the NMPA, quickly contributing incremental revenue. In terms of going abroad business, as of the date of this report, VitaFlow Liberty® and AnchorMan® have received CE mark from the EU. As of now, our TAVI products have successfully entered over 100 key hospitals in more than 20 overseas countries and territories.

In terms of the surgical robot business, the Group achieved a significant global revenue growth of 146.0%[Note 1] year-on-year during the Reporting Period. In particular, revenue from domestic and overseas business achieved year-on-year growth of 84.4% and 388.2%[Note 1]. Net loss narrowed significantly by 37.3%. To date, the cumulative global orders of the surgical robot business have exceeded 100 units. In particular, the cumulative global orders of the core product Toumai® laparoscopic surgical robot ("Toumai®") exceeded 60 units and SkyWalker® orthopedic surgical robot exceeded 40 units, and the R-ONE® vascular interventional robot obtained 7 orders in the first year of commercialization. After successfully obtaining EU CE mark in May 2024, Toumai® accelerated overseas market access and obtained certification in nearly 20 countries and regions in the world, secured the orders of 20 units in overseas markets and successfully achieved 11 marketing and commercial installations.

Amid a complicated and rapidly evolving landscape, we will tackle challenges with strong determination and continue to prioritize improving the health of financial statements in the future. With a focus on core businesses, we will deepen domestic market penetration and accelerate global expansion. By adopting a innovative marketing approach, we aim to increase market presence and service capabilities domestically and globally, driving product penetration in a more efficient manner, expanding coverage for its products and expediting the market adoption of all medical solutions of the Group. Concurrently, we will continue to solidify its internal capabilities, refine operational resource management, and focus on input-output ratios. We will promote high-quality and stable development through "innovation", "scale" and "globalization", whereby consolidating and further expanding our competitive leadership in the competitive industry and forging our profitability.

Dr. Zhaohua Chang
Chairman

28 March 2025

Note 1: All the revenue growth rates mentioned above are the information compared to the corresponding period of last year and excluding the foreign exchange impact.

Note 2: Include the numbers of equity-accounted investees of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

In 2024, the international environment remained complex and volatile, with a high level of geopolitical tensions and global trade frictions, uncertainties in economic policies rose significantly. China was steadfastly advancing high-quality development with long-term positive momentums in the economy.

With the increasing aging population of the global society and the rising demand for high-quality medical devices from end-users, the overall medical device industry has maintained steady growth in long-term demand. According to the the Medical Device Supply Chain Association of China Federation of Logistics & Purchasing, the market size of China's medical device industry was expected to exceed CNY1.2 trillion in 2024, representing a stable increase of approximately 2.2%. Throughout the year, government authorities continuously introduced policy packages with focus on advancing DRG/DIP payment reforms, enhancing the quality and expanding the scope of volume-based procurement for high-value consumables, and supporting innovation as the core. These policies aimed to drive high-quality industry development and achieve refined management of medical insurance funds. In 2024, total revenue from the national basic medical insurance fund amounted to CNY3.48 trillion, representing a year-on-year increase of 4.4%, while total expenditures of the national basic medical insurance amounted to CNY2.97 trillion, representing a year-on-year increase of 5.5%. The excessive increase in basic medical insurance expenditures has been moderated, reflecting improved alignment between expenditure and revenue growth rates, as well as enhanced quality and efficiency in medical insurance management. In the future, the policies are expected to explore a diversified healthcare payment system, such as commercial insurance and charitable mutual aid, while ensuring the implementation of basic medical insurance, so as to collectively contribute to the Healthy China initiative.

Medical companies with international competitiveness are actively developing diversified markets globally. By promoting and strengthening full-chain empowerment, enterprises establish global innovation network systems, such as overseas R&D and clinical trials, and cultivating international professional service organizations, which is beneficial to medical device groups that have established overseas brand building, possessed global academic influence, and accumulated global innovation network systems and extensive channel resources.

As a leading global enterprise of innovative high-end medical devices, the Group has established comprehensive marketing and service network platforms at home and abroad with a grid-like coverage. The Group's overall operational efficiency was enhanced by refining resource allocation. Additionally, successive approvals and access to innovative products in domestic and overseas markets will accumulate abundant reserves for the Group to achieve higher performance targets.

Despite facing rapid changes and increasingly complex external environments, especially the introduction of industry policies and changes in market conditions in the second half of 2024, the Group still achieved revenue of US$1,031.1 million, representing a year-on-year growth of 9.6% excluding the foreign exchange impact. Especially by leveraging the intensification advantages of the global platform that integrates all of the Group's overseas resources, revenue from the going-abroad business of the Group recorded a year-on-year increase of 84.7% excluding the foreign exchange impact.

With the goal of improving profitability, the Group has implemented innovative management reforms in marketing models, resource synergy and service empowerment. The Group facilitated the implementation of resource focus and cost optimization measures, resulting in operational efficiency improvement. During the Reporting Period, the Group's total distribution costs, administrative expenses and research and development costs decreased significantly by US$216.5 million, representing a year-on-year decline of 23.6%, and the proportion of the Group's operating expense ratio decreased by 28.5 percentage points year on year (the research and development costs ratio decreased by 19 percentage points year-on-year). During the Reporting Period, the Group recorded a net loss of US$268.5 million, representing a significant drop of 58.6% as compared to last year. In addition, the Group's EBITDA turned positive during the Reporting Period, improving from a loss of US$370.4 million last year to a gain of US$60.4 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Innovation capability remains one of the fundamental and core competencies of the Group. During the Reporting Period, a number of products from different segments were intensively approved for launch as scheduled, continuously enriching and improving the integrated solutions within and between the Group's segments, persistently strengthening the overall competitiveness of the Group to expand the accessible market boundaries for the Group. During the Reporting Period and up to the date of this report, a total of 9 products from the Group were admitted in the national review and approval of innovative medical device (the "**Green Path**"), making a total of 39 products from the Group being included into the "Green Path", which marks the Group's tenth consecutive year of ranking first among peers in the medical device sector. During the Reporting Period and up to the date of this report, the Group had a total of 58 Class III medical devices initial registration certificates from the National Medical Products Administration of China ("**NMPA**"), and obtained 249 initial registration certificates in 43 overseas markets (countries and regions). Among them, 18 products have obtained the CE Mark and 4 products have obtained FDA registration license.[Note]

Amid a rapidly evolving landscape, the Group will face up to the difficulties with strong determination and continue to prioritize improving the health of financial statements in the future. With a focus on core businesses, the Group will deepen domestic market penetration and accelerate global expansion. By adopting a platform-driven marketing approach, the Group aims to increase market presence and service capabilities domestically and globally, driving product penetration in a more efficient manner, expanding coverage for its products and expediting the market adoption of all medical solutions of the Group. Concurrently, the Group will continue to solidify its internal capabilities, refine operational resource management, and focus on input-output ratios. The Group will promote high-quality and stable development, consolidate and further expand our competitive leadership in the competitive industry through the engines of "innovation", "scale" and "globalization".

Cardiovascular Devices Business

The cardiovascular devices business provides comprehensive treatment solutions for coronary artery-related diseases. Over years of development, the Group has transformed its cardiovascular devices business from a focus on balloons and stents only to a full-spectrum offering across six categories: implantable devices, interventional implant-free solutions, access devices, active devices, imaging device, and emergency and critical care, and continued to enhance its product lineup in microcirculation and cardiac function improvement during and post-PCI procedures. As one of enterprises featuring the most complete product lines in the coronary artery segment to date, the Group offers patients and doctors with an accessible integrated solution for the treatment of coronary artery diseases.

The cardiovascular devices market continues to grow due to expanded clinical demand and innovative technology applications. Due to trends including accelerated aging of the global population and the increasing incidence of cardiovascular disease among younger generations, the number of patients with cardiovascular diseases increased. In the meantime, the high number of comorbidities and the high incidence of complications make the diagnosis and treatment of such diseases a global challenge. In recent years, coronary interventions have become more and more precise and efficient. Precision medicine represented by intracavitary imaging technology has become a new trend in diagnosis and treatment, and innovative treatments like active intervention provide new choices for complex lesions. Surgical robots enhance the connectivity among devices, making surgeries more digital, precise and intelligent. The global cardiovascular interventional terminal market is expected to grow steadily over the long term due to the increase in the number of patients suffering from cardiovascular diseases and the support of a number of innovative technologies.

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

MANAGEMENT DISCUSSION AND ANALYSIS

The cardiovascular devices business grew steadily, and a total solution of strategic expansion has been implemented to facilitate the Group in expanding new market frontiers for the coronary business. As one of the global enterprises with the most comprehensive product portfolio in the coronary segment by far, as of the end of the Reporting Period, the cardiovascular devices business of the Group had multiple drug eluting stents, balloon products, accessories and cardiovascular intravascular imaging products on sale. During the Reporting Period, the Group's cardiovascular devices business achieved global revenue of US$165.7 million, representing a steady year-on-year increase of 9.9% excluding the foreign exchange impact. The synergistic effects of the integrated cardiovascular devices business in respect of product production and sales have begun to manifest with a decrease of 17.5 percentage points in the ratio of operating cost to revenue for this segment during the Reporting Period.

– **In overseas markets, diversified product portfolio and extensive sales network drove robust growth in revenue.** During the Reporting Period, revenue from this business segment in overseas markets increased by 47.0% year on year excluding the foreign exchange impact. Through precise market buildout and securing orders in core markets, the Group maintained competitive advantages across major oversea regions during the Reporting Period, driving sustained growth in stent products and steady market share expansion. Notably, the Group's cardiovascular devices business recorded strong growth of 60.6% excluding the foreign exchange impact in Europe, the Middle East and Africa (the "EMEA"). It saw significant revenue growth in Latin America due to expanded sales channels, while Asia Pacific (excluding China) also saw an increase in the overall revenue due to channels expansion. With the Group's continuous efforts in overseas channel expansion and untapped market development, as of the end of the Reporting Period, stent products had covered 92 overseas countries and regions, and balloon products had covered 87 countries and regions. Meanwhile, the Group successfully upgraded product portfolios in multiple countries and regions globally, further boosting growth in overseas revenue from stent products and expanding market coverage. On the overseas clinical study front, the Group presented results of key clinical studies on Firehawk® stent, including TARGET 3C, TARGET AC 5-year bifurcation subgroup, TARGET IV NA, and TARGET DAPT, at global industry conferences such as PCR and TCT. Under the support of more abundant global clinical research data, the Group will provide more high-quality and affordable integrated cardiovascular intervention solutions for worldwide patients, significantly enhancing the clinical recognition and global influence of the Group's products.

– **In China, the leading position of the Group's stent products was solidified to accelerate the commercialization of newly approved products.** During the Reporting Period, revenue from this business segment in the Chinese market recorded a year on year increase of 2.0% excluding the foreign exchange impact. The synergistic effect of the integrated cardiovascular interventional business on the non-stent businesses in terms of supply chain optimization and sales efficiency improvement begins to show.

With the normalization of volume-based procurement and the continuous optimization of the relevant policies, the Group's cardiovascular devices business segment has accumulated competitive advantages by dint of its excellent product quality, abundant production capacity, extensive and in-depth sales channels and lean production management, consolidating its leading market share in the cardiovascular interventional field. The Group continued to develop the untapped markets. As at the end of the Reporting Period, the drug eluting stents had cumulatively covered more than 3,500 hospitals, and balloon products had covered approximate 1,500 hospitals in China. Meanwhile, the Group has accelerated the commercialization activities of newly certified products. The world's first new generation Firesorb® Bioresorbable Scaffold System ("Firesorb®"), since receiving marketing approval in July 2024, has been extensively promoted across China through diverse forms, multi-channel, and high-frequency promotional campaigns, contributing to sales revenue during the Reporting Period.

In addition to cardiovascular implantable device products, based on the Group's years of accumulated research and development innovation, as of the date of this report, a number of products in this business segment were approved by the NMPA for marketing. Our product portfolios centered around intraoperative and postoperative coronary PCI procedures were improved on an ongoing basis. Regarding the "interventional without implantation" treatment solution of the coronary segment, the Group received marketing approval from the NMPA and commenced its commercialization for Firesorb® during the Reporting Period. Firelimus® Coronary Rapamycin-Eluting Balloon Dilatation Catheter was approved by the NMPA in January 2025 and is currently the only coronary Rapamycin-eluting balloon for the treatment of bifurcation lesions. In the field of coronary access devices, the specialized balloon FireFalcon® Coronary Scoring Balloon Catheter, the Firefighter™ Pro mini Coronary Balloon Catheter, the Bilumos® Dual-lumen Microcatheter, among others, have been approved by the NMPA for market launch. In the field of active devices, the intravascular piezoelectric guidewire system entered the Green Path, and the FireRaptor® Rotational Atherectomy System and Disposable Coronary Rotational Atherectomy Catheter, the TomaHawk® Shockwave Intravascular Lithotripsy System, among others, have been approved by the NMPA for market launch, collectively establishing a solution for high-resistance coronary lesions and providing powerful pretreatment tools for a wide range of coronary interventional physicians. In the field of imaging diagnostic devices, the Decypher™ Coronary Intravascular Ultrasound Imaging System and Outsight® Disposable Intravascular Ultrasound Imaging Catheter were approved, which will assist operators in delivering high-quality and efficient guidance for precise interventions.

The launch of the above innovative products as planned has enabled the fully implementation of the Group's market promotion strategy for the total solutions of the cardiovascular intervention segment, which is conducive to the Group fostering a differentiated competitive advantage and significantly enhancing its overall competitiveness in the global market. By leveraging the mature channels of cardiovascular interventional devices and commercialization capability of going-abroad platforms, these products will inject new growth momentum into performance growth of its cardiovascular devices segment.

Orthopedics Devices Business

The orthopedics devices business offers comprehensive solutions for the treatment of orthopedic problems, with an extensive range of orthopedics products that include reconstructive joints, spine and trauma products, and other specialized implants and instruments.

The global orthopedics devices market has stable long-term demand, with domestic substitution accelerating in China's market. The global orthopedics market has recovered from the COVID-19 pandemic and the leading companies remain in a very strong position. The global knee joint and hip joint markets remained steady, demonstrating a growth trend in the knee joint market driven by recent additions to the product portfolio, such as robotic-assisted surgical solutions. In China's market, a new round of volume-based procurement of orthopedic implant consumables has been implemented in a deep manner with a notable trend in the domestic substitution, unleashing growth potentials of domestic brands.

Losses significantly reduced and EBITDA turned positive during the Reporting Period. During the Reporting Period, the Group's orthopedics devices business recorded global revenue of US$252.7 million, representing a year-on-year increase of 6.2% excluding the foreign exchange impact. The net loss of global orthopedics business narrowed by 67.1% year on year and EBITDA maintained robust growth momentum in the second half of 2024 and turned positive during the Reporting Period through continuous global production cooperation and implementation of various initiatives to reduce costs and increase efficiency.

– **The international (non-China) orthopedics devices business exhibited versatility and resilience.** During the Reporting Period, revenue from the international (non-China) orthopedics devices business increased by 3.6% year on year excluding the foreign exchange impact. Among which, revenue from the EMEA region increased by 16.8% year on year excluding the foreign exchange impact, with a year-on-year growth of 7.2% in Japan excluding the foreign exchange impact. Meanwhile, an optimized and restructured management team of the international (non-China) orthopedics devices business was proactively working to repair the lagging impact of the previous back orders on commercial penetration in North America for a quick return to performance growth in such region. In terms of the implementation of marketing strategies to promote the development of new market channels, the Group has provided precise and personalized knee joint replacement solutions to patients around the world through the active combination of its SkyWalker® Orthopedic Surgical Robot and Evolution® Medial-pivot Knee System, which significantly shortens the learning curve of physicians, improves surgical accuracy and efficiency and effectively boosts the sales growth of both products; during the Reporting Period, sales revenue of knee joint products from the international (non-China) orthopedics devices business increased by 7.4% year on year excluding the foreign exchange impact. During the Reporting Period, the Group actively diversified its suppliers, striving to further minimize the risks associated with reliance on a single supplier, and constantly strengthening cooperation and coordination in the global supply chain of the orthopedics business. During the Reporting Period, the Evolution® Tibial Cones was approved for market launch from FDA, further enriching the product line of overseas business.

– **The orthopedics devices business in China saw a stable growth in revenue, with a remarkable achievement in reducing costs and improving efficiency.** During the Reporting Period, revenue from the orthopedics devices business in China increased by 26.1% year on year excluding the foreign exchange impact. In respect of the joint business, in the the renewal of the national volume-based procurement policy for artificial joints, all of the Group's joint products won the bidding, and a number of new products approved in recent years were also included in the volume-based procurement. With the implementation of volume-based procurement this round, the Group achieved rapid growth in sales and implantation volume of hip joint product and knee joint product during the Reporting Period due to its extraordinary product design concepts, quality of its products and the dual-line product portfolio advantage of both domestic and imported products. During the Reporting Period and up to the date of this report, the Group received the approval to enter into "Green Path" for its wrist joint prosthesis portfolio, and the Group received NMPA approval for its zirconium-niobium femoral condyle and the Evolution® CCK Revision Knee System ("Evolution® CCK"). Evolution® CCK is the revision prosthesis of Evolution®, a star product of the Group, which will further expand the knee joint replacement market and contribute to the provision of a full range of joint reconstruction solutions for the clinic setting. During the Reporting Period, the orthopedics devices business in China continued to promote the integration of regional platforms and optimization and construction of channels to strengthen regional coverage efficiency.

CRM Business

The CRM business is committed to creating the world's leading CRM solutions, and principally engaged in developing, manufacturing and marketing products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used in combination.

CRM business remains stable, while import substitution is accelerating in emerging market. The scale of the global CRM devices market is expected to grow at a single-digit rate. Besides, driven by composite factors such as rising awareness in the Chinese market, improved healthcare infrastructure and government centralized volume-based procurement policies, the domestic substitution trend is expected to become more prominent in the future.

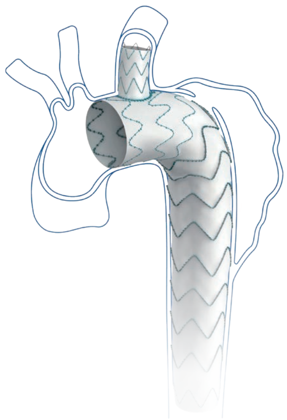
Overseas business remained stable, with significant contribution from the business growth in China's market. During the Reporting Period, the CRM business recorded global revenue of US$220.6 million, representing a year-on-year increase of 7.2% excluding the foreign exchange impact, with EBITDA improved compared to last year.

– **The supply of parts and products overseas recovered with stable overseas business.** During the Reporting Period, revenue from the international (non-China) CRM business increased by 3.4% year on year excluding the foreign exchange impact. The upstream parts supply problem has been comprehensively solved. During the Reporting Period, the Group restructured the overseas sales management team for this business segment. These adjustments and optimizations, along with successful tender activities in some areas, resulted in sales growth contributed by certain overseas regions (such as Southern Europe and other regions) during the Reporting Period. In terms of new product promotion, during the Reporting Period, the first commercial implantation of Alizea™ ("Alizea™") implantable Bluetooth pacemaker and its accessory product VEGA™ pacing lead in the U.S. was successfully completed, while the first commercial implantations of TALENTIA™ and ENERGYA™ ICDs & CRT-D has been completed after their launch in Europe. In terms of market entry, a number of our products were simultaneously approved for marketing in some countries and regions. Notably the TALENTIA™ Implantable Cardioverter-Defibrillator (ICDs) and Cardiac Resynchronization Therapy and Defibrillation Devices (CRT-Ds) that support Bluetooth® remote monitoring and are compatible with 3T MRI receiving CE mark approval in the European Union and being approved for market launch in Australia and Japan. The SmartView Connect™ App mobile for Bluetooth® remote monitoring has received CE MDR certification from the European Union, which enables the remote monitoring function via the smartphone of the patient through connecting pacemakers, implantable cardioverter defibrillator (ICD) and cardiac resynchronization therapy defibrillator (CRT-D) via Bluetooth. In response to the industry trends in technological transformation, the Group offered a new indication for left bundle branch area pacing (LBBAP) by upgrading the existing latest series of implantable pacemakers, namely ALIZEA™, BOREA™ and CELEA™, and it was approved in the European Union, marking the first step of the Group in the exploration of LBBAP solutions. In February 2025, the Group started the enrollment of the first group of patients for POLARIS, a clinical study conducted in Europe. The research project aims to evaluate the safety and performance of the innovative FLEXIGO™ Catheter System in delivering pacing leads to the interventricular septum, with particular attention to its performance during lead implantation in left bundle branch area pacing (LBBAP). The Group will continue to improve the comprehensive solutions of left bundle branch area pacing so as to benefit more patients with CRM.

– **In China, bid winning in volume-based procurement accelerated market penetration and extensively enriched product portfolio.** During the Reporting Period, revenue from the CRM business in China increased by 51.3% year on year excluding the foreign exchange impact. The Group accelerated marketing efforts by dint of volume-based procurement, developing new hospitals and expanding channel construction. As of the Reporting Period, the domestic pacemaker products of the Group had reached over 1,300 hospitals. During the Reporting Period, the Group achieved a significant year-on-year increase of 56.1% excluding the foreign exchange impact in the sales of the pacemakers and a year-on-year increase of 34.4% excluding the foreign exchange impact in the sales of lead products. The Group's first new-generation ENO™ series pacemaker, compatible with 1.5T/3.0T whole-body MRI examinations, was approved for market launch in January 2024 and contributed revenue during the Reporting Period. Meanwhile, flagship products such as the Vega™ active fixation pacing leads, the first domestic single-chamber and dual-chamber ICD product, and BonaFire™, a domestically self-developed whole-body MRI-compatible passive fixed pacing lead, and China's first and currently only domestically produced TEN™ series pacemaker that achieved compatibility with 3.0T whole-body MRI examinations were also successively approved for market launch, enabling the Group's CRM business in China to gradually complete the layout of its full range of products, significantly smoothing out the generational differences between the Group's products and those imported from overseas leading companies, enhancing the Group's competitiveness in an all-round manner and further consolidating the leading position of our domestic brands in the market.

MANAGEMENT DISCUSSION AND ANALYSIS

Endovascular and Peripheral Vascular Devices Business



The endovascular and peripheral vascular devices business ("Endovastec") focuses on providing integrated disease solutions for the interventional treatment of abdominal and thoracic aortic aneurysms, peripheral vascular diseases, aortic dissection aneurysms and other arteriovenous related diseases.

Endovastec continuously benefited from market expansion and gradually realized import substitution in China's market. With the increase in the detection and diagnosis rates of diseases in the field of aortic and peripheral vascular interventions, extensive clinical experience, the rising health awareness of the people and the increasing aging population, the market size of aortic and peripheral vascular interventional medical devices in China is expected to continue to grow.

With further abundant and comprehensive peripheral vascular product portfolios, the development of globalization was accelerating. Due to the introduction of new industry policies and market changes in the second half of 2024, Endovastec experienced pressure on its revenue and profit growth. During the Reporting Period, the revenue of Endovastec amounted to US$169.5 million, representing a year-on-year increase of 1.6% excluding the foreign exchange impact. During the Reporting Period, Endovastec's product innovations have been effectively transformed, further diversifying and improving various product portfolios, such as aortic devices, peripheral vascular devices and tumor intervention devices. On the other hand, Endovastec proactively pushed forward the development of innovative products in the international business market. During the Reporting Period, Endovastec's overseas revenue increased significantly by 99.4% year on year, and the share of overseas revenue increased to 13.6% of this segment.

– **In China, the Group deepened and broadened the market coverage to enhance the market competitiveness and coverage of peripheral vascular interventional products.** Endovastec has focused particularly on marketing channel distribution targeting second-, third-, and fourth-tier cities and some populous counties, meanwhile, enhancing the market coverage of the company's products, and establishing a platform for academic exchanges to bolster industry development. As of the end of the Reporting Period, the products of this segment had entered more than 2,400 hospitals in China, saving the lives of more than 280,000 patients. The ever-expanding market coverage has led to the continuous growth of implantations of our products, which has continuously enhanced the market share and competitiveness of Endovastec in the aortic and peripheral vascular devices market. During the Reporting Period and as of the date of this report, Endovastec received marketing approval from the NMPA for nine innovative products, including seven peripheral vascular interventional devices such as L-REBOA® aortic occlusion balloons, Vflower® venous stent systems, Vewatch® vena cava filters, SeaDragon™ peripheral Balloon Catheters, Vepack® filter retrievers, HawkNest™ fibered embolization coils and ReeAmber® bare peripheral balloon catheters. These approvals marked the initial formation of a comprehensive peripheral vascular product portfolio. In the aortic field, the Cratos® Branched Aortic Graft Stent System received marketing approval from the NMPA in March 2025. In the same month, the Tipspear® Transjugular Intrahepatic Puncture Kit received registration approval, marking the first tumor interventional product from Endovastec to be approved for market launch. In early 2025, the Hector® Thoracic Aorta Multi-Branch Stent of Endovastec was approved for entry into the "Green Path". This product represents Endovastec's first triple-branch stent, further extending aortic endoluminal treatment to the entire aortic arch, addressing the urgent clinical needs. Steady progress was also achieved in our product candidates, of which, the Aegis® II Abdominal Aortic Graft Stent and Delivery System completed clinical implantation, the thoracic aorta multi-branch graft stent system was currently in the design evaluation stage, the mechanical thrombectomy catheter has completed the submission of registration materials, the thrombus protection device completed clinical implantation, the detachable fibered embolization coil completed the submission of registration materials, the below-the-knee drug-coated balloon catheter has completed clinical implantation, the peripheral vascular drug-eluting stent system was in the clinical implantation stage, the HepaFlow® TIPS Graft Stent System completed clinical implantation, and the polyvinyl alcohol embolization microsphere completed the submission of registration materials. Going forward, Endovastec will continue delivering tiered, serialized innovative products by consistently focusing on integrated disease solutions for aortic, peripheral vascular and tumor intervention.

– **Continuous efforts were made to promote the access and expansion of various innovative products into overseas markets.** During the Reporting Period, overseas revenue from Endovastec significantly increased by 99.4% year on year excluding the foreign exchange impact. The share of overseas revenue increased to over 13% of this segment. As of the end of the Reporting Period, the product sales of Endovastec covered 40 countries and regions. Among them, the Castor® Branched Aortic Stent Graft and Delivery System has entered into a total of 22 countries, the Minos® Abdominal Aortic Stent Graft and Delivery System has entered into a total of 24 countries, the Hercules® Low Profile Thoracic Stent Graft and Delivery System has entered into a total of 24 countries. Through the acquisition and integration of Lombard Medical which has extensive experience in the market and industry, Endovastec deepened its long-standing partnership with Lombard Medical and will have a mature overseas sales network covering the European market, and rich market and channel resources, which will help it expand its products in mainstream medical device markets such as the U.S. and Japan, and guarantee the continued and stable implementation of its globalization strategy. Endovastec also actively explored the simultaneous pre-market clinical studies and application of its innovative products under development in China and abroad. The Cratos® Branched Aortic Stent Graft and Delivery System has received the European Union Customized Certificate and initiated pre-market clinical trials overseas. The Hector® Thoracic Aorta Multi-Branch Stent has successfully completed multiple clinical trial implants in countries such as Switzerland and Italy, with favorable surgical outcomes and recognition from international clinical experts. In the future, Endovastec will introduce more quality and innovative high-end medical device portfolios to the overseas markets, in a bid to benefit more patients with circulatory diseases worldwide.

Neurovascular Devices Business

The neurovascular devices business ("MicroPort NeuroScientific") focuses on the R&D, production and commercialization of neurovascular therapeutic and access devices for the treatment of neurovascular diseases, including hemorrhagic stroke, cerebral atherosclerotic stenosis, and acute ischemic stroke.

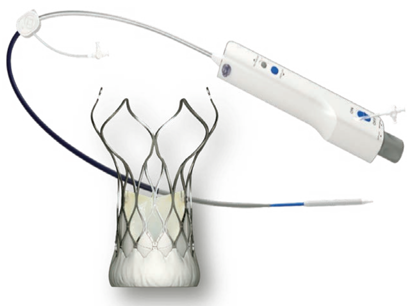
The clinical demand in the global stroke market continues to grow, and the policy guidance promotes high-quality development of neurovascular medical device in China. Aging, younger onset and unhealthy lifestyles are continually increasing the number of stroke patients globally, especially in China where stroke is the leading cause of death. The trend toward younger patients and urban-rural differences, coupled with the rapid advancement of medical technology, are driving the rapid development of neurovascular interventional treatment. With the Chinese government introducing a series of policies to promote the high-quality development of the industry, it is anticipated that the neurovascular medical device market in China will shift to cost- and innovation-orientation, and the concentration of the industry will further increase.

Operating results has grown rapidly with breakthroughs made in overseas commercialization. During the Reporting Period, by continuously enhancing domestic hospital coverage and accelerating global business rollout, MicroPort NeuroScientific recorded revenue of US$107.0 million, representing a year-on-year increase of 14.4% excluding the foreign exchange impact, in which overseas revenues doubled from the corresponding period of last year, and the share of overseas revenue increased to 9.9% of this segment. Through the implementation of supply chain improvement and cost-saving measures, the operational efficiency of MicroPort NeuroScientific has been further enhanced.

- **In China, the professional business team continued to expand the market coverage of innovative products, and provide highly customized and accurate therapeutic support in a professional manner.** During the Reporting Period and as of the end of the Reporting Period, MicroPort NeuroScientific newly expanded its sales network to approximately 450 hospitals, with a cumulative coverage of approximately 3,400 hospitals, including over 2,000 tertiary hospitals and all of the top 100 hospitals in China's national stroke center rankings, cumulatively supporting approximately 210,000 neurovascular interventions. Its sales channels cover 31 provinces, municipalities and autonomous regions across China. To date, MicroPort NeuroScientific has 25 commercially approved neurovascular products, which together constitute a more comprehensive stroke treatment solution covering most needs in this field and providing clinicians with more diversified choices. During the Reporting Period, the market share of cerebral atherosclerotic stenosis products (including Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, APOLLO™ Intracranial Stent System, etc.) continued to increase with a notable growth in sales; benefitting from winning the volume-based procurement bid, our coil products (including NUMEN® CoilEmbolization System, etc.) contributed to accelerate the development of new markets and played an important role in the increase of revenue; the hospital admission and clinical usage have been accelerated for multiple acute ischemic stroke products (including Neurohawk® Stent Thrombectomy Device, X-track® Distal Access Catheter, etc.) approved and launched in recent years, contributing to the revenue growth. During the Reporting Period and as of the date of this report, a total of nine new products of MicroPort NeuroScientific have successfully received marketing approval from the NMPA, including NeuroGuard® Neurovascular Balloon Guiding Catheter, Neurohawk® Pass17/21 Stent Thrombectomy Device, Safecer™ Embolic Protector and PathFinder™ Carotid Balloon Catheter, and the next-generation holographic Tubridge Plus® Flow-diverting Stent, Numen® Lighting Coil Embolization System, Sheathru™ Delivery Catheter, NeuroHawk Medibox™ Intracranial Stent Retriever and Accessories and filter extension tube for single use. In terms of progress of products under development, as of the end of the Reporting Period, the registration application for Bridge® Vertebral Artery Bridge-MAX (new enlarged specification) has been accepted by NMPA, NuFairy™ Absorbable Embolization Coil and Rebridge® Full-visualized Coil Embolization Assisting Stent has completed clinical enrollment, and the clinical enrollment of intracranial eluting balloon catheter is progressing smoothly. The world's first percutaneous retrograde flow cerebral protection carotid artery interventional surgery system has successfully completed its first application, bringing new hope to patients with carotid artery stenosis.

- **In overseas regions, multiple products have made new breakthroughs in commercialization, enhancing the brand influence in the global market.** During the Reporting Period, overseas revenue from MicroPort NeuroScientific significantly increased by 137.6% year on year excluding the foreign exchange impact. Among them, the sales revenue increased rapidly to varying degrees in the Asia Pacific, North America, Latin America and Europe, the Middle East and Africa. MicroPort NeuroScientific has successfully introduced 8 products to the international market, with a cumulative commercialization in 30 overseas countries and regions (11 of which were newly added), covering 9 of the top 10 countries in the global neurovascular surgery volume rankings. From a product-specific perspective, Tubridge® Stent has successfully completed commercial implantation abroad for the first time. The coil business has achieved multiple breakthroughs, with the first-generation coil embolization system NUMEN® achieving commercial implantation in 25 countries (10 of which were newly added), and the second-generation product NUMEN® Silk obtaining FDA and CE registration approval in the United States. Additionally, the Neurohawk® Thrombus Stent and the X-track® Distal Access Catheter have also achieved their first commercial implantations overseas. Leveraging its exceptional product capabilities, research outcomes for Tubridge®, namely Trace-IA and IMPACT, have been published in a leading neurosurgery journal and an SCI Q1 international core journal, respectively, fully validating the effectiveness of Tubridge® in treating intracranial aneurysms, thereby continuously enhancing the international academic influence of MicroPort NeuroScientific.

Structural Heart Disease Business



The structural heart disease business ("CardioFlow Medtech") focuses on the R&D and commercialization of innovative transcatheter and surgical solutions in the field of structural heart disease. Through independent R&D and joint R&D with global partners, CardioFlow Medtech has established a comprehensive and innovative R&D plan covering Transcatheter Aortic Valve Implantation (TAVI) products, left atrial appendage closure products, Transcatheter Mitral Valve (TMV) products, Transcatheter Tricuspid Valve (TTV) products and surgical ancillary products. CardioFlow Medtech is committed to building up its core competitiveness in order to provide doctors and patients with a holistic and optimal medical solution for the treatment of structural heart disease.

Structural heart disease interventional therapy is gaining increasing attention and the global market becomes stable. According to the 2024 Report on Structural Heart Disease in China, overall TAVI development has stabilized into a steady growth phase, and the relevant clinical research of TAVI will continue to advance on an international scale. In 2024, China's structural heart disease industry experienced steady growth, driven by a combination of policy support, market demand and medical insurance access. The TAVI procedure is one of the key approaches in interventional treatment for structural heart disease. By virtue of the collaborative endeavors of industry participants in academic exchanges, propaganda and education among doctors and patients, medical insurance coverage and payment support, the number of qualified medical centers has been increased, the penetration rate has been further enhanced, and the industry has accelerated its growth.

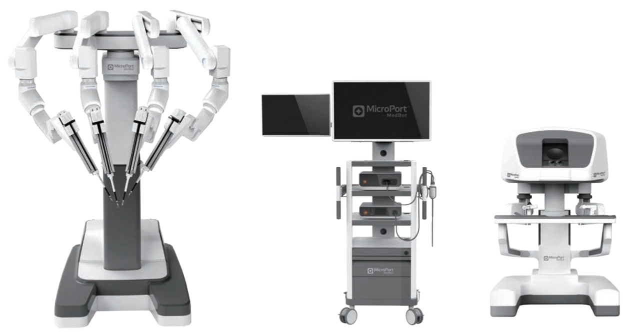
Globalization has achieved substantial progress, with significant cost reduction and efficiency improvements driving a significant reduction in losses. During the Reporting Period, CardioFlow Medtech recorded revenue of US$50.7 million, representing a year-on-year increase of 7.5% excluding the foreign exchange impact. In particular, overseas revenue increased by 108.3% year on year excluding the foreign exchange impact, and the share of overseas revenue increased to 6.5% of this segment. Through the implementation of resource concentration and cost control measures, CardioFlow Medtech continued to optimize its supply chain and further reduce production costs, which significantly improved operational efficiency. During the Reporting Period, CardioFlow Medtech recorded a net loss of US$7.5 million, representing a significant year-on-year decrease of 88.8%.

– **In China, high-quality diversified product portfolios were efficiently introduced into hospitals, and third-generation recapturable controllable bending TAVI product received marketing approval.** During the Reporting Period, its TAVI products were expanded into over 80 new hospitals in China, with a cumulative coverage of over 630 hospitals, maintaining steady growth in leading hospitals. The AnchorMan® Left Atrial Appendage Closure System and its access system ("AnchorMan®") received NMPA approval, making it China's only semi-closed left atrial appendage occluder approved to date, enabling CardioFlow Medtech to penetrate the high-growth niche market of stroke prevention for non-valvular atrial fibrillation. During the Reporting Period, the commercialization process of AnchorMan® continued to accelerate. As of the date of this report, AnchorMan® had successfully achieved over 350 clinical applications in over 50 centers across 15 provinces and cities nationwide with zero severe complications and a 100% procedural success rate. In December 2024, leveraging synergies across various business platforms of the Group, CardioFlow Medtech and MicroPort EP collaborated to debut the global-first "AFib One-Stop" radiofrequency ablation + left atrial appendage closure solution, covering the entire process from electrophysiological mapping, radiofrequency ablation to left atrial appendage occlusion, offering a safer and more efficient comprehensive treatment solution for AFib patients. In R&D and registration, the Group's self-developed third-generation TAVI product, VitaFlow Liberty® Flex Transcatheter Aortic Valve Implantation System ("VitaFlow Liberty® Flex"), obtained marketing approval from the NMPA. This system not only inherited the design concept of the world's first electrically recapturable TAVI delivery system but also, with its unique technical advantages, became the only "true" coaxial controllable bending self-expanding TAVI delivery system in the world. The self-developed TMVR product has completed several human applications and the postoperative follow-ups for up to two years, demonstrating notable clinical outcomes, and laying the technical foundation for mitral valve interventional therapy. In terms of mitral valve therapy, we have completed human applications for self-developed Transcatheter Mitral Valve Replacement (TMVR) product with postoperative follow-ups of relevant patients for up to two years successfully.

– **Overseas expansion strategy delivers remarkable results, with the global influence of CardioFlow Medtech continuously increasing.** During the Reporting Period, the TAVI product, VitaFlow Liberty® of CardioFlow Medtech, has been awarded CE Mark by the European Union, making it the first "China-made" TAVI product to enter the European market. As of the date of this report, the VitaFlow® series of TAVI products and its procedural accessory Alwide® series of products have been successfully introduced into more than 100 core hospitals in over 20 countries and regions overseas, and laying the foundation for future overseas revenue growth. As at the date of this report, AnchorMan® successfully obtained CE MDR certification from the European Union, making it China's only left atrial appendage occluder system with both CE and NMPA approvals, further solidifying its global technological advantage in the field of structural heart disease. In the field of technical cooperation, the mitral valve interventional product, AltaValve™, co-developed with partners, was granted two breakthrough device designations by the FDA, demonstrating recognition for its innovation on complex mitral regurgitation indications (including calcified cases) by authoritative bodies, and was approved for IDE to conduct key studies, underscoring its global technological leadership. With an increasingly enriched and diversified product portfolio in overseas markets and the Group's extensive reputation in the world as well as established sales network, CardioFlow Medtech's commercialization of its products in overseas markets will efficiently and rapidly progress.

Surgical Robot Business

The surgical robot business ("MedBot") is committed to innovatively providing intelligent surgical robot comprehensive solutions that can prolong and reshape lives by addressing the cutting-edge development needs of minimally invasive surgeries, and focuses on the R&D of five core underlying technologies in relation to surgical robots, including robot ontology, control algorithm, electrical engineering, image-based navigation and precision imaging, with its differentiation covering the whole lifecycle of surgical robot development. MedBot is the only one in the global surgical robot industry with a product portfolio covering five major and fast-growing surgical specialties, namely laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures. There will be opportunities to tap the market potential of multiple surgical robot segments at home and abroad.



The global surgical robots market maintains rapid growth and the Chinese market is expected to show significant expansion. China and overseas emerging markets have increasing demand for high-end medical devices, especially surgical robots, given the economic development and rising medical level. As the Chinese governments at all levels continuously introduced a number of supportive policies under the "14th Five-Year Plan" encouraging expansion of China's high-end medical equipment industry, the accelerated import substitution and Chinese manufacturers to "go global". Domestically produced surgical robots are expected to see a major breakthrough in independent innovation and commercialization.

Multi business segments advanced simultaneously, domestic and overseas sales both grew rapidly, losses narrowed significantly year on year. During the Reporting Period, MedBot recorded a revenue of US$36.0 million, representing a significant year-on-year increase of 146.0% (excluding the foreign exchange impact). In particular, revenue from domestic and overseas business achieved year-on-year growth of 84.4% and 388.2% (both excluding the foreign exchange impact), respectively. The share of overseas revenue increased to 40.2% of this segment. Meanwhile, by effectively enhancing the management level of costs, expenses, and cash flow, during the Reporting Period, MedBot's net loss narrowed by 37.3% year on year, and its net free cash outflow also decreased significantly by 42.1%.

The commercialization of the core product Toumai® accelerated, with new breakthroughs in products of multi business segments, maintaining a leading position in domestic brands. During the Reporting Period, the commercial orders of the core products of MedBot in the fields of laparoscopy, orthopedics, and vascular interventional therapy all achieved rapid growth, with a cumulative total order volume exceeding 100 units, further consolidating its position as the leading domestic brand. From the perspective of the products, the global orders for Toumai® laparoscopic surgical robot ("Toumai®") reached 39 units, with commercial installations exceeding 30 units, and a cumulative global commercial order volume exceeding 60 units: in China, Toumai® achieved 19 commercial installations during the Reporting Period, with its market share further expanding and the coverage of provincial leading 3A hospitals and China top 100 hospitals increasing to over 60%. Internationally, Toumai® achieved 11 commercial installations during the Reporting Period, and in just one year, not only expanded into emerging markets such as Asia, Africa, and Latin America but also achieved breakthroughs in high-end European and American markets, securing over 20 commercial orders, fully demonstrating its competitive strength in the global market against top international surgical robot brands. The installation of Toumai® in leading hospitals has effectively driven the improvement in clinical application efficiency, with over 10 hospitals achieving more than 100 surgeries per center after the commercial installations as of the date of this report. SkyWalker® orthopedic surgical robot ("SkyWalker®") achieved global orders of 25 units during the Reporting Period, with a substantial growth in new installed units year-on-year, with cumulative orders exceeding 40 units, covering medical institutions in five continents, including China, the United States, Germany, Italy, Belgium, Greece, Australia, and Brazil. As the first coronary vascular interventional surgical robot to complete multicenter clinical trials and obtain marketing approval in China, the R-ONE® vascular interventional robot ("R-ONE®") won bids from five leading public hospitals in Shanghai, including Fudan University Affiliated Zhongshan Hospital, during the Reporting Period, and achieved the first two commercial installations in the Chinese market.

Product strength solidified, global market access accelerated, and international academic influence continuously enhanced. Following the successful EU CE certification of Toumai® in May 2024, Toumai® has obtained certification in nearly 20 countries or regions. SkyWalker® has obtained marketing approval from nearly ten authoritative regulatory authorities in eight countries and regions, including NMPA, US FDA, and EU CE, achieving full coverage of core developed markets and key emerging markets, and reshaping the new development landscape of the global orthopedic surgical robot market. In February 2025, Toumai® single-port laparoscopic surgical robot ("Toumai® Single-port Robot"), currently the China-only and the world-second single-port surgical robot with a remote center of motion independently developed by MedBot, officially obtained marketing approval from the NMPA. Together with Toumai® multi-port surgical robot, DFVision® 3D electronic laparoscope and remote surgery system, they form an integrated laparoscopic intelligent surgery solution, which are compatible and complementary to each other.

Promoted 5G remote technology application, leading the commercialization of remote surgeries. MedBot's surgical robots, including Toumai®, SkyWalker® and R-ONE®, have all been applied along with 5G technology. Among them, Toumai® assisted doctors in completing over 300 remote human clinical surgeries in urology, general surgery, thoracic surgery, gynecology and pediatric surgery worldwide, created 25 world records. The normalization and commercialized clinical application of telesurgery will not only accelerate the equitable distribution of China's premium medical resources to lower tier areas, alleviate challenges in cross-regional medical access, and elevate the medical quality and service standards of low-tier hospitals, but also provide a new pathway for China's outbound medical assistance. Concurrently, it offers a groundbreaking solution to deliver inclusive and equitable healthcare services across vast developing regions in Asia, Africa, and Latin America. As a global leader in technological innovation and clinical application within the field of telesurgery, MedBot has overcome two critical "global challenges" – the large-scale application of telesurgery and the continuous application of telesurgery – bringing the technical application of "second-generation telesurgery" to maturity and achieving full coverage of both routine and highly challenging and complex telesurgery in urology, general surgery, thoracic surgery, gynecology, and pediatric surgery.

MANAGEMENT DISCUSSION AND ANALYSIS

Research and Development ("R&D")

During the Reporting Period and as at the date of this report, the Group had a total of 58 Class III medical devices initial registration certificates from the NMPA, and 9 innovative medical devices were admitted in the Green Path, reaching a total of 39 "Green Path" innovative medical devices, ranking first in the medical device industry for ten 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 as at the date of this report, the Group obtained 249 initial registration certificates in 43 overseas markets (countries and regions). Among them, 18 products have obtained the CE Mark and 4 products have obtained FDA registration license[Note].

During the Reporting Period and as at the date of this report, the Group received approval for NMPA initial registration and significant changes, including but not limited to: Firesorb®, the world's first next-generation bioresorbable scaffold system, the FireFalcon® Coronary Scoring Balloon Catheter, the FireRaptor® Rotational Atherectomy System and Disposable Coronary Rotational Atherectomy Catheter, the TomaHawk® Shockwave Intravascular Lithotripsy System, the Decypher™ Coronary Intravascular Ultrasound Imaging System and Outsight® Disposable Intravascular Ultrasound Imaging Catheter, ENO™ MRI-compatible Pacemaker, the TEN™, a domestically-produced pacemaker compatible with 3.0T whole-body MRI examinations, the Cratos® Branched Aortic Stent Graft and Delivery System, Vewatch® Vena Cava Filter, L-REBOA® Aortic Occlusion Balloon Catheter and Vepack® Filter Retriever, the Woven-type Ultra-high-pressure SeaDragon™ Peripheral Balloon Catheter, ReeAmber® Peripheral Balloon Catheter, the HawkNest™ Fibered Embolization Coil; the Toumai® Single-port Endoscopic Surgical Robot, neurovascular balloon, intracranial thrombectomy stent, carotid balloon catheter, AnchorMan® Left Atrial Appendage Occluder, and Evolution® CCK Revision Knee System. The 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 accelerate the process of turning losses into gains.

Global 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 "global 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 global platform will not only shepherd our portfolio of about 250 products that has 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, government affairs, 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 global 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 HQ Going-abroad Platform recorded revenues of US$56.3 million, representing a year-on-year growth of 75.4% (excluding the foreign exchange impact).

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

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$95.8 million, representing a year-on-year growth of 84.7% (excluding the foreign exchange impact). Specifically, the cardiovascular device business increased by 47.0% year-on-year(excluding the foreign exchange impact), the surgical robot business increased by 388.2% year-on-year (excluding the foreign exchange impact), the neurovascular devices business increased by 137.6% year-on-year, the endovascular and peripheral vascular devices business increased by 99.4% (excluding the foreign exchange impact), and the structural heart disease business increased by 108.3% (excluding the foreign exchange impact).

Moving forward, the Group’s business segments will continue to leverage the global 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 2024, the Group had a total of 6,347 employees around the world, of which 1,709 or approximately 27% 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 optimized its workflow, deepened collaboration mechanisms, and continuously expanded the scope of the Group’s platform-based shared service operational functions, promoting the improvement of overall synergy. During this process, the Group has also prudently streamlined some projects and positions to achieve overall efficiency enhancement for the organization. The Group is committed to providing employees with more diverse development opportunities by building a comprehensive organizational competence system, integrating resources and empowering platforms as well as upgrading management and operation methods. The Group provides employees with sufficient room for advancement in combined directions horizontally and vertically 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 learning institutions 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”.

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, in 2025, 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 volume-based procurement 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.

MANAGEMENT DISCUSSION AND ANALYSIS

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 improving our existing production processes, and carrying out innovation to gain high returns so as to create a diversified product portfolio. We will continuously improve 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.

FINANCIAL REVIEW

Overview

Despite facing the impact of complex and changing unfavorable factors in China and abroad, the revenue of the Group for the year ended 31 December 2024 increased by 9.6% excluding the foreign exchange impact or increased by 8.5% in US$ as compared to the year ended 31 December 2023. The Group persisted in continuously providing a diversified product portfolio and continuously carrying out its globalization strategy, with non-China sales contributing to 49.5% 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$'000	Year ended 31 December		Percent change	
	2024	2023 (Re-presented) (Note)	in US$	excluding the foreign exchange impact
Cardiovascular devices business	**165,735**	156,469	5.9%	9.9%
Orthopedics devices business	**252,706**	238,366	6.0%	6.2%
CRM business	**220,613**	207,041	6.6%	7.2%
Endovascular and peripheral vascular devices business	**169,537**	168,221	0.8%	1.6%
Neurovascular devices business	**106,981**	94,169	13.6%	14.4%
Structural heart disease business	**50,697**	47,515	6.7%	7.5%
Surgical robot business	**36,022**	14,806	143.3%	146.0%
Surgical devices business	**12,003**	7,761	54.7%	42.5%
Other business*	**39,721**	28,065	41.5%	41.2%
Elimination adjustments	**(22,952)**	(11,688)	96.4%	102.7%
Total	**1,031,063**	950,725	8.5%	9.6%
Including: the HQ Going-abroad Platform	**56,324**	37,317	50.9%	75.4%

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.

The Group's revenue for the year ended 31 December 2024 was US$1,031.1 million, representing an increase of 8.5% as compared to US$950.7 million for the year ended 31 December 2023. 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 9.6%. 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$165.7 million for the year ended 31 December 2024, representing an increase of 9.9% excluding the foreign exchange impact or an increase of 5.9% in US$ as compared to the year ended 31 December 2023. Such revenue increase stemmed from two key factors: (i) accelerated overseas expansion in strategic Asia Pacific, EMEA, and Latin American markets through successful tender wins and optimized distribution networks; (ii) sustained growth of coronary stent products in the China market.

– *Orthopedics devices business*

US$'000	Year ended 31 December		Percent change	
	2024	2023 (restated)	in US$	excluding the foreign exchange impact
Orthopedics devices business	**252,706**	238,366	6.0%	6.2%
– US	**84,196**	90,132	(6.6%)	(8.1%)
– Europe, Middle East and Africa	**81,785**	69,868	17.1%	16.8%
– The PRC	**34,071**	27,298	24.8%	26.1%
– Japan	**29,381**	29,551	(0.6%)	7.2%
– Others	**23,273**	21,517	8.2%	6.0%

The orthopedics devices business recorded revenue of US$252.7 million for the year ended 31 December 2024, representing an increase of 6.2% excluding the foreign exchange impact or an increase of 6.0% in US$ as compared to the year ended 31 December 2023. Such increase in revenue was primarily driven by the global recognition of the Group's innovative knee prosthesis design among medical professionals and patients, coupled with its strategic integration with advanced surgical technologies including robotic-assisted systems and navigation platforms.

– *CRM business*

US$'000	Year ended 31 December		Percent change	
	2024	2023 (restated)	in US$	excluding the foreign exchange impact
CRM business	**220,613**	207,041	6.6%	7.2%
– Europe, Middle East and Africa	**181,586**	172,969	5.0%	5.2%
– The PRC	**24,269**	16,175	50.0%	51.3%
– Japan	**8,718**	10,793	(19.2%)	(13.3%)
– Others	**6,040**	7,104	(15.0%)	(14.5%)

The CRM business recorded revenue of US$220.6 million for the year ended 31 December 2024, representing an increase of 7.2% excluding the foreign exchange impact or an increase of 6.6% in US$ as compared to the year ended 31 December 2023. Such increase in revenue was mainly attributable to (i) continued momentum in the China market through rapid market penetration, achieving a robust growth of 51.3% excluding the foreign exchange impact as compared to the corresponding period of last year; (ii) the wide recognition of the next-generation pacemakers and defibrillators with Bluetooth connectivity and MRI compatibility by clinicians and patients globally since launch.

– *Endovascular and peripheral vascular devices business*

The endovascular and peripheral vascular devices business recorded revenue of US$169.5 million for the year ended 31 December 2024, representing an increase of 1.6% excluding the foreign exchange impact or an increase of 0.8% in US$ as compared to the year ended 31 December 2023. The revenue growth originated from two primary drivers: (i) steady growth of hospital admission and implantation volume of new products, particularly the Talos® Thoracic and Fontus® Branched Stent Systems, though growth trajectories were strategically modulated in the second half of 2024 through dynamic pricing adaptations and market-responsive promotional campaigns; (ii) the innovative product portfolio continuing to gain momentum in overseas markets.

– *Neurovascular devices business*

The neurovascular devices business recorded revenue of US$107.0 million for the year ended 31 December 2024, representing an increase of 14.4% excluding the foreign exchange impact or an increase of 13.6% in US$ as compared to the year ended 31 December 2023. Such increase in revenue was mainly attributable to the following factors: (i) overseas business achieved a breakthrough and the revenue for the Reporting Period increased by 137.6% over the same period of the previous year, contributing to the Group's revenue growth; (ii) cerebral atherosclerotic stenosis products (including Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, APOLLO™ Intracranial Stent System, etc.) continued to increase their market share and realized a significant revenue growth; (iii) coil products (including NUMEN® Coil Embolization System, etc.) benefited from winning the volume-based procurement bids, which accelerated the development of new markets and played an important role in the revenue growth; (iv) several acute ischemic stroke products approved for marketing in recent years (including Neurohawk® Stent Thrombectomy Device, X-track® Distal Catheter, etc.) accelerated hospital admission and clinical use, contributing to the Group's revenue growth.

– *Structural heart disease business*

The structural heart disease business recorded revenue of US$50.7 million for the year ended 31 December 2024, representing an increase of 7.5% excluding the foreign exchange impact or an increase of 6.7% in US$ as compared to the year ended 31 December 2023. Such increase in revenue was mainly attributable to the following factors: (i) the overseas commercialization of VitaFlow Liberty® and Alwide® Plus Balloon Catheter continued to make steady progress during the Reporting Period which contributed to the growth in overseas revenue of TAVI products; (ii) the official commercialization of the self-developed AnchorMan® in China, generating increasing revenue to the Group.

– *Surgical robot business*

The surgical robot business recorded revenue of US$36.0 million for the year ended 31 December 2024, representing an increase of 146.0% excluding the foreign exchange impact or an increase of 143.3% in US$ as compared to the year ended 31 December 2023. Such increase in revenue was mainly attributable to the following factors: (i) for the domestic market, Toumai® maintained its leading market position among competing products while R-One® gained significant market recognition and achieved commercialization; (ii) for overseas markets, Toumai® penetrated emerging markets across Asia, Africa, and Latin America while securing breakthroughs in premium European markets, alongside SkyWalker® Orthopedic Surgical Robot's sustained rapid growth.

– *Surgical devices business*

The surgical devices business recorded revenue of US$12.0 million for the year ended 31 December 2024, representing an increase of 42.5% excluding the foreign exchange impact or an increase of 54.7% in US$ as compared to the year ended 31 December 2023.

– *Other business*

The Group's other business recorded revenue of US$39.7 million for the year ended 31 December 2024, representing an increase of 41.2% excluding the foreign exchange impact or an increase of 41.5% in US$ as compared to the year ended 31 December 2023. Such increase was mainly attributable to the contribution of revenue from non-vascular intervention and other emerging business segments of the Group. The revenue of other business did not meet the quantitative thresholds for determining reportable segments.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

For the year ended 31 December 2024, the Group's cost of sales was US$457.0 million, representing an increase of 9.2% as compared to US$418.6 million for the year ended 31 December 2023. 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 7.9% from US$532.1 million for the year ended 31 December 2023 to US$574.1 million for the year ended 31 December 2024. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin for the year ended 31 December 2024 decreased to 55.7% as compared to the gross profit margin of 56.0% for the year ended 31 December 2023, which was mainly attributable to unfavorable sales mix.

Research and Development Costs

Research and development costs decreased by 42.9% from US$379.4 million for year ended 31 December 2023 to US$216.5 million for the year ended 31 December 2024. 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 decreased by 9.2% from US$334.9 million for the year ended 31 December 2023 to US$304.2 million for the year ended 31 December 2024. Such decrease principally derived from the Group's strategic integration of global and domestic sales networks, effectively leveraging cross-border channel synergies and implementing efficiency-driven process optimizations to achieve cost rationalization.

Administrative Expenses

Administrative expenses decreased by 11.3% from US$201.7 million for the year ended 31 December 2023 to US$178.9 million for the year ended 31 December 2024. 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

Other net income decreased by 40.7% from US$49.5 million for the year ended 31 December 2023 to US$29.4 million for the year ended 31 December 2024. Such decrease was mainly attributable to a decrease in interest income of financial assets measured at amortised cost and an increase in foreign exchange losses during the Reporting Period.

Finance Costs

Finance costs increased by 10.8% from US$96.0 million for the year ended 31 December 2023 to US$106.4 million for the year ended 31 December 2024. Such increase was mainly attributable to an increase in the interest of interest-bearing borrowings and preferred shares issued by the subsidiaries during the Reporting Period.

Impairment Losses of Non-current Assets

Impairment losses of non-current assets decreased by 43.7% from US$156.0 million for the year ended 31 December 2023 to US$87.9 million for the year ended 31 December 2024. Such decrease was mainly attributable to the decrease in provision for impairment of goodwill during the Reporting Period.

Income Tax

Income tax increased from US$22.6 million for the year ended 31 December 2023 to US$43.7 million for the year ended 31 December 2024. Such change was mainly attributable to the increase in profit before tax earned by the PRC subsidiaries of the Group.

Loss for the Year

Loss for the year significantly narrowed from US$649.2 million for the year ended 31 December 2023 to US$268.5 million for the year ended 31 December 2024. In addition, the Group's EBITDA turned positive during the Reporting Period, improving from a loss of US$370.4 million in the same period last year to a gain of US$60.4 million.

Non-HKFRS Measures

To supplement our consolidated statements of profit or loss which are presented in accordance with HKFRSs, we also use adjusted net loss as non-HKFRS measures, which are not required by, or presented in accordance with, HKFRSs. We believe that the presentation of non-HKFRS measures when shown in conjunction with the corresponding HKFRS 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. 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 loss for the periods indicated:

	Year ended 31 December		
	2024	2023	**Change**
	US$'000	US$'000	%
Net loss	**(268,459)**	(649,157)	Decreased by 58.6%
Add/(less):			
– Share-based compensation expenses	**27,773**	39,659	Decreased by 30.0%
– Gain on disposal of subsidiaries	**(98,155)**	(2,845)	Increased by 3,350.1%
– Gain on disposal of interests in equity-accounted investees	**(16,729)**	(15,309)	Increased by 9.3%
– Net realized and unrealized loss on financial instruments carried at FVPL	**17,249**	13,001	Increased by 32.7%
– Impairment losses of non-current assets	**87,864**	155,975	Decreased by 43.7%
– Interest expenses on share repurchase obligations	**27,671**	24,123	Increased by 14.7%
Non-HKFRS adjusted net loss for the year	**(222,786)**	(434,553)	Decreased by 48.7%

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its sound operations and maximize shareholders' value.

The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign 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 2024, the Group had US$713.0 million of cash and cash equivalents, as compared to US$1,019.6 million as at 31 December 2023. Such decrease was mainly attributable to (i) operating expenditure on the research and development, registration, commercialization and other activities actively carried out for the surgical robot business, the structural heart disease business and others by leveraging independent financing channels; (ii) capitalized expenditure of the Group; and (iii) cash paid to distribute dividends and pay interest. 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 2024 were US$1,597.1 million, representing an increase of US$30.6 million as compared to US$1,566.5 million as at 31 December 2023. During the Reporting Period, the Liabilities to Assets ratio (calculated as total liabilities divided by total assets) of the Group increased from 64.3% as at 31 December 2023 to 68.5% as at 31 December 2024.

Net Current Assets

The Group's net current assets as at 31 December 2024 were US$558.3 million, as compared to US$646.5 million as at 31 December 2023.

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). For the year ended 31 December 2024, the Group recorded a net exchange loss of US$12.3 million, as compared to a net foreign exchange loss of US$7.7 million for the year ended 31 December 2023. 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 abovementioned items, the Group's total capital expenditure for the year ended 31 December 2024 amounted to approximately US$108.4 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 2024, for the purpose of securing bank loans with a carrying value of US$556.3 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 convertible loans with a principal amount of US$200.0 million, 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 cashflows 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 34 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 NASDAQ listed medical device company based in California, U.S.. 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. On 3 November 2023, Dr. Chang has been appointed as a non-executive director and the chairman of MicroPort NeuroScientific Corporation (formally known as MicroPort NeuroTech Limited, a company listed on The Stock Exchange of Hong Kong Limited with stock code: 2172 and being a subsidiary of the Company). 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

Mr. Hiroshi Shirafuji (白藤泰司), born in 1944, is the Honorary Chairman of the Company and a consultant of the Group. Mr. Shirafuji had served as a Non-executive Director of the Company from November 2006 to June 2020, and was appointed as a Non-executive Director on 19 June 2023. Mr. Shirafuji was executive director of Otsuka Medical Devices Co., Ltd. ("OMD") from January 2017 to March 2017. From February 2011 to January 2017, he served as the president and representative director of OMD. Prior to joining OMD in February 2011, he was an executive director responsible for pharmaceuticals marketing at Otsuka Pharmaceutical Co., Ltd. ("Otsuka Pharmaceutical") from 1997 to 1998. Mr. Shirafuji joined Otsuka Pharmaceutical in 1967. Mr. Shirafuji received his bachelor's degree in economics from Doshisha University in Kyoto in 1967.

Mr. Norihiro Ashida (蘆田典裕), born in 1954, is a Non-executive Director of the Company. Mr. Ashida has served as a Director since 1 November 2006. He is currently holding directorship in certain subsidiaries of the Group. Mr. Ashida was appointed as audit and supervisory board member of Cuorips Inc. (a company listed on the Tokyo Stock Exchange, stock code: 4894) with effect from 1 July 2024. Mr. Ashida has served as a director of J-Pharma Co., Ltd. since June 2021. From February 2011 to June 2022, Mr. Ashida successively served as a director and advisor of Otsuka Medical Devices Co., Ltd., a subsidiary of Otsuka Holdings Co., Ltd. ("Otsuka Holdings"). Mr. Ashida was an executive operating officer of Otsuka Holdings and the director of its business development and planning department until 2015. Before joining Otsuka Pharmaceutical in April 2003, he was a general manager of Mizuho Corporate Bank Ltd. from 2002 to 2003. From 1999 to 2002, Mr. Ashida was a general manager of the Industrial Bank of Japan ("IBJ"), where he headed the credit department for western Japan. From 1995 to 1999, Mr. Ashida served as vice president responsible for business development at 3iBJ Ltd., a venture capital firm formed by 3i Group plc and IBJ. From 1989 to 1995, Mr. Ashida was a senior vice president of IBJ (Canada). He joined IBJ in 1977 in its Tokyo branch. Mr. Ashida received his bachelor's degree in economics from the University of Tokyo in 1977.

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 deputy general manager (in charge of overall management) of Shanghai Zhangjiang Technology Venture Capital Co., Ltd., the dean of Shanghai Zhangjiang Innovation Institute, and the deputy director of the investment service center of Shanghai Zhangjiang (Group) 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., assistant general manager, deputy general manager of Shanghai Zhangjiang Technology Venture Capital Co., Ltd.. Ms. Sun graduated from Shanghai University with a bachelor's degree in Chinese language and literature in June 2002, and graduated from Fudan University with a master's degree in business administration in January 2010.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

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 advisor, and finance executive with over 30 years of professional experience in international banking and various ascending leadership positions, from Fortune 500 companies to Asia-headquartered U.S. listed companies. He was most recently the CFO of UTAC Holdings Ltd., a global semiconductor assembly and test services provider. Before his tenure at UTAC, Mr. Chou held the pivotal role of CFO at Kulicke & Soffa Industries ("K&S") (Nasdaq: KLIC), a $2B plus market capitalization company, from 2010 to 2018. K&S is a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing, and industrial segments. His leadership was instrumental in the company's success, demonstrating his ability to drive results in high-pressure environments. He started his career as a Management Associate at Citibank and spent over 10 years in banking. Subsequently, he held several senior finance leadership positions with Fortune 500 companies, including Honeywell, Tyco ADT, Lucent Technologies (Bell Labs), and the Public Service Enterprise Group (PSEG). In January 2021, Mr. Chou was appointed as an independent non-executive director of MicroPort CardioFlow Medtech Corporation, a subsidiary of the Company, which gained successful listing on the Hong Kong Stock Exchange on 4 February 2021. Mr. Chou volunteers and serves as the current chairman (appointed in January 2025) on the board of directors of Emerging Markets Investors Alliance, a 501(c)(3) not-for-profit organization that enables institutional investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies they invest in. Mr. Chou holds a MBA from Duke University's Fuqua School of Business and a B.A. in Economics from the University at Buffalo.

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 Peking University BOYA Distinguished Professor of Economics, Dean of Peking University Institute for Global Health and Development, MOE Yangtze River Scholar professor of economics at the Peking University National School of Development. 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. 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 is currently 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 Shenzhen Stock Exchange (stock code: 00538)). Dr. Liu received his bachelor's degree in mathematics from Southwest Minzu University in 1981, his master's degree in statistics from Southwestern University of Finance and Economics in 1985, his Ph.D. in economics from the City University of New York Graduate Center in 1991, and postdoctoral training in health economics from Harvard University in 1994.

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 received his bachelor degree in law from East China University of Political Science and Law in 1987, and 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. In 2002, he received his master degree in law from East China University of Political Science and Law.

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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The Company currently consists of three geographically distinctive operational units which are Greater China Executive Committee ("CEC"), InterContinental Orthopedics Committee ("IOC") and InterContinental CRM Committee ("ICC"). The above committees are under management of Dr. Zhaohua Chang (常兆華), Executive Director, the Founder, Chairman and CEO of the Company. Please refer to the section headed "Directors Executive Director" above for the details of his biography.

GREATER CHINA EXECUTIVE COMMITTEE

Mr. Hongbin Sun (孫洪斌), is the Chief Financial Officer of the Company, the Chairperson in rotating of CEC and a member of ICC. Mr. Sun has over 27 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.

Mr. Jiang Lei (蔣磊), rotating Co-Chairperson and Chief Marketing Officer of CEC, Chairperson of the board of directors of Shanghai MicroPort Medical (Group) Co., Ltd. and the Chief Executive Officer of MicroPort Scientific (Shanghai) Co., Ltd.. Mr. Jiang has over 27 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 a member of CEC and the Chief Technology Officer of CEC. 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 17 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.

Mr. Yimin Xu (徐益民), is the Senior Executive Vice President of Regulatory Affairs & Property Management of MicroPort Sinica Co., Ltd. and a member of CEC. Prior to current position, Mr. Xu has served as the Vice President of Quality and Regulatory of the Company. He has over 25 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. and a member of CEC. 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 19 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.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Qing Hui (惠青), is the First Vice President of Organization Ability of the Company, a member of CEC and ICC. Ms. Hui joined the Company in July 2019 and has been leading the core function of Organizational Ability in the headquarters since then. Her leadership roles have also been extended to other business functions in recent years. 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 10 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 First Vice President of Securities and Legal Affairs of the Company, a member of CEC. 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 13 years of experience in accounting, financial analysis, risk control and strategic management and over 15 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.

INTERCONTINENTAL ORTHOPEDICS COMMITTEE

Mr. Jonathan Chen, is the Chief International Business Officer ("CIBO") of the Company, Chairperson of ICC and Co-Chairperson of IOC. 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 has over 28 years of experience in the medical device industry. Prior to joining the Company, Mr. Chen worked for Angiotech Pharmaceuticals, Inc. for 6 years, where he was Senior Vice President of Business Development & Financial Strategy. 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 and Alex. Brown & Sons 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. Badhri Iyengar, is the President of MicroPort Orthopedics and is a member of IOC. Prior to this role, Mr. Iyengar was Vice President of Asia Pacific, Overseas Business Division (OBD) of the Company. Before joining the Company, Mr. Iyengar held several senior leadership roles in the medical device industry, including Regional Director for Asia Pacific at Convatec and Managing Director for South Asia and Southeast Asia at Smith & Nephew. He also spent time with Boston Scientific as Area Director for the Middle East and Turkey, and he began his career at Johnson & Johnson, where he held positions of increasing responsibility over a 15-year period. Mr. Iyengar is a Postgraduate Biomedical Engineer, holds an MBA from the University of Mumbai.

Mr. Tianbai Yu (俞天白), is the President of MicroPort Orthopedics China, a member of IOC and a member of the board of directors of Suzhou MicroPort Orthopedics Scientific (Group) Co., Ltd.. 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.

Mr. Jean Marc D'hondt, is the Vice President of International Commercial Operations of MicroPort Orthopedics Inc. and a member of IOC. Mr. D'hondt has served as Vice President of International Commercial Operations of MicroPort Orthopedics Inc. since August 2019. Mr. D'hondt has comprehensive experience in orthopedic business, and he has successively served as Vice President of International Marketing and Vice President of International Marketing & Medical Education of MicroPort Orthopedics Inc.. Prior to the Company's asset purchase of Wright Medical Technology's OrthoRecon Business in January 2014, Mr. D'hondt had been Vice President of OrthoRecon Marketing in Europe, East Asia and Africa of Wright from 2011 to 2013, regional Vice President of Sales in Northern Europe of Wright from 2010 to 2011 and Managing Director of Wright Medical Belgium from 2007 to 2011. Prior to joining Wright, he was sales manager of Stryker Belgium and sales representative of Innovex. Mr. D'hondt holds a Master's degree in Health Sciences and Physical Education.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

INTERCONTINENTAL CRM COMMITTEE

Mr. Jonathan Chen, CIBO of the Company, Chairperson of ICC and Co-Chairperson of IOC. Please refer to the above for the details of his biography.

Mr. Philippe Wanstok, is President of MicroPort CRM and Co-Chairperson of ICC. Following the Company's asset purchase of LivaNova PLC's CRM Business in May 2018, he has served as Senior Vice President of Global Sales of MicroPort CRM since August 2018. He has over 33 years of experience in medical device industry. He was acting as Chief Commercial Officer for CVRx. Before that, he served as the International General Manager of Cardiac Rhythm Disease Management – Commercial Operations at Medtronic, leading an international team of near 3,000 colleagues generating more than $2.4 billion of revenues in active markets of implantable devices. Mr. Wanstok participated in the establishment and development of cardiac rhythm business of Medtronic. He also worked at Guidant, where he served in a variety of management roles during which he established successful country and regional operation personnel, sales organization and distribution channels in France and Spain. After Guidant's merger with Boston Scientific, Mr. Wanstok served as Vice President of International Marketing for Boston Scientific, where he established and launched global marketing strategies. Mr. Wanstok holds a Master's degree in Economics from the University of Paris-Assas and a Ph.D in Finance and International Marketing from the University of Pantheon-Sorbonne.

Mr. Hongbin Sun (孫洪斌), CFO of the Company, the Chairperson in rotating of CEC and a member of ICC. Please refer to the above for the details of his biography.

Ms. Qing Hui (惠青), the First Vice President of Organizational Ability of the Company, a member of CEC and ICC. Please refer to the above for the details of her biography.

Mr. Paul Vodden, is Vice President of Finance of MicroPort CRM and a member of ICC, roles he has had since the Company's asset purchase of LivaNova PLC's CRM Business in May 2018. From 2011 to 2018, Mr. Vodden was with the Sorin Group, latterly LivaNova, where as Vice President of Finance he held financial responsibility for its business in the European and Japanese markets as well as globally for CRM. From 2003 to 2011, he held European finance management roles within Boston Scientific. Prior to 2003, he worked in Hewlett Packard, in both the UK and France, with several roles including financial operations manager of the commercial desktop business. Mr. Vodden has worked in PricewaterhouseCoopers in the UK, where he qualified as a Chartered Accountant with ICAEW. Mr. Vodden graduated in Business Economics and Accounting from the University of Southampton.

Mr. Xiaoming Zhu (朱曉明), is the General Manager of MicroPort Soaring CRM (Shanghai) Co., Ltd, ("MSC") and a member of ICC. Prior to current position, he served as Senior Director of Sales & Marketing at MSC since 2014. Mr. Zhu has over 24 years of CRM experience. He was the Marketing Director of Cardiac Rhythm & Heart Failure at Medtronic Great China from 2013 to 2014. From 2011 to 2013, Mr. Zhu served as Senior Marketing Manager of Critical Care at Edwards Lifesciences Great China Region. From 2009 to 2011, Mr. Zhu was National Manager of Operation at St. Jude Medical China, and from 2006 to 2009, he was the business head of Cardiac Rhythm Management Division. Before that, he served as a Manager of Vitatron business division at Medtronic China. Mr. Zhu received his bachelor's degree in Clinical Medicine from Shanghai Jiao Tong University School of Medicine in 1992.

Mr. Peter Heizmann, is the Vice President of Sales Europe & Global Marketing of MicroPort CRM and a member of ICC. He joined our company in November 2006 as Business Line Manager for Switzerland, with primary responsibility for sales in that country. From November 2013 to July 2024, he successfully served as Business Line Manager for the DACH region (Germany, Austria, and Switzerland), later expanding his scope to include Belgium and the Netherlands, becoming Vice President Middle size countries for MicroPort CRM. He was promoted to Vice President for Northern Europe, overseeing the management of the sales organization in this area. Since July 2024, Mr Heizmann has been serving as Vice President of Sales for Europe and global marketing for MicroPort CRM including all European countries including North Africa and leading the Global Marketing department. Mr. Heizmann has over 22 years of experience in the medical devices industry. Prior to joining our Group, he worked at Vitatron and Guidant, two medical device companies in cardiology where he was primarily responsible for sales and business management. Mr. Heizmann graduated from Neuchâtel Business School, Switzerland. Later he obtained an MBA from University of Fribourg, Switzerland.

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 2024.

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. There's 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 2024 and the financial performance of the Group for the year then ended are set out in the consolidated financial statements on pages 86 to 210 of this annual report.

BUSINESS REVIEW

OVERVIEW

In 2024, 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 2024, the Group recorded revenue of US$1,031.1 million, representing an increase of 9.6% excluding the foreign exchange impact as compared to 2023. Meanwhile, the Company recorded a loss of US$268.5 million (loss attributable to equity shareholders: US$214.0 million).

A review of the business of the Group during the year ended 31 December 2024, 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 31 of this annual report. The financial risk management objectives and policies of the Group are set out in Note 33 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 "whoever's 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 2024, 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 33 "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 retails prices of our products. Ongoing decreases in the retails 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 much 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. During the Reporting Period, by optimizing the work process and establishing a collaborative mechanism, some projects and positions were streamlined, and the overall efficiency of the organization was improved. As at 31 December 2024, the Group had 6,347 employees (31 December 2023: 8,230 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 in set out in the session headed "Management Discussion and Analysis" on page 10 to 31 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2024, purchases from the Group's largest supplier and the five largest suppliers in aggregate accounted for 5.1% and 11.8% 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 13.7% and 36.1% respectively of the Group's total revenue for the year.

None of the Directors or any of their 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 2024 are set out in Note 29(c) to the consolidated financial statements of this annual report.

DISTRIBUTABILITY OF RESERVES

At 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company, was US$583,688,000 (2023: US$600,073,000).

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 2024 and up to the date of this report were:

EXECUTIVE DIRECTOR

Dr. Zhaohua Chang *(Chairman)*

NON-EXECUTIVE DIRECTORS

Mr. Hiroshi Shirafuji
Mr. Norihiro Ashida
Ms. Weiqin Sun
Dr. Qiyi Luo *(retired on 22 May 2024)*
Mr. Bo Peng *(retired on 22 May 2024)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 32 to 36 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 2024, 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 2024, 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 2024.

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 for the year ended 31 December 2024 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	10

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 2024, 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	2.65%
Jonathan H. Chou	167,590	2	Beneficial owner	Long position	0.00%
Guoen Liu	161,290	1	Beneficial owner	Long position	0.00%
Chunyang Shao	161,290	1	Beneficial owner	Long position	0.00%

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, please refer to the section headed "Share Schemes" below.

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	0.24%
Jonathan H. Chou	MicroPort CardioFlow Medtech Corporation	449,683	1	Beneficial owner	Long position	0.01%

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 2024, 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 2024, 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:

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 (%)
Otsuka Holdings Co., Ltd.	382,994,120	1	Interest of controlled corporation	Long Position	20.73
Otsuka Medical Devices Co., Ltd.	382,994,120	1	Beneficial owner	Long Position	20.73
Maxwell Maxcare Science Foundation Limited	348,716,563	2	Interest of controlled corporation/Beneficial owner	Long Position	18.88
	90,000,000		Interest of controlled corporation	Short Position	4.87
We'Tron Capital Limited	345,417,444	2	Beneficial owner	Long Position	18.70
	90,000,000		Beneficial owner	Short Position	4.87
JPMorgan Chase & Co.	182,635,917	3	–	Long Position	9.88
	128,863,865		–	Short Position	6.97
	3,570,282		–	Lending Pool	0.19
Shanghai Zhangjiang (Group) Co., Ltd.	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai Zhangjiang Hi-Tech Park Development Co., Ltd.	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai Zhangjiang Science and Technology Investment Co.	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai Zhangjiang Haocheng Venture Capital Co., Ltd.	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai Zhangjiang Science and Technology Investment (Hong Kong) Company Limited	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai (Z.J.) Holdings Limited	151,748,050	4	Interest of controlled corporation	Long Position	8.21
Shanghai ZJ Hi-tech Investment Corporation	151,748,050	4	Interest of controlled corporation/Beneficial owner	Long Position	8.21
Shanghai Zhangjiang Health Solution Holdings Limited	144,705,470	4	Beneficial owner	Long Position	7.83
D. E. Shaw & Co., L.P.	108,404,763		Investment manager	Long Position	5.87
	48,556,927		Investment manager	Short Position	2.62
	862,100		Interest of controlled corporation	Short Position	0.04

Name of Substantial Shareholder	No. of Shares	Note	Capacity	Nature of interest	Percentage of total number of Shares in issue (%)
D. E. Shaw & Co. II, Inc.	108,404,763		Interest of controlled corporation	Long Position	5.87
	48,556,927		Interest of controlled corporation	Short Position	2.62
D. E. Shaw & Co., Inc.	108,404,763		Interest of controlled corporation	Long Position	5.87
	49,419,027		Interest of controlled corporation	Short Position	2.67
D. E. Shaw & Co., L.L.C.	108,404,763		Interest of controlled corporation	Long Position	5.87
	48,556,927		Interest of controlled corporation	Short Position	2.62
D. E. Shaw Valence Portfolios, L.L.C.	12,230,690		Beneficial owner	Long Position	0.66
	96,174,073		Interest of controlled corporation	Long Position	5.20
	48,171,527		Interest of controlled corporation	Short Position	2.60
David Elliot Shaw	108,404,763		Interest of controlled corporation	Long Position	5.87
	49,419,027		Interest of controlled corporation	Short Position	2.67

Notes:

(1) Otsuka Holdings Co., Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd., and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd..

(2) Maxwell Maxcare Science Foundation Limited ("Maxwell") holds 100% interest of We'Tron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by We'Tron Capital Limited. Maxwell is also the beneficial owner of 3,299,119 Shares.

(3) 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	136,957,841	7.41
	Short position	128,863,865	6.97
Person having a security interest in shares	Long position	42,107,794	2.28
Approved lending agent	Long position	3,570,282	0.19

Please refer to Form 2 – Corporate Substantial Shareholder Notice for the relevant event on 16 December 2024 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 151,748,050 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	144,705,470	7.83
Shanghai ZJ Hi-Tech Investment Corporation	7,042,580	0.38
Total	151,748,050	8.21

Save as disclosed above, as at 31 December 2024, 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 2024, 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 2024.

Save as disclosed in Note 35 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 2024 or during the year ended 31 December 2024.

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 HongKong 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.

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 is a substantial shareholder of the Company, it is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions conducted under the 2024 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. For the year ended 31 December 2024, the transaction amount under the agreement was approximately US$0.2 million. Please refer to the announcement of the Company dated 15 December 2023 for more details.

(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 is a connected subsidiary of the Company under Chapter 14A of the Listing Rules, 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. For the year ended 31 December 2024, the actual aggregate transaction amount under the 2024 Materials Procurement Agreement was approximately RMB25.4 million. Please refer to the announcement of the Company dated 1 December 2023 for more details.

(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.

Due to the rapid growth of the business of MicroPort NeuroScientific, its demands for the product testing services and sterilization services has increased immensely. 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. For the year ended 31 December 2024, the actual aggregate transaction amount under the 2024 Supporting Services Agreement (as supplemented) was approximately RMB8.1 million. Please refer to the announcements of the Company dated 1 December 2023, and 27 September 2024 for more details.

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 the 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 2024.

Save as aforesaid, none of the "Material Related Party Transactions" as disclosed in Note 35 to the consolidated financial statements for the year ended 31 December 2024 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 2024.

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

The zero coupon convertible bonds due 2026 in the aggregate principal amount of US$700 million (ISIN: XS2342920050) (Stock Code: 40720) issued by the Company have been redeemed and cancelled as of 12 June 2024, and the withdrawal of listing of which was effective upon the close of business on 20 June 2024. Please refer to the announcement of the Company dated 12 June 2024.

Save as disclosed above, during the year ended 31 December 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities. As at 31 December 2024, the Company did not hold any treasury Shares.

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

Save as disclosed in Notes 30 and 31 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 2024.

CONVERTIBLE BONDS

2026 CONVERTIBLE BONDS

In June 2021, the Company issued zero coupon convertible bonds due 2026 with a principal amount of US$700 million (the "2026 Convertible Bonds"), which were listed on the Stock Exchange (Stock Code: 40720). The 2026 Convertible Bonds may be convertible into shares of the Company ("Shares") at the initial conversion price of HK$92.8163 per Share. The net proceeds from the issue of the 2026 Convertible Bonds in the amount of approximately US$689.5 million were intended to be applied for research and development investment, certain capital expenditure and for working capital purposes. All such proceeds were fully utilized for the purposes as intended as of 31 December 2023 and no proceed was brought forward to the financial year of 2024.

All of the 2026 Convertible Bonds have been redeemed and cancelled as of 12 June 2024, the withdrawal of listing of the 2026 Convertible Bonds has been applied and such withdraw of listing has been effective upon the close of business on 20 June 2024.

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 per cent. 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.

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 2024; 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 2024 up to the date of the full conversion of 2028 Convertible Bonds:

	(a) As at 31 December 2024		**(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 (%)**
Otsuka Medical Devices Co., Ltd. (Note 1)	382,994,120	20.73	382,994,120	19.33
Maxwell Maxcare Science Foundation Limited ("Maxwell") and its controlled corporations (Note 2)	302,019,827	16.35	302,019,827	15.24
Bondholders	–	–	134,537,601	6.79
Other public Shareholders	1,161,711,808	62.92	1,161,711,808	58.64
Total	1,846,725,755	100	1,981,263,356	100

Note:

1. Otsuka Holdings Co., Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd., and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd..

2. Maxwell holds 100% interest of We'Tron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by We'Tron Capital Limited. Maxwell is also the beneficial owner of 3,299,119 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 content otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Circular.

REPORT OF THE DIRECTORS

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.

On 28 May 2024, all the conditions precedent under the Convertible Facility Agreement have either been satisfied or waived by the Lenders and the drawdown of the convertible loan in an aggregate principal amount equal to the Initial Total Commitments has been completed on 28 May 2024 (the "Drawdown"). As of 31 December 2024, the Accordion Option has been fully exercised and the drawdown of the convertible loan in an aggregate principal amount of US$50 million has been completed. As of 31 December 2024, the aggregate principal amount of US$200 million has been drawdown under the Convertible Facility Agreement. As at 31 December 2024, such proceeds were fully utilized for the intended purpose. The breakdown and description of the proceeds utilized are as follows:

Description of use of proceeds	**US$ million**
Debts refinancing	145.1
Research and development and working capital	50.0
Total	195.1

Assuming no Convertible Loans are converted by the lenders, the table below illustrates the shareholding structure of the Company (a) as at 31 December 2024; and (b) immediately upon the issue of the adjusted conversion shares (i.e. full conversion of the Convertible Loans s at the initial 2029 Conversion Price), and assuming there is no other change in the issued share capital of the Company from 31 December 2024 up to the date of the full conversion of Convertible Loans:

	(a) As at 31 December 2024		**(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 (%)**
Otsuka Medical Devices Co., Ltd. (Note 1)	382,994,120	20.73	382,994,120	18.62
Maxwell Maxcare Science Foundation Limited ("Maxwell") and its controlled corporations (Note 2)	302,019,827	16.35	302,019,827	14.69
Lenders	–	–	209,879,356	10.21
Other public Shareholders	1,161,711,808	62.92	1,161,711,808	56.48
Total	1,846,725,755	100	2,056,605,111	100

Note:

1. Otsuka Holdings Co., Ltd. holds the entire issued share capital of Otsuka Medical Devices Co., Ltd., and therefore, is deemed to be interested in the same number of Shares held by Otsuka Medical Devices Co., Ltd..

2. Maxwell holds 100% interest of We'Tron Capital Limited, and therefore, is deemed to be interested in the same number of Shares and share interests held by We'Tron Capital Limited. Maxwell is also the beneficial owner of 3,299,119 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 2024.

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 expects 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.

REPORT OF THE DIRECTORS

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 2024.

SHARE SCHEMES

Share Option Schemes

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. The Company may at any time refresh this 10% limit, subject to compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the share option scheme and any other share option scheme of the Company does not exceed 30% of the Shares in issue from time to time.

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 10 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 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.

As at 31 December 2024, the total outstanding options that has been granted under the 2010 Share Option Scheme was 74,391,080, representing approximately 4.03% of the total issued share capital of the Company.

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. Upon the adoption of the 2020 Share Option Scheme on 18 June 2020, the 2010 Share Option Scheme was cancelled, no further share options should be granted under the 2010 Share Option Scheme, and the number of share options available for grant under the 2010 Share Option Scheme at the beginning and the end of the Reporting Period was nil respectively. Share options that have been granted under the 2010 Share Option Scheme prior to its cancellation shall remain valid in accordance with its terms.

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 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.

The aggregate number of Shares which may be issued upon the exercise of all share options that may be granted under the 2020 Share Option Scheme and all outstanding share options granted and yet to be exercised under the other share option schemes of the Company has not exceeded 30% of the Shares in issue.

Due to the termination of the 2020 Share Scheme on 25 May 2023, details of which please refer to the section headed "2023 Share Scheme", no further share options should be granted under the 2020 Share Option Scheme. As at the beginning and the end of the Reporting Period, the number of share options available for grant under the 2020 Share Option Scheme was nil. As at 31 December 2024, the total number of outstanding share options that have been granted under the 2020 Share Option Scheme was 68,025,125, representing approximately 3.68% of the total issued share capital of the Company.

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. Following the adoption of the 2023 Share Scheme, the 2020 Share Option Scheme was terminated. Share options granted under the 2020 Share Option Scheme prior to its termination shall remain valid in accordance with its terms.

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 includes 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 10% 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 2% 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.

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 10 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 8 years and 2 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 164,190,403. On 8 April 2024, the Company granted 11,648,808 share options at the exercise price of HK$6.58 per Share under 2023 Share Scheme. As at 31 December 2024, the total number of outstanding share options that have been granted under the 2023 Share Scheme was 30,463,590, representing approximately 1.65% 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 was 152,541,595 and 34,885,287, respectively.

During the Reporting Period, an aggregate of 11,648,808 share options of the Company were granted. 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 9.44%. The particulars of the share options of the Company granted during the Reporting Period is as follows:

Category of participants	As at 1 January 2024	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2024	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 (Note 1)													-
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	
	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	
Guoen 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	
In Aggregate	49,531,541	0	0	0	0	0	49,531,541						

Category of participants	As at 1 January 2024	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2024	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
Business associates/Service providers													HKD6.64
Maxwell Maxcare Science Foundation Limited	11,575,000	0	11,575,000	0	0	0	0	20 Jan 2015	20 Jan 2015 – 20 Jan 2021	20 Jan 2016 – 19 Jan 2025	HKD3.210	HKD3.140	
	14,100,000	0	0	0	0	0	14,100,000	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 A	115,322	0	0	0	0	0	115,322	12 Sep 2023	12 Sep 2028	12 Sep 2028 – 11 Sep 2033	HKD12.88	HKD12.98	
	1,000,000	0	0	0	0	0	1,000,000	12 Sep 2023	12 Sep 2024 – 12 Sep 2028	12 Sep 2024 – 11 Sep 2033	HKD12.88	HKD12.98	
	0	168,692 (Note 2)	0	0	0	0	168,692	8 Apr 2024	8 Apr 2029	8 Apr 2029 – 7 Apr 2034	HKD6.58	HKD6.770	
Service Provider B	0	500,000 (Note 2)	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	59,387,058	668,692	11,575,000	0	0	0	48,480,750						
Employees (Note 1)													HKD6.80
	630,000	0	0	0	0	0	630,000	20 Jan 2015	20 Jan 2015 – 20 Jan 2019	20 Jan 2016 – 19 Jan 2025	HKD3.210	HKD3.140	
	5,822,042	0	470,000	0	0	0	5,352,042	30 Mar 2016	30 Mar 2016 – 30 Mar 2021	30 Mar 2017 – 29 Mar 2026	HKD3.482	HKD3.340	
	5,860,000	0	0	0	0	0	5,860,000	23 Jan 2017	23 Jan 2022	23 Jan 2022 – 22 Jan 2027	HKD5.628	HKD5.480	
	1,577,451	0	0	0	0	0	1,577,451	30 Mar 2017	30 Mar 2022	30 Mar 2022 – 29 Mar 2027	HKD5.798	HKD5.740	
	1,644,877	0	50,494	61,176	0	0	1,533,207	29 Mar 2018	29 Mar 2023	29 Mar 2023 – 28 Mar 2028	HKD8.510	HKD8.330	
	9,477,915	0	52,779	0	0	0	9,425,136	24 Dec 2018	24 Dec 2018 – 30 Dec 2022	24 Dec 2020 – 23 Dec 2028	HKD7.692	HKD7.000	
	1,183,982	0	0	49,371	0	0	1,134,611	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	
	312,500	0	0	0	0	0	312,500	23 Jan 2019	23 Jan 2019 – 23 Jan 2020	23 Feb 2019 – 22 Jan 2029	HKD7.730	HKD7.560	
	3,163,922	0	100,068	263,213	0	0	2,800,641	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	
	1,052,412	0	0	0	115,260	0	937,152	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	
	600,000	0	0	120,000	80,000	0	400,000	28 Aug 2020	28 Aug 2021 – 28 Aug 2025	28 Aug 2021 – 27 Aug 2030	HKD34.70	HKD35.30	
	850,000	0	0	60,000	40,000	0	750,000	28 Dec 2020	28 Dec 2021 – 28 Dec 2025	28 Dec 2021 – 27 Dec 2030	HKD42.20	HKD41.00	
	552,754	0	0	0	42,910	0	509,844	31 Mar 2021	31 Mar 2026	31 Mar 2026 – 30 Mar 2031	HKD43.75	HKD41.90	
	680,423	0	0	69,616	29,013	0	581,794	31 Mar 2021	31 Mar 2023 – 31 Mar 2025	31 Mar 2023 – 30 Mar 2031	HKD43.75	HKD41.90	
	4,900,000	0	0	0	1,050,000	0	3,850,000	31 Aug 2021	31 Aug 2028	31 Aug 2028 – 30 Aug 2031	HKD48.15	HKD48.35	
	580,000	0	0	0	10,000	0	570,000	2 Nov 2021	2 Nov 2028	2 Nov 2028 – 1 Nov 2031	HKD36.79	HKD34.85	

Category of participants	As at 1 January 2024	Granted during the Period	Exercised during the Period	Expired during the Period	Cancelled during the Period	Lapsed during the Period	As at 31 December 2024	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
	2,847,677	0	0	562,313	0	0	2,285,364	21 Jan 2022	21 Feb 2022 – 21 Jan 2023	21 Feb 2022 – 20 Jan 2032	HKD28.05	HKD27.60	
	2,749,648	0	0	512,318	0	0	2,237,330	1 Apr 2022	1 May 2022 – 1 Apr 2023	1 May 2022 – 31 Mar 2032	HKD18.12	HKD17.78	
	4,299,105	0	0	104,793	470,017	0	3,724,295	1 Apr 2022	1 Apr 2024 – 1 Apr 2026	1 Apr 2024 – 31 Mar 2032	HKD18.12	HKD17.78	
	1,091,904	0	0	0	109,876	0	982,028	1 Apr 2022	1 Apr 2027	1 Apr 2027 – 31 Mar 2032	HKD18.12	HKD17.78	
	2,669,972	0	0	491,541	0	0	2,178,431	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	
	2,549,316	0	0	0	204,134	0	2,345,182	31 Mar 2023	31 Mar 2028	31 March 2028 – 30 March 2033	HKD20.01	HKD19.58	
	2,251,698	0	0	0	299,921	0	1,951,777	31 Mar 2023	31 March 2025 – 31 March 2027	31 March 2025 – 30 March 2033	HKD20.01	HKD19.58	
	12,000,000	0	0	200,000	800,000	0	11,000,000	31 Mar 2023	31 March 2024 – 31 March 2028	31 March 2024 – 30 March 2033	HKD20.01	HKD19.58	
	200,000	0	0	0	0	0	200,000	12 Sep 2023	12 Sep 2024 – 12 Sep 2028	12 Sep 2024 – 11 Sep 2033	HKD12.88	HKD12.98	
	0	4,098,320 (Note 3)	0	0	240,768	0	3,857,552	8 Apr 2024	8 Apr 2029	8 Apr 2029 – 7 Apr 2034	HKD6.58	HKD6.77	
	0	5,949,016 (Note 3)	0	0	0	0	5,949,016	8 Apr 2024	8 Apr 2025	8 Apr 2025 – 7 Apr 2034	HKD6.58	HKD6.77	
	0	932,780 (Note 3)	0	0	100,552	0	832,228	8 Apr 2024	8 Apr 2026 – 8 Apr 2028	8 Apr 2026 – 7 Apr 2034	HKD6.58	HKD6.77	
In Aggregate	70,647,521	10,980,116	673,341	2,494,341	3,592,451	0	74,867,504						
Total	179,566,120	11,648,808	12,248,341	2,494,341	3,592,451	0	172,879,795						

Note 1: As Dr. Qiyi Luo and Mr. Bo Peng retired as non-executive Directors on 22 May 2024, for illustration purpose, the share options held by them have been reclassified into the category of employees at the beginning of 2024.

Note 2: Fair value of such share options as at the date of grant is approximately US$0.71 million. These share options granted are not subject to any other exercising conditions nor any performance targets.

Note 3: Fair value of such share options as at the date of grant is approximately US$5.167 million. These share options granted are not subject to any other exercising conditions nor any performance targets.

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 2024 annual report of the Company.

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 includes 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 5 years and 4 months as at the date of this annual report.

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 2024, the Company resolved to award an aggregate of 3,088,091 Shares to 104 selected participants through secondary Shares purchased by the trustee in the open market. As at 31 December 2024, the number of Shares held by the trustee that may be made available for future grant was 4,967,145, representing 0.27% of the total issued share capital of the Company as at 31 December 2024 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.

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

Category of participants	Unvested awarded Shares as at 1 January 2024	Granted during the Reporting Period (Note 1)	Vested during the Reporting Period	Expired during the Reporting Period	Lapsed during the Reporting Period	Unvested awarded Shares as at 31 December 2024	Date of Grant of awarded Shares	Vesting Period	Purchase price	Closing price of the Shares immediately before the date of grant of awarded Shares	Weighted average closing price of the Shares immediately before the vested date of awarded Shares
Employees	70,353	–	57,439	–	12,914	–	31 Mar 2020	30 Mar 2021 – 30 Mar 2024	–	HKD18.2	HKD6.75
	128,102	–	56,338	–	7,715	64,049	31 Mar 2021	31 Mar 2022 – 31 Mar 2025	–	HKD41.9	
	–	3,030,738	3,030,738	–	–	–	8 Apr 2024	8 Apr 2024	–	HKD6.77	
	–	57,353	57,353	–	–	–	31 Dec 2024	31 Dec 2024	–	HKD6.22	
Total	198,455	3,088,091	3,201,868	–	20,629	64,049					

Notes:

1 Fair value of the awards as at the date of grant is approximately US$2.6 million. These awarded Shares granted are not subject to any other exercising conditions nor any performance targets.

2 The number of unvested awarded Shares as at 1 January 2024, granted, vested, expired and lapsed awarded Shares during the year, and unvested awarded Shares as at 31 December 2024 for five highest paid individuals (including one Director) in aggregate are 14,196; 207,393; 217,139; 0; 0 and 4,450 respectively.

3 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 2024.

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 2024 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 2024, the Group made donations of approximately US$5.7 million.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: 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 2024. KPMG has been the auditor of the Company for the past 13 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.

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 2024.

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

Shanghai, the PRC
28 March 2025

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 2024.

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") 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 2024, 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's our purpose, and it's 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's 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 be 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 and the 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 officers.

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 advices/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.

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 2024, 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 2024 and up to the date of this report comprised of the following Directors:

EXECUTIVE DIRECTOR

Dr. Zhaohua Chang *(Chairman)*

NON-EXECUTIVE DIRECTORS

Mr. Hiroshi Shirafuji
Mr. Norihiro Ashida
Ms. Weiqin Sun
Dr. Qiyi Luo *(retired on 22 May 2024)*
Mr. Bo Peng *(retired on 22 May 2024)*

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 Chairman and Chief Executive Officer of the Company are held by Dr. Zhaohua Chang ("Dr. Chang"). Dr. Chang has assumed the responsibility of the Executive Director and the Chairman of the Board and is responsible for managing the Board and Group's business. As the Board considers 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 efficacy 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Throughout the financial year ended 31 December 2024, 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 MECHANISM

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 effectively exercises 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 2024, the Board reviewed the implementation and effectiveness of the Mechanisms and the results were satisfactory.

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.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction training on the first occasion of 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 2024, continuous trainings were conducted for all Directors, covering the introduction and analysis of new regulations of Environmental, Social and Governance, updates on recent rule amendments relating to Listing Rules and compliance training on code of business conduct and ethics.

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.

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 3 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

During the year ended 31 December 2024, six Board Meetings were held at approximately quarterly intervals 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 22 May 2024 for receiving the audited financial statements, approving re-election of Directors, re-appointment of auditor, amendments to Memorandum of Association and Articles of Association, and passing the convertible facility agreement dated 5 April 2024 and the transactions contemplated thereunder etc.

The attendance records of each Director at the Board meetings and the annual general meeting during the term of office as a Director during the year ended 31 December 2024 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 annual general meeting held during the term of office of the Director concerned
Executive Director		
Dr. Zhaohua Chang *(Chairman)*	6/6	1/1
Non-executive Directors		
Mr. Hiroshi Shirafuji	6/6	1/1
Mr. Norihiro Ashida	6/6	1/1
Ms. Weiqin Sun	6/6	1/1
Dr. Qiyi Luo *(retired on 22 May 2024)*	2/2	1/1
Mr. Bo Peng *(retired on 22 May 2024)*	2/2	1/1
Independent Non-executive Directors		
Mr. Jonathan H. Chou	6/6	1/1
Dr. Guoen Liu	6/6	1/1
Mr. Chunyang Shao	6/6	1/1

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 2024.

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 and 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. Aside from the aforesaid four Board committees, the Company has also established three Executive Committees to oversee the day-to-day operations of the Group.

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 2024, the Board has considered the corporate governance policies and practice 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.

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. Norihiro Ashida
Mr. Chunyang Shao

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 2023, and the interim results and interim report for the six months ended 30 June 2024, 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 2024.

The attendance records of each member at the Audit Committee meetings during the year ended 31 December 2024 are set out below:

Name of member concerned	Attendance/Number of meetings held during the term of office of the Member concerned
Mr. Jonathan H. Chou *(Chairman)*	3/3
Mr. Norihiro Ashida	3/3
Mr. Chunyang Shao	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 2024 have been reviewed by the Audit Committee.

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)*
Dr. Zhaohua Chang
Mr. Jonathan H. Chou

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 employees. Details of the schemes are set out in the section headed "Share Schemes" in the Report of the Directors.

During the year of 2024, 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 held four meetings during the year ended 31 December 2024. The attendance records of each member at the Remuneration Committee meetings during the year ended 31 December 2024 are set out below:

Name of member concerned	Attendance/Number of meetings held during the term of office of the Member concerned
Dr. Guoen Liu *(Chairman)*	4/4
Dr. Zhaohua Chang	4/4
Mr. Jonathan H. Chou	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 three members:

Mr. Chunyang Shao *(Chairman)*
Dr. Guoen Liu
Ms. Weiqin Sun

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

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 one meeting during the year ended 31 December 2024. The attendance records of each member at the Nomination Committee meeting during the year ended 31 December 2024 are set out below:

Name of member concerned	Attendance/Number of meetings held during the term of office of the Member concerned
Mr. Chunyang Shao *(Chairman)*	1/1
Dr. Guoen Liu	1/1
Ms. Weiqin Sun	1/1

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.

STRATEGIC COMMITTEE

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

Dr. Zhaohua Chang *(Chairman)*
Mr. Hiroshi Shirafuji
Mr. Jonathan H. Chou
Ms. Weiqin Sun
Dr. Qiyi Luo *(retired on 22 May 2024)*
Mr. Bo Peng *(retired on 22 May 2024)*

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 2024. The attendance records of each member at the Strategic Committee meeting during the year ended 31 December 2024 are set out below:

Name of member concerned	Attendance/Number of meetings held during the term of office of the Member concerned
Dr. Zhaohua Chang *(Chairman)*	1/1
Mr. Hiroshi Shirafuji	1/1
Mr. Jonathan H. Chou	1/1
Ms. Weiqin Sun	1/1
Dr. Qiyi Luo *(retired on 22 May 2024)*	0/0
Mr. Bo Peng *(retired on 22 May 2024)*	0/0

EXECUTIVE COMMITTEES

The Company consists of three distinctive operational business units: MicroPort Greater China, MicroPort Orthopedics Inter-Continental and MicroPort CRM Inter-Continental, which are managed by CEC, IOC, and ICC respectively.

As of 31 December 2024, the CEC comprises seven members: Mr. Hongbin Sun (Rotating Chairperson of CEC), Mr. Lei Jiang (Rotating Co-Chairperson of CEC), Dr. Jie Zhang, Mr. Yimin Xu, Mr. Yiyun Que, Ms. Qing Hui and Ms. He Li. The majority of them are heads or Vice Presidents of operational departments.

As of 31 December 2024, the IOC comprised four members: Mr. Jonathan Chen (Co-Chairperson of IOC), Mr. Badhri Lyengar, Mr. Tianbai Yu and Mr. Jean Marc D'hondt.

As of 31 December 2024, the ICC comprised seven members: Mr. Jonathan Chen (Chairperson of ICC), Mr. Philippe Wanstock (Co-Chairperson of ICC), Mr. Hongbin Sun, Ms. Qing Hui, Mr. Paul Vodden, Mr. Xiaoming Zhu and Mr. Peter Heizmann.

The CEC, IOC and ICC are responsible for overseeing the management of the Company relating to routine, administrative, operational and managerial matters that occur between regularly scheduled meetings of the Board and shall provide support to and be responsible to the Board. Subject to the provisions set out in the charters of CEC, IOC and ICC, the three committees basically will have and may exercise all the powers and authority granted by the Board in the management of business and affairs of MicroPort in Greater China, MicroPort Orthopedics and MicroPort CRM respectively.

During the year of 2024, CEC, IOC and ICC held meetings periodically and frequently to carry out their duties.

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 2024:

	Female	Male
Board	14.29%	85.71%
Top Management	25.74%	74.26%
Middle Management	39.35%	60.65%
Overall Employee	51.60%	48.40%

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 2024 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 2024.

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 2024:

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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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.

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 2024, the Group had (i) bank borrowings of US$318,066,000 due within 1 year, (ii) convertible bonds issued by a subsidiary (the "Subsidiary") of US$147,133,000 due within one year, and (iii) share repurchase obligations (included in current portion of other payables) issued by the Subsidiary with a carrying value of US$240,690,000. In addition, certain non-current bank borrowings and convertible bonds amounting to US$595,268,000 are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. For the year ended 31 December 2024, the Group incurred a net loss of US$268,459,000 and had a net operating cash outflow of US$49,669,000. 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.

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 pages 69-70 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 2024, 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.

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 2024, training on business conduct and ethics, anti-bribery and anti-corruption was organized for all employees of the Group, and the pass rate was 100%. Please refer to the 2024 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 80-85 in this annual report.

For the financial year ended 31 December 2024, the fees for audit services and non-audit services rendered by external auditor, KPMG were as follows:

Auditors	**Fee (US$'000)**
KPMG	
Audit services	
– Audit services	3,114
Non-audit services	
– Other assurance services	724
– Other services	112
	3,950

During the year ended 31 December 2024, 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.

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 2024.

During the year ended 31 December 2024, 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 2024.

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.

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.

CORPORATE GOVERNANCE REPORT

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 nominees(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, Ugland 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 2024, the Company has amended its Memorandum of Association and Articles of Association. Details of the amendments are set out in the circular dated 30 April 2024 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.

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

This report takes into account the significant changes that have occurred since the end of 2024 to the date of approval of this report.

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

Shanghai, the PRC
28 March 2025

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 86 to 210, which comprise the consolidated statement of financial position as at 31 December 2024, 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 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 2024, the Group had (i) bank borrowings of US$318,066,000 due within 1 year, (ii) convertible bonds issued by a subsidiary (the "Subsidiary") of US$147,133,000 due within one year, and (iii) share repurchase obligations (included in current portion of other payables) issued by the Subsidiary with a carrying value of US$240,690,000. In addition, certain non-current bank borrowings and convertible bonds amounting to US$595,268,000 are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. For the year ended 31 December 2024, the Group incurred a net loss of US$268,459,000 and had a net operating cash outflow of US$49,669,000. 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.

KEY AUDIT MATTERS (CONTINUED)

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies set out in note1(z)(i).

The Key Audit Matter	How the matter was addressed in our audit
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.	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 note1(z)(i).

The Key Audit Matter	How the matter was addressed in our audit
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.	• 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.

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	How the matter was addressed in our audit
The total carrying values of the Group's goodwill, intangible assets and equity-accounted investees as at 31 December 2024 were US$806 million, amounting to approximately 42% of the total non-current assets. During the year ended 31 December 2024, the Group recognised impairment losses on goodwill, intangible assets and equity-accounted investees amounting to US$18 million, US$31 million and US$33 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. The Key Audit Matter How the matter was addressed in our audit 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.	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.

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.

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 HKFRSs 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.

AUDITOR'S RESPONSIBILITY 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

- 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 Group's financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and 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.

KPMG

Certified Public Accountants

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

28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024
(Expressed in United States dollars)

	Note	2024 US$'000	2023 US$'000
Revenue	3	**1,031,063**	950,725
Cost of sales		**(456,971)**	(418,627)
Gross profit		**574,092**	532,098
Research and development costs		**(216,515)**	(379,428)
Distribution costs		**(304,154)**	(334,939)
Administrative expenses		**(178,891)**	(201,688)
Other net income	4	**29,359**	49,514
Other operating costs	5(c)	**(13,260)**	(12,747)
Finance costs	5(a)	**(106,404)**	(96,036)
Changes in the fair value of convertible bonds	27	**(18,849)**	(8,830)
Changes in the fair value of other financial instruments		**1,600**	(4,171)
Impairment losses of non-current assets	5(d)	**(87,864)**	(155,975)
Gain on disposal of subsidiaries	30(a)	**98,155**	2,845
Gain on disposal of interests in equity-accounted investees		**16,729**	15,309
Share of profits less losses of equity-accounted investees	14	**(18,783)**	(32,467)
Loss before taxation	5	**(224,785)**	(626,515)
Income tax	6(a)	**(43,674)**	(22,642)
Loss for the year		**(268,459)**	(649,157)
Attributable to:			
Equity shareholders of the Company		**(214,043)**	(477,629)
Non-controlling interests		**(54,416)**	(171,528)
Loss for the year		**(268,459)**	(649,157)
Loss per share	9		
Basic (in cents)		**(11.68)**	(26.19)
Diluted (in cents)		**(12.15)**	(27.17)

The notes on pages 94 to 210 form part of these 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 2024
(Expressed in United States dollars)

	2024 US$'000	2023 US$'000
Loss for the year	**(268,459)**	(649,157)
Other comprehensive income for the year, net of tax		
Item that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liabilities	**694**	(204)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations, net of nil tax	**(17,627)**	(18,072)
Share of other comprehensive income of equity-accounted investees	**(1,062)**	(419)
Other comprehensive income for the year	**(17,995)**	(18,695)
Total comprehensive income for the year	**(286,454)**	(667,852)
Attributable to:		
Equity shareholders of the Company	**(225,991)**	(488,896)
Non-controlling interests	**(60,463)**	(178,956)
Total comprehensive income for the year	**(286,454)**	(667,852)

The notes on pages 94 to 210 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	31 December 2024 US$'000	31 December 2023 US$'000 (restated)
Non-current assets			
Investment properties	*10*	**4,214**	6,256
Property, plant and equipment	*10*	**934,159**	1,004,573
		938,373	1,010,829
Intangible assets	*11*	**234,317**	234,435
Goodwill	*12*	**188,514**	149,393
Equity-accounted investees	*14*	**382,861**	372,637
Financial assets measured at fair value through profit or loss ("FVPL")	*15*	**9,883**	10,003
Derivative financial assets	*17*	**–**	3,574
Deferred tax assets	*25(b)*	**18,488**	31,382
Other non-current assets	*16*	**123,713**	109,705
		1,896,149	1,921,958
Current assets			
Financial assets measured at FVPL	*15*	**51,817**	40,028
Inventories	*18*	**379,288**	414,868
Trade and other receivables	*19*	**376,564**	310,648
Pledged deposits and time deposits	*20*	**213,509**	225,352
Cash and cash equivalents	*20*	**712,995**	1,019,551
		1,734,173	2,010,447
Assets classified as held-for-sale	*32*	**3,100**	–
		1,737,273	2,010,447
Current liabilities			
Trade and other payables	*21*	**638,997**	448,342
Contract liabilities	*22*	**19,863**	18,770
Interest-bearing borrowings	*23*	**318,066**	295,438
Convertible bonds	*27*	**147,133**	549,470
Lease liabilities	*24*	**40,143**	46,915
Income tax payable	*25(a)*	**7,311**	4,985
Derivative financial liabilities	*17*	**7,500**	–
		1,179,013	1,363,920
Net current assets		**558,260**	646,527
Total assets less current liabilities		**2,454,409**	2,568,485

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	31 December 2024 US$'000	31 December 2023 US$'000 (restated)
Non-current liabilities			
Interest-bearing borrowings	*23*	**757,711**	508,330
Lease liabilities	*24*	**47,932**	85,327
Deferred income	*26*	**51,491**	42,344
Contract liabilities	*22*	**26,948**	27,669
Convertible bonds	*27*	**374,224**	213,267
Other payables	*21*	**24,124**	262,865
Derivative financial liabilities	*17*	**5,534**	–
Deferred tax liabilities	*25(b)*	**21,601**	25,686
		1,309,565	1,165,488
NET ASSETS		**1,144,844**	1,402,997
CAPITAL AND RESERVES			
Share capital	*29(c)*	**18**	18
Reserves		**603,455**	757,801
Total equity attributable to equity shareholders of the Company		**603,473**	757,819
Non-controlling interests		**541,371**	645,178
TOTAL EQUITY		**1,144,844**	1,402,997

Approved and authorised for issue by the board of directors on 28 March 2025.

Zhaohua Chang
Chairman

Jonathan H. Chou
Director

The notes on pages 94 to 210 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company								
	Note	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$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2023		18	670,700	(84,032)	1,315,368	132,353	(899,377)	1,135,030	657,638	1,792,668
Changes in equity for 2023:										
Loss for the year		–	–	–	–	–	(477,629)	(477,629)	(171,528)	(649,157)
Other comprehensive income		–	–	(10,624)	(643)	–	–	(11,267)	(7,428)	(18,695)
Total comprehensive income		–	–	(10,624)	(643)	–	(477,629)	(488,896)	(178,956)	(667,852)
Net contributions from non-controlling shareholders of subsidiaries		–	–	–	82,504	–	–	82,504	171,718	254,222
Disposal of a subsidiary		–	–	–	–	–	–	–	(427)	(427)
Acquisition of non-controlling interests		–	–	–	(4,323)	–	–	(4,323)	(1,005)	(5,328)
Appropriation of statutory general reserve		–	–	–	–	4,603	(4,603)	–	–	–
Equity-settled share-based transactions		–	–	–	22,891	–	–	22,891	11,146	34,037
Shares issued under share option scheme of the Company	*29(c)(iii)*	–	6,926	–	(1,564)	–	–	5,362	–	5,362
Shares issued under share option scheme of a subsidiary		–	–	–	28	–	–	28	460	488
Shares purchased under share award scheme and restricted share unit plan		–	–	–	(636)	–	–	(636)	(556)	(1,192)
Shares granted under share award schemes		–	–	–	4,951	–	–	4,951	671	5,622
Lapse of share options		–	–	–	(710)	–	710	–	–	–
Repurchase of convertible bonds issued by the Company		–	–	–	(575)	–	–	(575)	–	(575)
Issuance of convertible bonds		–	–	–	3,740	–	–	3,740	–	3,740
Dividends to holders of non-controlling interests		–	–	–	–	–	–	–	(12,544)	(12,544)
Others		–	–	–	(2,257)	–	–	(2,257)	(2,967)	(5,224)
Balance at 31 December 2023		18	677,626	(94,656)	1,418,774	136,956	(1,380,899)	757,819	645,178	1,402,997

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in United States dollars)

		Attributable to equity shareholders of the Company								
	Note	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$'000	Non-controlling interests US$'000	Total equity US$'000
Balance at 1 January 2024		18	677,626	(94,656)	1,418,774	136,956	(1,380,899)	757,819	645,178	1,402,997
Changes in equity for 2024:										
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)
Total comprehensive income		–	–	(10,886)	(1,062)	–	(214,043)	(225,991)	(60,463)	(286,454)
Net contributions from non-controlling shareholders of subsidiaries	*30(b)(iii)*	–	–	–	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	*27(b)*	–	–	–	42,558	–	–	42,558	–	42,558
Dividends to holders of non-controlling interests	*13*	–	–	–	–	–	–	–	(43,832)	(43,832)
Others		–	–	–	(908)	–	–	(908)	(499)	(1,407)
Balance at 31 December 2024		18	684,448	(105,542)	1,481,364	139,804	(1,596,619)	603,473	541,371	1,144,844

The notes on pages 94 to 210 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024
(Expressed in United States dollars)

	Note	2024 US$'000	2023 US$'000
Operating activities			
Cash used in operations	*20(c)*	**(19,122)**	(206,254)
Income tax refund received		**19,149**	12,529
Income tax paid		**(49,696)**	(38,148)
Net cash used in operating activities		**(49,669)**	(231,873)
Investing activities			
Payments for the purchase of property, plant and equipment		**(88,284)**	(166,723)
Payments for acquisition of subsidiaries, net of cash acquired	*31*	**(63,442)**	–
Settlements of consideration in connection with previous year's acquisitions of subsidiaries		**(703)**	(17,905)
Proceeds from disposal of subsidiaries, net of cash disposed	*30(a)*	**13,980**	–
Proceeds from sale of property, plant and equipment and intangible assets		**10,603**	1,092
Payments for intangible assets, including expenditure on development costs		**(20,149)**	(32,398)
Decrease/(increase) in pledged deposits and time deposits		**4,817**	(163,903)
Interest received		**9,377**	5,365
Proceeds from the disposal of interest in equity-accounted investees		**19,392**	13,171
Payments for the investments in equity-accounted investees		**(19,843)**	(11,853)
Payments for the investments in financial assets at FVPL		**(723,697)**	(298,648)
Redemption of financial assets at FVPL		**716,968**	298,562
Loans to equity-accounted investees	*35(b)*	**(5,699)**	(8,186)
Loans repaid by equity-accounted investees	*35(b)*	**1,623**	3,080
Others		**(4,673)**	(62)
Net cash used in investing activities		**(149,730)**	(378,408)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024
(Expressed in United States dollars)

	Note	2024 US$'000	2023 US$'000
Financing activities			
Capital element of lease rentals paid	20(d)	**(40,249)**	(39,357)
Interest element of lease rentals paid	20(d)	**(5,526)**	(8,960)
Lease deposits paid		**–**	(532)
Proceeds from interest-bearing borrowings, net of transaction costs	20(d)	**654,908**	560,343
Repayments of interest-bearing borrowings	20(d)	**(376,431)**	(274,118)
Net proceeds from issuance of convertible bonds, net of transaction costs	20(d)	**244,213**	2,047
Payments for repurchase of convertible bonds	20(d)	**(461,619)**	(31,869)
Proceeds from issuance of financial instruments with redemption rights	21(ii)	**1,407**	19,077
Payments for acquisition of non-controlling interests		**(29,187)**	(4,888)
Net contributions from non-controlling interests		**55,497**	254,222
Proceeds from shares issued under the share option scheme		**5,205**	5,850
Interest paid for the convertible bonds	20(d)	**(28,198)**	(8,924)
Interest paid for interest-bearing borrowings	20(d)	**(34,481)**	(24,475)
Payments for repurchase of shares under share award scheme and restricted share unit plan		**(39,626)**	(1,192)
Dividends paid to holders of non-controlling interests		**(43,832)**	(12,544)
Others		**–**	217
Net cash (used in)/generated from financing activities		**(97,919)**	434,897
Net decrease in cash and cash equivalents		**(297,318)**	(175,384)
Cash and cash equivalents at 1 January		**1,019,551**	1,203,007
Effect of foreign exchange rate changes		**(9,238)**	(8,072)
Cash and cash equivalents at 31 December		**712,995**	1,019,551

The notes on pages 94 to 210 form part of these 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 all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, 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 (the "Stock Exchange"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs 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 2024 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 2024, the Group had (i) bank borrowings of US$318,066,000 due within 1 year (see note 23); (ii) convertible bonds issued by MicroPort Cardiac Rhythm Management Limited ("CRM Cayman", a subsidiary of the Group) of US$147,133,000 due within one year (see note 27(a)); and (iii) share repurchase obligations (included in current portion of other payables) issued by CRM Cayman with a carrying value of US$240,690,000 (see note 21(ii)).

In addition, certain non-current bank borrowings and convertible bonds amounting to US$595,268,000 (see notes 23 and 27) are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. 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 2024, the Group incurred a net loss of US$268,459,000 and had a net operating cash outflow of US$49,669,000.

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.

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 2024. 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 properties, equity accounted investees or other assets;

(3) The Group is in discussion with potential investors to make direct investment or to purchase certain equity interests in subsidiaries/equity-accounted investees of the Group;

(4) The Group is in discussion with the investors of the preferred shares and the convertible bonds issued by CRM Cayman to extend the date of a qualified public offering or the maturity date of the convertible bonds; and

(5) 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 2024 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 HKFRSs 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.

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 HKFRSs 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 the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*

- Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the "HKAS 1 amendments")

The HKAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Upon the adoption of the HKAS 1 amendments, the Group has reassessed the classification of its liabilities as current or non-current, and has made the following reclassifications:

- Reclassifying the CRM Convertible Bonds (defined in note 27(a)) measured at fair value through profit or loss from non-current to current, as the conversion rights of the CRM Convertible Bonds do not meet the definition of an equity instrument and 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.

The following table summarises the impact of the adoption of the HKAS 1 amendments on the comparatives presented in the Group's consolidated statement of financial position:

	As previously reported US$'000	Effect of adopting the HKAS 1 amendments US$'000	As restated US$'000
Condensed consolidated statement of financial position as at 31 December 2023:			
Convertible bonds	456,634	92,836	549,470
Total current liabilities	1,271,084	92,836	1,363,920
Net current assets	739,363	(92,836)	646,527
Total assets less current liabilities	2,661,321	(92,836)	2,568,485
Convertible bonds	306,103	(92,836)	213,267
Total non-current liabilities	1,258,324	(92,836)	1,165,488

As at 31 December 2024, the amounts that would have been in the Group's consolidated statement of financial position and the Company's statement of financial position if the HKAS 1 amendments had not been adopted are same as reported due to the CRM Convertible Bonds will become due within one year.

The amendments have no effect on the Group's consolidated statement of profit or loss, cash flows and loss per share. The Group has provided additional disclosures about its non-current liabilities subject to covenants in note 33(b).

Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting policies (continued)

Amendments to HKAS 7, *Statement of cash flows and HKFRS 7, Financial instruments: Disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The Group has provided the new disclosures in notes 21 and 33(b).

(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.

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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Associates and joint ventures (continued)

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)).

(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 33(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Other investments in securities (continued)

(i) Non-equity investments (continued)

– 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.

(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)).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Property, plant and equipment (continued)

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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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.

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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Leased assets (continued)

(i) As a lessee (continued)

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.

(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).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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);

– contract assets as defined in HKFRS 15 (see note 1(o)); 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.

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.

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 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

– 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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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 the following non-financial assets to determine whether there is any indication of impairment:

- investment properties;
- property, plant and equipment, including right-of-use assets;
- intangible assets;
- goodwill;
- investments in equity-accounted investees; and
- investments in subsidiaries and equity-accounted investees in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether there is any indication of 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.

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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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

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 note 1(m)).

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.

(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 payment terms set out 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)).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

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.

On early redemption of convertible bonds/loans, 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 derivates, 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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(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.

(ii) Defined benefit retirement plan obligations

The Group's net obligation in respect of defined benefit 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 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).

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits (continued)

(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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Income tax (continued)

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.

(y) Provisions, contingent liabilities and onerous contracts

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.

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

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Revenue and other income (continued)

(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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(z) Revenue and other income (continued)

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

(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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(aa) Translation of foreign currencies (continued)

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.

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

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.

(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.

1 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(dd) Asset acquisition (continued)

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.

(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.

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 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.

(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 options granted and financial instruments. Other key sources of estimation uncertainty are as follows:

2 ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

(b) Sources of estimation uncertainty (continued)

(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 actions in response to changes in market conditions. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown 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. The management carefully evaluates 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

Revenue from sales of medical devices is after the deduction of sales discounts. Such revenue recognition is dependent on estimating the sales rebates granted to customers which are primarily volume based. Based on the Group's experience, the Group has made estimates to the extent which it considered that it is highly probable that the customer will satisfy the rebate entitlement criteria within the rebate period.

In addition, 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.

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:

	2024 **US$'000**	2023 US$'000
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of medical devices	**1,006,188**	928,686
– Others	**16,768**	15,192
	1,022,956	943,878
Revenue from other sources	**8,107**	6,847
	1,031,063	950,725

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:

	2024 **US$'000**	2023 US$'000
Customer A	**141,183**	N/A*

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

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 2024, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was US$34,354,000 (2023: US$45,249,000). 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.
Surgical devices business	Sales, manufacture, R&D of surgical devices.

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 inter-segment 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 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 2024 and 2023 is set out below.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results, assets and liabilities

	2024									
	Cardiovascular devices business US$'000	Orthopedics devices business US$'000	Cardiac rhythm management business US$'000	Endovascular and peripheral vascular devices business US$'000	Neurovascular devices business US$'000	Structural heart disease business US$'000	Surgical robot business US$'000	Surgical devices business US$'000	Others# US$'000	Total US$'000
Disaggregated by timing of revenue recognition										
Point in time	160,140	249,565	212,129	167,918	106,415	48,902	22,158	11,520	36,389	1,015,136
Over time	1,040	2,880	8,456	–	279	–	375	–	2,897	15,927
Revenue from external customers	161,180	252,445	220,585	167,918	106,694	48,902	22,533	11,520	39,286	1,031,063
Inter-segment revenue	4,555	261	28	1,619	287	1,795	13,489	483	435	22,952
Reportable segment revenue	165,735	252,706	220,613	169,537	106,981	50,697	36,022	12,003	39,721	1,054,015
Reportable segment net profit/(loss)	(18,167)	(26,268)	(88,460)	69,238	34,968	(7,485)	(90,927)	(50,073)	(46,975)	(224,149)
Interest income from bank deposits	1,545	147	783	2,407	2,230	10,473	309	18	370	18,282
Interest expense	5,924	10,821	32,207	232	496	514	2,778	2,420	2,813	58,205
Depreciation and amortisation for the year	23,354	27,193	16,224	9,845	8,481	13,132	16,559	8,164	11,817	134,769
Provision for/(reversal of) impairment of:										
– Property, plant and equipment	–	–	–	–	–	–	–	3,256	1,172	4,428
– Equity-accounted investees	–	–	–	–	–	(11,526)	16,365	–	–	4,839
– Intangible assets	–	–	–	–	–	–	–	28,111	3,228	31,339
– Goodwill	13,430	–	–	–	–	–	–	–	4,157	17,587
– Trade and other receivables	–	236	–	456	–	–	–	837	–	1,529
Reportable segment assets	707,037	509,802	360,720	597,017	284,447	373,009	178,488	56,709	221,633	3,288,862
Additions to non-current segment assets during the year	14,431	31,795	11,165	121,202	9,885	72,875	10,126	670	34,392	306,541
Reportable segment liabilities	370,798	408,113	524,126	67,179	46,392	62,722	140,612	76,496	140,843	1,837,281

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

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

	2023 (Re-presented) (Note)									
	Cardiovascular devices business US$'000	Orthopedics devices business US$'000	Cardiac rhythm management business US$'000	Endovascular and peripheral vascular devices business US$'000	Neurovascular devices business US$'000	Structural heart disease business US$'000	Surgical robot business US$'000	Surgical devices business US$'000	Others* US$'000	Total US$'000
Disaggregated by timing of revenue recognition										
Point in time	148,792	235,626	197,173	167,983	93,605	47,134	11,015	7,581	24,388	933,297
Over time	1,914	1,714	9,843	–	280	–	–	–	3,677	17,428
Revenue from external customers	150,706	237,340	207,016	167,983	93,885	47,134	11,015	7,581	28,065	950,725
Inter-segment revenue	5,763	1,026	25	238	284	381	3,791	180	–	11,688
Reportable segment revenue	156,469	238,366	207,041	168,221	94,169	47,515	14,806	7,761	28,065	962,413
Reportable segment net profit/(loss)	(12,834)	(79,852)	(103,200)	69,052	19,086	(67,007)	(145,062)	(130,315)	(84,353)	(534,485)
Interest income from bank deposits	2,262	138	3,661	1,312	2,337	12,369	1,249	12	462	23,802
Interest expense	4,613	10,777	26,093	209	490	693	2,609	740	2,694	48,918
Depreciation and amortisation for the year	26,225	29,016	16,464	7,158	8,295	10,469	15,805	9,099	8,998	131,529
Provision for impairment of:										
– Property, plant and equipment	–	–	–	–	–	–	–	143	2,109	2,252
– Equity-accounted investees	–	–	–	–	4,309	11,526	–	–	–	15,835
– Intangible assets	–	–	3,507	–	–	–	–	–	565	4,072
– Goodwill	–	18,070	–	–	–	–	–	101,473	–	119,543
– Trade and other receivables	10	3,892	–	189	–	–	–	79	–	4,170
Reportable segment assets	600,417	528,697	394,871	599,250	276,821	383,485	201,498	98,459	400,808	3,484,306
Additions to non-current segment assets during the year	39,661	80,715	25,059	54,349	15,235	18,214	23,936	17,683	79,548	354,400
Reportable segment liabilities	291,037	431,171	461,700	53,413	45,114	42,271	129,499	117,093	158,330	1,729,628

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 and fermentation-based active pharmaceutical ingredients business, etc. None of those segments individually met any of the quantitative thresholds for reportable segments.

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss, assets and liabilities

	2024 US$'000	2023 US$'000
Profit or loss		
Reportable segment net loss	**(224,149)**	(534,485)
Share awards scheme	**(2,585)**	(4,241)
Other equity-settled share-based payment expenses	**(13,966)**	(12,589)
Interest expenses on convertible bonds issued by the Company	**(33,416)**	(35,883)
Unallocated exchange loss	**(3,748)**	(3,721)
Impairment losses of equity-accounted investees	**(28,358)**	(14,266)
Gain on disposal of subsidiaries, net of tax	**98,155**	2,845
Unallocated expenses, net	**(60,392)**	(46,817)
Consolidated loss for the year	**(268,459)**	(649,157)
Assets		
Reportable segment assets	**3,288,862**	3,484,306
Elimination	**(182,996)**	(88,974)
Unallocated corporate assets:		
– Cash and cash equivalents	**95,171**	49,390
– Pledged and time deposits	**30,598**	106,388
– Equity-accounted investees	**240,296**	181,300
– Property, plant and equipment	**124,397**	143,551
– Others	**37,094**	56,444
Consolidated total assets	**3,633,422**	3,932,405

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliation of reportable segment profit or loss, assets and liabilities (continued)

	2024 US$'000	2023 US$'000
Liabilities		
Reportable segment liabilities	**1,837,281**	1,729,628
Elimination	**(136,033)**	(88,974)
Convertible bonds	**369,945**	669,901
Interest-bearing borrowings	**386,164**	154,452
Lease liabilities	**9,046**	20,782
Unallocated corporate liabilities	**22,175**	43,619
Consolidated total liabilities	**2,488,578**	2,529,408

(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.

	Revenues from external customers		**Specified non-current assets**	
	2024 **US$'000**	2023 US$'000	**2024** **US$'000**	2023 US$'000
The PRC (country of domicile)	**522,111**	492,789	**1,285,224**	1,342,232
North America	**92,407**	99,928	**149,901**	140,431
Europe	**280,252**	253,576	**272,621**	248,540
Asia (excluding the PRC)	**88,275**	71,424	**35,542**	35,059
South America	**33,422**	22,814	**491**	837
Others	**14,596**	10,194	**286**	195
	1,031,063	950,725	**1,744,065**	1,767,294

4 OTHER NET INCOME

	2024 US$'000	2023 US$'000
Government grants*	**21,194**	21,712
Interest income on financial assets measured at amortised cost	**22,748**	32,700
Net loss on disposal of property, plant and equipment	**(2,480)**	(6,732)
Net foreign exchange loss	**(12,334)**	(7,705)
Gain on repurchase of convertible bonds	**–**	9,300
Others	**231**	239
	29,359	49,514

* Majority of the government grants are subsidies received from government for the encouragement of R&D projects.

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2024 US$'000	2023 US$'000
Interest on the convertible bonds (note 27)	**33,523**	35,883
Interest on interest-bearing borrowings	**36,193**	24,522
Interest on preferred shares issued by subsidiaries (note 21(ii))	**27,671**	24,123
Interest on lease liabilities (note 10(b))	**6,962**	8,960
Total interest expense on financial liabilities not at fair value through profit or loss	**104,349**	93,488
Less: interest expense capitalised into properties under development*	**(2,113)**	(756)
Add: fee charges and others	**4,168**	3,304
	106,404	96,036

* Borrowing costs have been capitalised at a rate of 2.15%-3.60% per annum in 2024 (2023: 2.15%-4.05%).

5 LOSS BEFORE TAXATION (CONTINUED)

(b) Staff costs

	2024	2023
	US$'000	US$'000
Contributions to defined contribution retirement plans	**26,598**	30,751
Expenses recognised in respect of defined benefit retirement plans	**1,207**	633
Equity-settled share-based payment expenses (note 28(f))	**27,773**	39,659
Cash-settled share-based payment expenses and other long-term employee benefits	**390**	2,245
Salaries, wages and other benefits	**339,777**	483,049
	395,745	556,337

(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$7,691,000 as at 31 December 2024 (31 December 2023: US$8,500,000), with actuarial gain of US$649,000 being recorded in other comprehensive income for the year ended 31 December 2024 (31 December 2023: gain of US$91,000).

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$2,493,000 as at 31 December 2024 (31 December 2023: US$1,773,000), with an actuarial loss of US$45,000 being recorded in other comprehensive income for the year ended 31 December 2024 (31 December 2023: a loss of US$295,000).

(c) Other operating costs

	2024 **US$'000**	2023 US$'000
Legal and profession fee	**1,632**	4,105
Donations and others	**11,628**	8,642
	13,260	12,747

5 LOSS BEFORE TAXATION (CONTINUED)

(d) Other items

	2024 US$'000	2023 US$'000
Amortisation of intangible assets* (note 11)	**21,261**	19,466
Depreciation charge*		
– owned property, plant and equipment (note 10)	**93,281**	83,335
– right-of-use assets (note 10)	**45,751**	49,231
Less: Amounts capitalised as development costs	**(781)**	(787)
Total amortisation and depreciation	**159,512**	151,245
Impairment losses on non-current assets:		
– property, plant and equipment	**5,741**	2,257
– intangible assets (note 11)	**31,339**	4,074
– goodwill (note 12)	**17,587**	119,543
– equity-accounted investees (note 14)	**33,197**	30,101
	87,864	155,975
R&D expenditures	**244,453**	406,203
Less: Amortisation of capitalised development costs	**(11,068)**	(8,814)
Costs capitalised into intangible assets	**(27,938)**	(30,802)
	205,447	366,587
Cost of inventories* (note 18(b))	**477,317**	470,225
Auditors' remuneration		
– audit services	**3,114**	2,670
– other assurance services	**724**	1,039
– other services	**112**	251
	3,950	3,960

* Cost of inventories includes US$78,593,000 (2023: US$117,112,000) 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.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 US$'000	2023 US$'000
Current tax - PRC Corporate Income Tax ("CIT")		
Provision for the year	**24,801**	18,208
Under-provision in respect of prior years	**11,583**	1,928
	36,384	20,136
Current tax - other jurisdictions	**5,648**	5,893
Total current tax	**42,032**	26,029
Deferred tax		
Origination and reversal of temporary differences (note 25(b))	**1,642**	(3,387)
	43,674	22,642

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable 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, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant jurisdictions.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

(b) Pillar Two income tax

Effective 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"). 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.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

(c) Reconciliation between income tax expense and accounting loss at applicable tax rates:

	2024 **US$'000**	2023 US$'000
Loss before taxation	**(224,785)**	(626,515)
Notional tax on loss before taxation, calculated at the rates applicable to profit in the countries concerned	**(8,625)**	(132,301)
Effect of the PRC preferential tax rate	**(21,977)**	(13,223)
Effect of other non-deductible expenses	**12,938**	39,820
Effect of additional deduction on research and development expenses	**(8,359)**	(19,720)
Effect of tax losses and temporary differences not recognised	**56,873**	151,639
Effect of non-taxable income	**(5,015)**	(5,859)
Withholding tax	**4,438**	1,839
Under-provision in respect of prior years	**11,954**	1,402
Others	**1,447**	(955)
Actual tax expenses	**43,674**	22,642

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:

	2024						
	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	Total US$'000
Executive director							
Zhaohua Chang	–	–	200	–	200	4,930	5,130
Non-executive directors							
Norihiro Ashida	70	–	–	–	70	–	70
Hiroshi Shirafuji	66	–	–	–	66	–	66
Weiqin Sun	–	–	–	–	–	–	0
Qiyi Luo (resigned on 22 May 2024)	28	–	–	–	28	329	357
Bo Peng (resigned on 22 May 2024)	28	–	–	–	28	364	392
Independent non-executive directors							
Jonathan Chou	70	46	–	–	116	–	116
Guoen Liu	70	7	–	–	77	–	77
Chunyang Shao	70	4	–	–	74	–	74
	402	57	200	–	659	5,623	6,282

7 DIRECTORS' EMOLUMENTS (CONTINUED)

	2023						
	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	Total US$'000
Executive director							
Zhaohua Chang	–	–	200	–	200	2,160	2,360
Non-executive directors							
Norihiro Ashida	71	–	–	–	71	–	71
Hongliang Yu (resigned on 30 August 2023)	–	–	–	–	–	–	–
Yasuhisa Kurogi (resigned on 19 June 2023)	–	–	–	–	–	–	–
Hiroshi Shirafuji (appointed on 19 June 2023)	36	–	–	–	36	–	36
Weiqin Sun (appointed on 30 August 2023)	–	–	–	–	–	–	–
Qiyi Luo (appointed on 30 August 2023)	24	231	–	–	255	433	688
Bo Peng (appointed on 10 November 2023)	10	234	–	21	265	574	839
Independent non-executive directors							
Jonathan Chou	71	44	–	–	115	3	118
Guoen Liu	71	7	–	–	78	3	81
Chunyang Shao	71	5	–	–	76	3	79
	354	521	200	21	1,096	3,176	4,272

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.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, one (2023: one) is director whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other four (2023: four) individual are as follows:

	2024 US$'000	2023 US$'000
Salaries and other benefits	**1,184**	527
Discretionary bonuses	**253**	267
Equity-settled share-based payment	**8,413**	11,242
	9,850	12,036

The emoluments of the four (2023: four) individuals with the highest emoluments are within the following bands:

	2024 Number of Individuals	2023 Number of Individuals
HK$5,000,001 to HK$5,500,000	**1**	–
HK$7,000,001 to HK$7,500,000	**1**	–
HK$11,500,001 to HK$12,000,000	**1**	1
HK$12,500,001 to HK$13,000,000	**1**	1
HK$25,000,001 to HK$25,500,000	**–**	1
HK$44,500,001 to HK$45,000,000	**–**	1

9 LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of US$214,043,000 (2023: US$477,629,000) and the weighted average number of ordinary shares of 1,831,792,000 shares (2023: 1,823,930,000 shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2024 **'000**	2023 '000
Issued ordinary shares at 1 January	**1,834,477**	1,827,618
Effect of share options exercised	**2,261**	4,661
Effect of treasury shares held	**(4,946)**	(8,349)
Weighted average number of ordinary shares at 31 December	**1,831,792**	1,823,930

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of US$222,591,000 (2023: loss of US$495,554,000) and the weighted average number of ordinary shares of 1,831,792,000 shares (2023: 1,823,930,000 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.

Loss attributable to ordinary equity shareholders of the Company (diluted)

	2024 **US$'000**	2023 US$'000
Loss attributable to ordinary equity shareholders	**(214,043)**	(477,629)
Effect of deemed exercise of put option granted to SRL in respect of share repurchase obligation (note 17)	**(8,548)**	(17,925)
Loss attributable to ordinary equity shareholders (diluted)	**(222,591)**	(495,554)

Save as disclosed above, the calculation of diluted loss per share amount for the year ended 31 December 2024 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 loss per share amount.

10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Reconciliation of carrying amount

	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 property US$'000	Total US$'000
Cost:										
At 1 January 2023	355,985	100,185	355,239	89,212	3,340	325,149	171,023	1,400,133	8,739	1,408,872
Exchange adjustments	(3,770)	(1,711)	(2,719)	(896)	(53)	(1,566)	(3,016)	(13,731)	(146)	(13,877)
Transfer	18,324	28,351	41,465	6,177	29	–	(94,346)	–	–	–
Additions	3	1,692	21,261	4,659	26	14,573	154,902	197,116	–	197,116
Disposals	(17)	(13,686)	(19,043)	(3,706)	(44)	(30,237)	(1,024)	(67,757)	–	(67,757)
At 31 December 2023 and 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	**437,099**	**122,818**	**403,118**	**95,367**	**3,905**	**287,629**	**195,995**	**1,545,931**	**6,059**	**1,551,990**

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
Accumulated depreciation, amortisation and impairment:										
At 1 January 2023	50,014	31,484	167,563	56,804	2,479	98,775	–	407,119	2,160	409,279
Exchange adjustments	(511)	(674)	(630)	(477)	(39)	952	–	(1,379)	(36)	(1,415)
Charge for the year	9,720	21,278	41,206	12,899	276	49,231	–	134,610	213	134,823
Written back on disposals	(3)	(3,544)	(8,324)	(2,288)	(41)	(14,962)	–	(29,162)	–	(29,162)
At 31 December 2023 and 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	**14,883**	**22,023**	**48,380**	**13,325**	**189**	**45,751**	**–**	**144,551**	**222**	**144,773**
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	**73,103**	**64,993**	**233,308**	**76,338**	**2,223**	**161,807**	**–**	**611,772**	**1,845**	**613,617**
Net book value:										
At 31 December 2024	**363,996**	**57,825**	**169,810**	**19,029**	**1,682**	**125,822**	**195,995**	**934,159**	**4,214**	**938,373**
At 31 December 2023	**311,305**	**66,287**	**196,388**	**28,508**	**623**	**173,923**	**227,539**	**1,004,573**	**6,256**	**1,010,829**

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:

	Note	**31 December 2024 US$'000**	31 December 2023 US$'000
Land use rights, carried at depreciated cost	(i)	**44,028**	49,305
Properties leased for own use and others, carried at depreciated cost	(ii)	**81,794**	124,618
		125,822	173,923

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 US'$000	2023 US'$000
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	**1,007**	1,104
Properties leased for own use and others	**44,744**	48,127
	45,751	49,231
Interest on lease liabilities (note 5(a))	**6,962**	8,960
Expense relating to short-term leases and leases of low-value assets	**1,900**	4,885

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(e) and 33(b), respectively.

10 INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(b) Right-of-use assets (continued)

(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.

(c) Investment property

The Group leases out investment property located in the PRC under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the lease includes variable lease payments.

As at 31 December 2024, the fair value of investment property is approximately US$5.5 million (2023: US$12.3 million) which is determined by management with reference to the market price of comparable properties.

Undiscounted lease payments under non-cancellable operating leases in place at 31 December 2024 is US$769,000 (2023: US$2,323,000), which will be receivable by the Group within 5 years.

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
Cost						
At 1 January 2023	107,501	21,137	153,319	22,782	13,366	318,105
Exchange adjustments	1,757	191	(2,687)	472	360	93
Additions	736	163	30,802	24	3,005	34,730
Disposal	–	–	–	–	(301)	(301)
At 31 December 2023 and 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 (note 31)	**–**	**–**	**4,918**	**23,689**	**–**	**28,607**
Additions	**191**	**166**	**27,938**	**–**	**264**	**28,559**
Disposal	**(166)**	**(4)**	**–**	**–**	**(195)**	**(365)**
At 31 December 2024	**106,298**	**21,143**	**211,420**	**46,151**	**15,977**	**400,989**
Accumulated amortisation and impairment:						
At 1 January 2023	21,587	12,962	42,947	14,505	2,421	94,422
Exchange adjustments	555	152	(717)	207	33	230
Amortisation charge for the year	7,233	1,802	8,581	1,176	674	19,466
Impairment charge for the year	–	–	–	567	3,507	4,074
At 31 December 2023 and 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	**61,389**	**15,739**	**64,295**	**17,725**	**7,524**	**166,672**
Net book value:						
At 31 December 2024	**44,909**	**5,404**	**147,125**	**28,426**	**8,453**	**234,317**
At 31 December 2023	80,619	6,575	130,623	6,823	9,795	234,435

11 INTANGIBLE ASSETS (CONTINUED)

Capitalised development costs primarily related to product candidates of cardiovascular devices, endovascular and peripheral vascular devices and neurovascular devices business segments, of which, US$37,046,000 (2023: US$80,879,000) are not yet available for use as at 31 December 2024.

Amortisation of intangible assets has been charged to the consolidated statement of profit or loss as follows:

	2024	2023
	US$'000	US$'000
Cost of sales	**5,113**	1,557
Research and development costs	**13,999**	14,336
Distribution costs	**1,709**	1,777
Administrative expenses	**440**	1,796
	21,261	19,466

As at 31 December 2024, management identified impairment indicators on certain technologies and capitalised development costs. Based on the impairment tests performed, impairment losses of US$31,339,000 were recognised in profit or loss.

12 GOODWILL

	US$'000
Cost:	
At 1 January 2023	304,509
Exchange adjustments	5,686
At 31 December 2023 and 1 January 2024	**310,195**
Additions through acquisition of subsidiaries (note 31)	**62,953**
Exchange adjustments	**(8,922)**
At 31 December 2024	**364,226**
Accumulated impairment losses:	
At 1 January 2023	41,680
Charge for the year	119,543
Exchange adjustments	(421)
At 31 December 2023 and 1 January 2024	**160,802**
Charge for the year	**17,587**
Exchange adjustments	**(2,677)**
At 31 December 2024	**175,712**
Carrying amount:	
At 31 December 2024	**188,514**
At 31 December 2023	149,393

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:

	2024	2023
	US$'000	US$'000
CRM business	**102,248**	105,829
Endovascular devices business (note 31)	**60,637**	–
OrthoRecon business	**19,907**	19,907
Intravascular imaging business	**5,516**	19,229
Multiple units without significant goodwill	**206**	4,428
	188,514	149,393

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 (2023: ten-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2023: 2%) and 14.5% (2023: 15%-16%), respectively. As at 31 December 2024, 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% and 11.7%, respectively. As at 31 December 2024, the recoverable amount is above the carrying amount of the CGU.

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 five-year period (2023: six-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2023: 3%) and 16% (2023: 17%), respectively. As at 31 December 2024, the recoverable amount is above the carrying amount of the CGU.

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 (2023: ten-year period). The growth rate beyond the forecast period and pre-tax discount rate are 2% (2023: 2%) and 20% (2023: 20%), respectively. In 2024, due to the underperformance of sales and the adjustment to the R&D pipelines, management reassessed the financial budget and an impairment loss on goodwill of intravascular imaging business of US$13,430,000 was recognised in profit or loss. As the CGU has been reduced to its recoverable amount of US$61,278,000, any change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

(Expressed in United States dollars unless otherwise indicated)

12 GOODWILL (CONTINUED)

Impairment tests for cash-generating units containing goodwill (continued)

Besides the impairment loss recognised for intravascular imaging business, an impairment loss of US$4,157,000 was recognised for other CGUs without significant goodwill.

The recoverable amount of each CGU would equal its carrying amount if key assumptions were changed to the following rates:

	2024		2023	
	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	-3.6%	12.1%	N/A	N/A
OrthoRecon business	1.4%	16.3%	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:

			Proportion of ownership interest		
Name of company	Place of incorporation and business	Issued/ registered capital	As at 31 December 2024	As at 31 December 2023	Principal activity
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%	100%	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%	100%	Investment holding, management service and research and development of medical devices
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$375,735,736/ US$410,148,916	86.41%	85.17%	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	86.41%	85.17%	Manufacture, distribution, research and development of orthopedics devices

(Expressed in United States dollars unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

			Proportion of ownership interest		
Name of company	**Place of incorporation and business**	**Issued/ registered capital**	**As at 31 December 2024**	**As at 31 December 2023**	**Principal activity**
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	RMB2,715,000,000	86.41%	85.17%	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	86.41%	85.17%	Manufacture, distribution, research and development of orthopedics devices
MicroPort Scientific S.R.L	Italy	EUR2,000,000	86.41%	85.17%	Distribution of medical devices
MicroPort Orthopedics Japan K.K.	Japan	JPY100,000,000	86.41%	85.17%	Distribution of medical devices
MicroPort Scientific Ltd.	United Kingdom	GBP1	86.41%	85.17%	Distribution of medical devices
MicroPort Scientific Cooperatief U.A.	Netherlands	US$330,283,000	100.00%	100.00%	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	40.74%	40.32%	Manufacture, distribution, research and development of endovascular devices
Optimum Medical Device Inc ("OMD") (ii)&(vi)	The British Virgin Islands	US$38,799,990	40.74%	11.14%	Manufacture, distribution, research and development of endovascular devices
MicroPort NeuroScientific Corporation ("MP Neuro")	Cayman Islands	US$9,228/ US$50,000	54.33%	53.38%	Investment holding
MicroPort NeuroTech (Shanghai) Co., Ltd. ("MP Neuro Shanghai") (微創神通醫療科技 (上海) 有限公司) (i)	The PRC	RMB163,531,250	54.33%	53.38%	Manufacture, distribution, research and development of medical devices
MicroPort CardioFlow Medtech Corporation ("MP CardioFlow") (iv)	Cayman Islands	US$12,018/ US$50,000	47.77%	47.09%	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	47.77%	47.09%	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	48.08%	50.47%	Manufacture, research and development of surgical robot devices

(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 As at 31 December 2024	Proportion of ownership interest As at 31 December 2023	Principal activity
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)&(viii)	The PRC	RMB25,000,000	49.58%	49.58%	Manufacture, distribution, research and development of active pharmaceutical ingredients
Shenzhen MicroPort Surgical Medical (Group) Co., Ltd. ("Shenzhen Surgical") (深圳微創外科醫療(集團)有限公司) (ii)	The PRC	RMB213,167,323/ RMB217,135,134	59.53%	59.53%	Manufacture, distribution, research and development of surgical devices
MicroImaging (Shenzhen) Medical Equipment Co., Ltd ("Shenzhen MicroImaging") (深圳微創踪影醫療裝備有限公司) (i)	The PRC	RMB306,734,375/ RMB312,500,000	69.53%	70.09%	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)&(vii)	The PRC	RMB13,153,929/ RMB13,587,242	48.11%	35.75%	Manufacture, distribution, research and development of intravascular imaging devices
MicroPort Vision Power MedTech (Shanghai) Co., Ltd. ("Vision Power") (微創視神醫療科技(上海)有限公司) (ii)	The PRC	RMB109,129,288/ RMB115,174,800	83.16%	83.46%	Research and development of ophthalmology related medical 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%	100%	Research and development of medical devices
Hemovent GmbH ("Hemovent")	Germany	EUR126,592	59.63%	59.63%	Manufacture, research and development of surgical devices
Sorin CRM SAS	France	EUR171,576,128	76.88%	76.88%	Manufacture of cardiac rhythm management devices
Sorin Group DR, S.R.L	Dominican Republic	US$26,502,400	76.88%	76.88%	Manufacture of cardiac rhythm management devices
MicroPort CRM S.R.L	Italy	EUR3,932,700	76.88%	76.88%	Manufacture, distribution, research and development of cardiac rhythm management devices

(Expressed in United States dollars unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

			Proportion of ownership interest		
Name of company	**Place of incorporation and business**	**Issued/ registered capital**	**As at 31 December 2024**	**As at 31 December 2023**	**Principal activity**
MicroPort Cardiac Rhythm B.V.	Netherlands	EUR133	76.88%	76.88%	Investment holding
MicroPort Cardiac Rhythm Management Limited ("CRM Cayman")	Cayman Islands	US$50,000	76.88%	76.88%	Investment holding
MicroPort CRM B.V.	Netherlands	EUR1	76.88%	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)(i), as a result of the placements completed in 2024 by MP Medbot, the Group's equity interest in MP MedBot was diluted from 50.47% to 48.08%. In addition, 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 2024, Shanghai Qingzhen held 1.69% shares of MP MedBot. Accordingly, the Group's voting right on MP MedBot is 49.77%.

(vi) As disclosed in note 31, in 2024, MP Endo acquired additional 72.37% equity interest in OMD and OMD became a wholly-owned subsidiary of MP Endo.

(vii) In April 2024, Shenzhen MicroImaging entered into a share purchase agreement , pursuant to which, Shenzhen MicroImaging purchased 18.2% equity interest of Suzhou Argus from its non-controlling shareholders at a consideration of US$15.4 million.

As at 31 December 2024, the Group held 69.53% equity interest in Shenzhen MicroImaging and Shenzhen MicroImaging directly held 69.20% equity interest in Suzhou Argus. As a result, the Group's effective interest in Suzhou Argus is 48.11%.

(viii) As at 31 December 2024, 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%.

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 2024. The summarised financial information presented below represents the amounts before any inter-company elimination.

	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)		

13 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	2023					
	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	59.68%	49.53%	52.91%	46.62%		
Current assets	475,136	112,111	288,214	188,141		
Non-current assets	124,382	89,494	75,645	88,680		
Current liabilities	(44,159)	(96,754)	(27,332)	(35,191)		
Non-current liabilities	(9,864)	(34,009)	(6,871)	(10,327)		
Net assets	545,495	70,842	329,656	231,303		
Carrying amount of NCI	323,887	36,330	174,422	107,834	2,705	645,178
Revenue	168,221	14,330	47,651	94,333		
Profit/(loss) for the year	69,052	(145,062)	(66,829)	19,074		
Total comprehensive income	68,991	(144,755)	(61,603)	20,662		
Profit/(loss) allocated to NCI	37,843	(71,791)	(35,359)	8,892	(111,113)	(171,528)
Dividend paid to NCI	(12,544)	–	–	–	–	(12,544)
Cash flows from operating activities	76,667	(79,448)	(29,418)	21,795		
Cash flows from investing activities	(25,145)	(8,275)	(84,477)	(33,045)		
Cash flows from financing activities	227,050	53,630	(3,629)	(4,716)		

14 EQUITY-ACCOUNTED INVESTEES

	2024 US$'000	2023 US$'000
Investments in equity-accounted investees	**369,890**	357,078
Amounts due from and other convertible debt securities issued by equity-accounted investees	**12,971**	15,559
	382,861	372,637

The following list contains only the particulars of material equity-accounted investees held by the Group as at 31 December 2024:

				Proportion of ownership interest			
Name of equity-accounted investees	**Form of business structures**	**Place of incorporation and business**	**Particulars of issued and paid up capital**	**Group's effective interests**	**Held by the Company**	**Held by a subsidiary**	**Principal Activity**
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" (note 30(a)) (ii)	Incorporated	The PRC	RMB105 million	49.4%	–	49.4%	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 2024, the fair value of the shares of EP MedTech held by the Group is approximately US$408 million, which is referenced to its quoted market price (31 December 2023: US$557 million).

(ii) SHRB and MP Urocare are unlisted corporate entities whose quoted market price are not available.

(iii) 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 2024, an aggregate impairment loss (net of reversal of impairment loss on an investee) of US$33,197,000 (2023: US$30,101,000) has been recognised in profit or loss for equity-accounted investees with impairment indicators.

14 EQUITY-ACCOUNTED INVESTEES (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 any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	EP MedTech	
	2024 US$'000	2023 US$'000
Gross amount		
Current assets	**219,453**	214,499
Non-current assets	**47,641**	47,743
Current liabilities	**(15,062)**	(13,669)
Non-current liabilities	**(6,076)**	(5,377)
Equity	**245,956**	243,196
Revenue	**57,173**	46,656
Profit/(loss) for the year	**5,674**	(759)
Total comprehensive income	**5,675**	(759)
Reconciled to the Group's interest in equity-accounted investees		
Gross amounts of net assets of equity-accounted investees	**245,956**	243,196
Group's effective interest	**32.7%**	32.7%
Group's share of net assets of equity-accounted investees	**80,428**	79,525
Goodwill	**32,695**	32,851
Dilution effect of share-based payments arrangement of an equity-accounted investee	**(2,577)**	(2,293)
Carrying amount in the consolidated financial statements	**110,546**	110,083

14 EQUITY-ACCOUNTED INVESTEES (CONTINUED)

	SHRB	
	2024	2023
	US$'000	US$'000
Gross amount		
Total assets	**7,959,006**	6,951,540
Total liabilities	**(7,362,707)**	(6,369,714)
Equity	**596,299**	581,826
Net operating income (note)	**267,453**	207,291
Profit for the year	**30,955**	7,703
Other comprehensive income	**(7,694)**	(2,983)
Total comprehensive income	**23,261**	4,720
Reconciled to the Group's interest in equity-accounted investees		
Gross amounts of net assets of equity-accounted investees	**596,299**	581,826
Group's effective interest	**13.8%**	13.8%
Group's share of net assets of equity-accounted investees	**82,289**	80,292
Goodwill	**1,192**	1,308
Group's carrying amount in the consolidated financial statements	**83,481**	81,600

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.

14 EQUITY-ACCOUNTED INVESTEES (CONTINUED)

	Uro
	2024 US$'000
Gross amount	
Total assets	17,072
Total liabilities	(5,943)
Equity	11,129
Revenue	868
Loss for the year	(667)
Other comprehensive income	–
Total comprehensive income	(667)
Reconciled to the Group's interest in equity-accounted investees	
Gross amounts of net assets of equity-accounted investees	11,129
Group's effective interest	49.4%
Group's share of net assets of equity-accounted investees	5,498
Goodwill	56,674
Group's carrying amount in the consolidated financial statements	62,172

Aggregate information of equity-accounted investees that are not individually material:

	2024 US$'000	2023 US$'000
Aggregate carrying amount of individually immaterial investment in equity-accounted investees	**113,691**	165,395
Aggregate amounts of the Group's share of those equity-accounted investees		
Loss for the year	**(24,586)**	(33,282)
Other comprehensive income	**19**	(59)
Total comprehensive income	**(24,567)**	(33,341)

15 FINANCIAL ASSETS MEASURED AT FVPL

	2024 US$'000	2023 US$'000
Non-current assets		
Unlisted equity securities outside Hong Kong	**9,883**	10,003
Current assets		
Wealth management products and structured deposits	**51,817**	40,028

16 OTHER NON-CURRENT ASSETS

	2024 US$'000	2023 US$'000
Lease and security deposits (Note)	**46,849**	46,319
Income tax recoverable (note 25(a))	**8,538**	13,045
Lease receivables	**11,543**	11,506
Value-added tax recoverable	**16,589**	6,450
Prepayment for non-current assets	**30,114**	27,674
Others	**10,080**	4,711
	123,713	109,705

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 2024, the carrying amount of lease and security deposits paid to Huiqingcheng Investment is US$43,816,000 (31 December 2023: US$41,081,000).

17 DERIVATIVE FINANCIAL INSTRUMENTS

	2024 US$'000	2023 US$'000
Derivative financial assets		
Call options to acquire additional interests in a subsidiary from NCI	–	3,574
Derivative financial liabilities		
Put options written to SRL ("SRL Put Option") (note)	7,500	–
Early redemption options in relation to the convertible loans (note 27(b))	5,534	–
	13,034	–
Less: amount included under "current liabilities"	(7,500)	–
	5,534	–

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.

18 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2024 US$'000	2023 US$'000
Raw materials	129,141	140,058
Work in progress	84,747	90,620
Finished goods	165,400	184,190
	379,288	414,868

18 INVENTORIES (CONTINUED)

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 **US$'000**	2023 US$'000
Carrying amount of inventories sold	**432,595**	398,244
Write down of inventories	**13,896**	18,974
Cost of inventories directly recognised as research and development costs and distribution costs	**30,826**	53,007
	477,317	470,225

19 TRADE AND OTHER RECEIVABLES

	31 December 2024 **US$'000**	31 December 2023 US$'000
Trade receivables due from:		
– third party customers	**278,568**	201,983
– related parties	**8,075**	4,658
	286,643	206,641
Less: Loss allowance (note 33(a))	**(21,007)**	(20,193)
Trade receivables, net of loss allowance	**265,636**	186,448
Other debtors	**39,064**	37,871
Amounts due from a related party in relation to transfer of non-current assets	**777**	10,672
Consideration receivable in relation to disposal of MP Urocare (note 30(a)(i))	**7,167**	–
Income tax recoverable (note 25(a))	**930**	4,564
Deposits and prepayments	**62,990**	71,093
	376,564	310,648

19 TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	2024 **US$'000**	2023 US$'000
Within 1 month	**126,052**	92,500
1 to 3 months	**79,739**	64,396
3 to 12 months	**53,045**	26,025
More than 12 months	**6,800**	3,527
	265,636	186,448

Further details of the Group's credit policy and credit risk arising from trade debtors and lease receivables are set out in note 33(a).

20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Pledged deposits and time deposits

	2024 **US$'000**	2023 US$'000
Deposits with original maturities over three months	**209,669**	219,921
Pledged deposits	**3,840**	5,431
	213,509	225,352

(b) Cash and cash equivalents

As at 31 December 2024, the balance of the deposits in the designated bank accounts of MP Endo is US$181,422,000 (2023: US$262,741,000) 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 2024, cash and cash equivalents situated in Chinese Mainland amounted to US$434,054,000 (2023: US$657,991,000), 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.

20 PLEDGED DEPOSITS AND TIME DEPOSITS, CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(c) Reconciliation of loss before taxation to cash generated from operations:

	Note	2024 US$'000	2023 US$'000
Loss before taxation		**(224,785)**	(626,515)
Adjustments for:			
Amortisation and depreciation	*5(d)*	**159,512**	151,245
Impairment loss on non-current assets	*5(d)*	**87,864**	155,975
Finance costs	*5(a)*	**102,236**	92,732
Interest income		**(9,377)**	(10,296)
Gain on disposal of subsidiaries	*30(a)*	**(98,155)**	(2,845)
Changes in the fair value of convertible bonds		**18,849**	8,830
Changes in the fair value of other financial instruments		**(1,600)**	4,171
Net loss on disposal of property, plant and equipment	*4*	**2,480**	6,732
Gain on disposal of interests in equity-accounted investees		**(16,729)**	(15,309)
Gain on repurchase of convertible bonds	*4*	**–**	(9,300)
Share of profits less losses of equity-accounted investees		**18,783**	32,467
Equity-settled share-based payment expenses	*5(b)*	**27,773**	39,659
Others		**–**	571
Changes in working capital:			
Decrease/(increase) in inventories		**35,580**	(62,473)
Increase in trade and other receivables		**(83,407)**	(27,971)
(Decrease)/increase in trade and other payables		**(50,141)**	52,735
Increase/(decrease) in contract liabilities		**2,045**	(1,541)
Increase in deferred income		**9,950**	4,879
Cash used in operations		**(19,122)**	(206,254)

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
At 1 January 2024	**803,768**	**762,737**	**239,780**	**132,242**	**1,938,527**
Changes from financing cash flows:					
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)
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)
Exchange adjustments	(7,365)	(56)	(350)	(5,352)	(13,691)
Changes in fair value	–	19,262	–	–	19,262
Other changes:					
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
At 31 December 2024	**1,075,777**	**521,357**	**246,948**	**88,075**	**1,932,157**

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
At 1 January 2023	522,076	769,553	192,163	176,317	1,660,109
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings, net of transaction costs	560,343	–	–	–	560,343
Net proceeds from issuance of convertible bonds by the Company, net of transaction costs	–	2,047	–	–	2,047
Proceeds from issuance of financial instruments with redemption rights	–	–	19,077	–	19,077
Repayments of interest-bearing borrowings	(274,118)	–	–	–	(274,118)
Interest paid for interest-bearing borrowings	(24,475)	–	–	–	(24,475)
Interest paid for convertible bonds	–	(8,924)	–	–	(8,924)
Payment for repurchase of convertible bonds	–	(31,869)	–	–	(31,869)
Capital element of lease rentals paid	–	–	–	(39,357)	(39,357)
Interest element of lease rentals paid	–	–	–	(8,960)	(8,960)
Total changes from financing cash flows	261,750	(38,746)	19,077	(48,317)	193,764
Exchange adjustments	(4,580)	–	(807)	(5,015)	(10,402)
Changes in fair value	–	8,830	–	–	8,830
Other changes:					
Interest charge (note 5(a))	24,522	35,883	24,123	8,960	93,488
Gain on repurchase of convertible bonds	–	(9,300)	–	–	(9,300)
Movement of equity components of financial instruments	–	(3,165)	5,224	–	2,059
Increase in lease liabilities from entering into new leases during the year	–	–	–	14,184	14,184
Decrease in lease liabilities due to termination of lease	–	–	–	(13,887)	(13,887)
Others	–	(318)	–	–	(318)
Total other changes	24,522	23,100	29,347	9,257	86,226
At 31 December 2023	803,768	762,737	239,780	132,242	1,938,527

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:

	2024 **US$'000**	2023 US$'000
Within operating cash flows	**1,900**	4,885
Within investing cash flows	**–**	22,651
Within financing cash flows	**45,775**	48,317
	47,675	75,853

	2024 **US$'000**	2023 US$'000
These amounts relate to the following:		
Lease rentals paid	**47,675**	53,202
Purchase of leasehold property	**–**	22,651
	47,675	75,853

21 TRADE AND OTHER PAYABLES

	31 December 2024 US$'000	31 December 2023 US$'000
Current		
Trade payables due to:		
– third party suppliers	**150,134**	171,098
– related parties	**24,446**	14,753
Total trade payables (i) & (iv)	**174,580**	185,851
Share repurchase obligations (ii)	**240,690**	–
Consideration payables in connection with the acquisition of subsidiaries (iii)	**952**	2,497
Other payables and accrued charges	**222,775**	259,994
	638,997	448,342
Non-current		
Share repurchase obligations (ii)	**6,258**	239,780
Consideration in connection with the acquisition of a subsidiary (iii)	**4,935**	5,105
Net defined benefit obligation (note 5(b))	**10,184**	10,273
Other payables	**2,747**	7,707
	24,124	262,865

All current trade and other payables are expected to be settled within one year or are repayable on demand.

Notes:

(i) As of the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2024 US$'000	2023 US$'000
Within 1 month	**93,869**	118,895
Over 1 month but within 3 months	**24,925**	34,593
Over 3 months but within 6 months	**19,652**	6,617
Over 6 months but within 1 year	**4,249**	14,857
Over 1 year	**31,885**	10,889
	174,580	185,851

21 TRADE AND OTHER PAYABLES (CONTINUED)

Notes: (continued)

(ii) Share repurchase obligations

As at 31 December 2024, CRM Cayman has several series of outstanding preferred shares issued to certain investors in connection with its previous financings. These preferred shares include liquidation preference right, redemption right and conversion right granted to these investors. If CRM Cayman does not complete a qualified public offering by July 2025, the holders of these preferred shares would have right to request CRM Cayman to redeem their preferred shares at an amount equal to the original purchase price plus per annum interest of 8%.

As at 31 December 2024, another subsidiary of the Group has certain outstanding liquidation preference right and redemption right granted to certain investors in connection with its previous financings. If that subsidiary does not complete a qualified public offering by October 2027, the respective shareholders would have the right to request that subsidiary to redeem their shares at an amount specified in the shareholder agreements.

The share repurchase obligations borne by CRM Cayman and another subsidiary are settled by cash, which give rise to financial liabilities and measured at the highest of those amounts that could be payable, and on a present value basis. Since these obligations are undertaken by the issuer itself, the subsequent changes of financial liabilities under amortised costs are recognised in profit or loss directly.

Movements of the share repurchase obligations arising from these shares are as follows:

	Preferred shares issued by CRM Cayman US$'000	Redemption rights issued by MP Urocare US$'000	Redemption rights issued by other subsidiary US$'000	Total US$'000
As at 1 January 2024	215,028	19,028	5,724	239,780
Additions during the year	–	1,407	–	1,407
Derecognition in relation to the disposal of a subsidiary (note 30(a))	–	(21,560)	–	(21,560)
Charge to finance costs (note 5(a))	25,662	1,433	576	27,671
Exchange adjustments	–	(308)	(42)	(350)
At 31 December 2024	240,690	–	6,258	246,948
Representing:				
Current portion	240,690	–	–	240,690
Non-current portion	–	–	6,258	6,258
	240,690	–	6,258	246,948

(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.

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 2024, carrying amount of financial liabilities under the supplier finance arrangement, presented within current trade payables was US$7,076,000, of which, US$1,326,000, being the amount that the 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$1,326,000 are considered non-cash transactions.

Further details of these arrangements which affect the Group's exposure to liquidity risk are set out in note 33(b).

22 CONTRACT LIABILITIES

	31 December 2024 US$'000	31 December 2023 US$'000
Current		
Unfulfilled performance obligations	**6,142**	6,113
Advanced receipts from customers for sales of medical devices	**6,281**	9,189
Others	**7,440**	3,468
	19,863	18,770
Non-current		
Unfulfilled performance obligations	**25,501**	27,118
Others	**1,447**	551
	26,948	27,669

22 CONTRACT LIABILITIES (CONTINUED)

Movements in contract liabilities:

	2024 **US$'000**	2023 US$'000
Balance at 1 January	**46,439**	47,437
Exchange adjustments	**(1,673)**	543
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities as at 1 January	**(20,464)**	(21,436)
Net movement in sales discounts	**5,478**	6,257
Increase in contract liabilities as a result of receiving advance payments during the year	**13,751**	10,302
Increase in contract liabilities as a result of accruing interest expense on advances	**3,280**	3,336
Balance at 31 December	**46,811**	46,439

23 INTEREST-BEARING BORROWINGS

As of the end of the reporting period, the interest-bearing borrowings were repayable as follows:

	2024 **US$'000**	2023 US$'000
Within 1 year or on demand	**318,066**	295,438
After 1 year but within 2 years	**321,805**	135,925
After 2 years but within 5 years	**331,492**	280,597
After 5 years	**104,414**	91,808
	757,711	508,330
	1,075,777	803,768

23 INTEREST-BEARING BORROWINGS (CONTINUED)

As of the end of the reporting period, the interest-bearing borrowings were secured as follows:

	2024	2023
	US$'000	US$'000
Bank loans		
– secured	**556,319**	288,883
– unsecured	**519,458**	514,885
	1,075,777	803,768

In May 2024, the Company entered into a facility agreement with a group of banks in the PRC in an aggregate facility amount of US$300 million (the "syndicated facility") for the repayment of the 2026 Convertible Bonds (defined in note 27(b)). The syndicated facility is initially secured by the shares of a subsidiary and two properties located in Shanghai. The Company drew down bank loans with a principal amount of US$300 million under the facility agreement which bear an interest of LPR+0.05% per annum and are repayable in six instalments within 3 years. The syndicated facility is subject to the fulfilment of certain financial covenants. If the Group were to breach the covenants, these borrowings would become payable on demand. In November 2024, the Company entered into an amendment agreement with the banks, pursuant to which, the Group prepaid the loan in a principal amount of RMB310.8 million. In addition, a property located in Shanghai was released as mortgage and the equity interest in a subsidiary of the Group was pledged to the banks.

At 31 December 2024, the bank loans drawn down by the Group totaling US$556,319,000, including the above-mentioned bank loans (31 December 2023: US$288,883,000) were secured by (i) the land use rights and buildings held for own use with net book values of US$12,585,000 and US$267,903,000, respectively (31 December 2023: land use rights of US$9,803,000 and buildings held for own use of US$176,604,000, respectively); (ii) the Group's equity interest in several subsidiaries, and (iii) certain patents held by the Group. The carrying amount of these patents is nil as they have not been capitalised as intangible assets.

Apart from non-current portion of the aforesaid syndicated facility amounting to US$242,908,000, part of the Group's other non-current bank borrowings amounting to US$196,943,000 (31 December 2023: US$240,320,000) are also 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 33(b). As at 31 December 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

24 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2024 US$'000	2023 US$'000
Within 1 year or on demand	**40,143**	46,915
After 1 year but within 2 years	**24,640**	43,146
After 2 years but within 5 years	**7,835**	29,123
After 5 years	**15,457**	13,058
	47,932	85,327
	88,075	132,242

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2024 US$'000	2023 US$'000
Current income tax recoverable	**(930)**	(4,564)
Non-current income tax recoverable	**(8,538)**	(13,045)
Income tax payable	**7,311**	4,985

Income tax recoverable primarily represents a tax credit of US$9,468,000 (2023: US$17,609,000) 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 2024, the France CIR are classified as current and non-current receivables amounting to US$930,000 and US$8,538,000 (2023: US$4,564,000 and US$13,045,000), respectively.

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
Deferred tax arising from:					
At 1 January 2023	(15,645)	3,589	21,664	(12,527)	(2,919)
Exchange adjustments	349	–	383	(122)	610
Charged/(credited) to profit or loss (note 6(a))	3,115	–	(2,483)	(4,019)	(3,387)
At 31 December 2023 and 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	**(8,675)**	**3,589**	**15,292**	**(7,093)**	**3,113**

Reconciliation to the consolidated statement of financial position:

	2024 US$'000	2023 US$'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(18,488)**	(31,382)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**21,601**	25,686
	3,113	(5,696)

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$1,817,299,000 at 31 December 2024 (2023: US$1,654,428,000), 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$1,277,655,000 will expire in the period from 2025 to 2034. The tax losses of US$539,644,000 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 2024, temporary differences relating to the undistributed profits of PRC subsidiaries amounted to US$317,520,000 (2023: US$305,225,000). Deferred tax liabilities of US$31,752,000 (2023: US$30,523,000) 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

	Government subsidies for research and development projects US$'000
At 1 January 2023	38,123
Additions	11,805
Government grant recognised as other income	(6,926)
Exchange adjustments	(658)
At 31 December 2023 and 1 January 2024	**42,344**
Additions	**16,468**
Government grant recognised as other income	**(6,518)**
Exchange adjustments	**(803)**
At 31 December 2024	**51,491**

27 CONVERTIBLE BONDS

	2024 US$'000	2023 US$'000 (restated)
Convertible bonds issued by CRM Cayman	**147,133**	92,836
Convertible bonds/loans issued by the Company	**369,945**	669,901
Convertible bonds issued by a subsidiary	**4,279**	–
	521,357	762,737
Representing		
Current portion	**147,133**	549,470
Non-current portion	**374,224**	213,267
	521,357	762,737

(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).

In July 2024, the Group entered into an agreement with a third party (the "Purchaser"), pursuant to which, the Purchaser agreed to subscribe for the CRM Convertible Bonds with an aggregate principal amount and capitalised paid-in-kind interest totalling US$41.7 million from the Group at a consideration of US$45,696,000 settled by cash.

The CRM Convertible Bonds are designated as financial liabilities at FVPL in accordance with the accounting policies set out in note 1(u). Valuation techniques and significant assumptions for determining the fair value of the CRM Convertible Bonds as at 31 December 2024 are set out in note 33(e).

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:

	2024 US$'000	2023 US$'000
Balance at 1 January	**92,836**	92,930
Changes in fair value recognised in profit or loss during the year	**19,262**	8,830
Interests paid	**(10,661)**	(8,924)
Issued during the year	**45,696**	–
Balance at 31 December	**147,133**	92,836

(b) Convertible bonds/loans issued by the Company

(i) Convertible bonds issued by the Company due in 2026 (the "2026 Convertible Bonds")

In June 2021, the Company issued the 2026 Convertible Bonds, which do not bear any interest and are listed on the Stock Exchange. Pursuant to the terms of the 2026 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$92.8163 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK$7.7594 to US$1 before the maturity date.

The maturity date of the 2026 Convertible Bonds is 11 June 2026 and the Company shall redeem the 2026 Convertible Bonds at the price equals to 105.11% of the principal amount on the maturity date. In addition, the bondholders also have a right to require the Company to redeem entire or partial of the 2026 Convertible Bonds on 11 June 2024 at the price equals to the 103.04% of the principal amount.

The 2026 Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component. The liability 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. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. The liability component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until the 2026 Convertible Bonds are either converted or redeemed.

As at 31 December 2023, the outstanding principal of the 2026 Convertible Bonds was US$448 million. As the bondholders of the 2026 Convertible Bonds have a right to require the Company to early redeem entire or partial of the 2026 Convertible Bonds on 11 June 2024. The liability portion of the outstanding 2026 Convertible Bonds was classified as current liabilities as at 31 December 2023.

27 CONVERTIBLE BONDS (CONTINUED)

(b) Convertible bonds/loans issued by the Company (continued)

(i) Convertible bonds issued by the Company due in 2026 (the "2026 Convertible Bonds") (continued)

In June 2024, as requested by the bondholders, the outstanding 2026 Convertible Bonds were fully redeemed and cancelled by the Company in accordance with the terms of the 2026 Convertible Bonds.

(ii) 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 2023 and 2024, 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$214,528,000 as at 31 December 2024.

(iii) Convertible loans issued by the Company due in 2029 (the "2029 Convertible Loans")

In order to repay the 2026 Convertible Bonds, on 5 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.

As all of the Original Lenders are connected person of the Company, the Convertible Facility Agreement is subject to the approval from the independent shareholders of the Company, which was then approved in the annual general meeting of the Company held in May 2024.

During 2024, the Company issued the 2029 Convertible Loans with a principal amount of US$200 million under the Convertible Facility Agreement.

27 CONVERTIBLE BONDS (CONTINUED)

(b) Convertible bonds/loans issued by the Company (continued)

(iii) Convertible loans issued by the Company due in 2029 (the "2029 Convertible Loans") (continued)

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 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$45 million as at 31 December 2024; and (iii) share mortgage in respect of all issued ordinary shares of two subsidiaries.

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. The carrying value of the liability component of the 2029 Convertible Loans was US$155,417,000 as at 31 December 2024.

27 CONVERTIBLE BONDS (CONTINUED)

(b) Convertible bonds/loans issued by the Company (continued)

(iv) 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 2024	–	669,901	41,093	710,994
Issued by the Company, net of transaction costs	5,947	145,785	42,558	194,290
Interest charged (note 5(a))	–	33,416	–	33,416
Interest paid	–	(17,538)	–	(17,538)
Changes in fair value recognised in profit or loss during the year	(413)	–	–	(413)
Repurchase by the Company	–	(461,619)	–	(461,619)
At 31 December 2024	5,534	369,945	83,651	459,130

No conversion of the convertible bonds/loans issued by the Company had occurred up to 31 December 2024.

(c) Convertible bonds issued by a subsidiary

In April 2024, Shenzhen Surgical entered into a convertible bond agreement with an investor, pursuant to which, the investor agreed to subscribe for a convertible bond in a principal amount of RMB30,000,000 (equivalents to US$4,227,000) issued by Shenzhen Surgical (the "Surgical Convertible Bond"). The Surgical Convertible Bond bears an interest of 3.45% per annum and will be mature in April 2027. The investor has right to convert the entire Surgical Convertible Bond to the shares of Shenzhen Surgical based on the valuation of Shenzhen Surgical's next round financing.

The conversion right does not meet the fixed-for-fixed criteria and therefore is recognised as a derivative financial liability. Considering the conversion is based on the fair value of Shenzhen Surgical, the fair value of the conversion right is immaterial as at the initial recognition and 31 December 2024. 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.

The movement of the Surgical Convertible Bond during the year represents as follow:

	2024 US$'000
Balance at 1 January	–
Issued during the year	4,227
Interest charged (note 5(a))	107
Exchange adjustments	(55)
Balance at 31 December	4,279

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.

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$
Options granted to executives and directors on:				
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		

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$
Options granted to employees on:				
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
	49,417,803	45,478		
Options granted to consultants and business associates on:				
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.

(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:

	2024		2023	
	Weighted average exercise price HK$	**Number of options**	Weighted average exercise price HK$	Number of options
Outstanding at the beginning of the year	**16.42**	**179,566,120**	16.46	155,687,600
Granted during the year	**6.58**	**11,648,808**	20.01	37,183,736
Exercised during the year	**3.30**	**(12,248,341)**	6.01	(6,859,615)
Forfeited during the year	**27.67**	**(3,592,451)**	26.01	(4,212,238)
Expired during the year	**20.27**	**(2,494,341)**	15.93	(2,233,363)
Outstanding at the end of the year	**16.27**	**172,879,795**	16.97	179,566,120
Exercisable at the end of the year	**16.28**	**120,831,716**	15.13	127,862,028

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from January 2025 through April 2034. As at 31 December 2024, the weighted average remaining contractual life for the share options granted under the 2010 and 2020 Share Option Plans was 3.55 years (2023: 4.03 years).

(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	**2024**	2023
Fair value at measurement dates	**HK$2.90**	HK$5.36 to HK$9.24
Share price	**HK$6.58**	HK$11.54 to HK$18.46
Exercise price	**HK$6.58**	HK$11.54 to HK$20.01
Expected volatility (expressed as a weighted average volatility used in the modelling under binomial tree model)	**56%**	53.84% to 54.04%
Option life	**10 years**	10 years
Suboptimal exercise factor	**1.4**	1.2 to 1.5
Expected dividend yield	**0.00%**	0.10%
Average risk-free interest rate	**3.87%**	3.14% to 3.97%

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 2024 and 2023, 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$12,828,000 for the year ended 31 December 2024 (2023: US$10,773,000).

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:

	2024		2023	
	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	**2.68**	**80,294**	3.01	67,440
Granted during the year	**1.00**	**14,324**	2.24	22,963
Exercised during the year	**1.24**	**(115)**	1.24	(3,093)
Cancelled during the year	**2.62**	**(7,690)**	12.22	(845)
Forfeited during the year	**5.14**	**(2,302)**	4.14	(6,171)
Outstanding at the end of the year	**2.33**	**84,511**	2.68	80,294
Exercisable at the end of the year	**2.35**	**38,356**	2.16	33,802

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 2024, the weighted average remaining contractual life for the share options granted under Share Option Scheme was 6.95 years (2023: 7.62 years).

(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	2024	2023
Fair value at measurement dates	**HK$0.44**	HK$0.59 to HK$0.80
Share price	**HK$0.90**	HK$1.91 to HK$2.43
Exercise price	**HK$1.00**	HK$1.91 to HK$2.534
Expected volatility	**60.00%**	41.65% to 42.22%
Option life	**10 years**	10 years
Expected dividend yield	**0.00%**	0.00%
Risk-free interest rate	**3.87%**	3.78% – 3.85%

The total expenses recognised in the consolidated statement of profit or loss for the above transaction were US$1,197,000 for the year ended 31 December 2024 (2023: US$1,438,000).

(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 2024, the outstanding number of the Endo RSUs at an exercise price of RMB184.55 per share of MP Endo is 560,729 (31 December 2023: 584,143). There is no new grant for the year ended 31 December 2024.

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$1,893,000 for the year ended 31 December 2024 (2023: US$2,559,000).

For the year ended 31 December 2024, MP Endo purchased 1,087,100 own shares (2023: nil) at a consideration of US$16,813,000 (2023: nil)

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 2024, 765,109 options were granted under Orthopedics EOS at an exercise price at US$1.58 per Orthopedics Registered Capital Unit. As at 31 December 2024, the total outstanding options were 7,335,950 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$3,996,000. 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:

	2024		2023	
	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	**26.16**	**4,239**	25.78	4,457
Granted during the year	**6.58**	**146**	20.01	75
Exercised during the year	**–**	**–**	9.02	(109)
Expired during the year	**20.14**	**(50)**	21.86	(64)
Forfeited during the year	**35.82**	**(85)**	30.67	(120)
Outstanding at the end of the year	**25.24**	**4,250**	26.16	4,239
Exercisable at the end of the year	**16.71**	**2,870**	15.94	1,854

(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 2024, the weighted average remaining contractual life for the share options granted was 6.53 years (2023: 7.44 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	2024	2023
Fair value at measurement date	**HK$1.47 to HK$4.13**	HK$6.93 to HK$6.96
Share price	**HK$6.91 to HK$8.38**	HK$13.52
Exercise price	**HK$6.99 to HK$8.50**	HK$13.52
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	**37.20%-50.00%**	51.61%
Option life	**10 years**	10 years
Expected dividends yield	**1.60%**	0.10%
Risk-free interest rate	**3.66%-4.28%**	3.71%

(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 2024, the Company granted 3,123,202 shares (2023: 1,803,541) to the Group's executives and employees with a fair value of US$2,585,000 (2023: US$4,241,000) and purchased 1,877,400 shares at a consideration of US$1,522,000 (note 29(c)(ii)).

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.

28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(b) Share award scheme (equity-settled) (continued)

(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 2024, MP CardioFlow purchased 37,982,000 own shares (2023: nil) at a consideration of US$5,498,000 (2023: nil) and 3,254,407 shares (2023: 1,386,223) of MP CardioFlow were granted with a fair value of US$373,000 (2023: US$419,000).

(iii) Share award scheme adopted by MP Neuro

Pursuant to a share award scheme adopted by MP Neuro in 2024, MP NeuroTech may purchase its own shares and grant such shares to certain eligible person.

For the year ended 31 December 2024, MP Neuro purchased 13,215,000 own shares at a consideration of US$15,793,000 and 780,000 shares of MP Neuro were granted with a fair value of US$834,000 (2023: US$943,000).

(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$7,190,000 for the year ended 31 December 2024 (2023: US$15,846,000).

28 SHARE-BASED PAYMENT TRANSACTIONS (CONTINUED)

(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 "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 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.

Adjustment of US$1,075,000 to the cumulative fair value recognised in prior years was credited to the profit or loss for the year ended 31 December 2024 due to resignation of employee, while total expenses of US$2,213,000 were recognised in the consolidated statement of profit or loss for the year ended 31 December 2023.

(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 2024, 3,620,000 ordinary shares of MP CardioFlow (2023: 400,000), and 320,000 ordinary shares of MP Neuro (2023: 652,000) were purchased with aggregated consideration of US$788,000 (2023: US$1,277,000) in cash.

During the year ended 31 December 2024, 3,672,283 ordinary shares of MP CardioFlow (2023: 2,356,875), 149,585 ordinary shares of MP MedBot (2023: 53,239) and 475,636 ordinary shares of MP Neuro (2023: 499,520) were granted with a fair value of US$1,138,000 (2023: US$1,816,000).

(f) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the current and prior years:

	2024	2023
	US$'000	US$'000
Research and development costs	**9,207**	17,315
Distribution costs	**6,073**	9,528
Administrative expenses	**12,058**	12,266
Cost of sales	**435**	550
	27,773	39,659

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.

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
Balance at 1 January 2023		18	670,700	131,264	(57,899)	744,083
Changes in equity for 2023:						
Loss and total comprehensive income		–	–	(295)	(20,101)	(20,396)
Issuance of convertible bonds	*27(b)*	–	–	3,740	–	3,740
Repurchase of convertible bonds	*27(b)*	–	–	(575)	–	(575)
Equity-settled share-based transactions		–	–	10,842	–	10,842
Lapse of share options		–	–	(447)	447	–
Shares issued under share scheme	*29(c)(iii)*	–	6,926	(1,564)	–	5,362
Shares granted under share award scheme	*28(b)(i)*	–	–	4,241	–	4,241
Balance at 31 December 2023 and 1 January 2024		**18**	**677,626**	**147,206**	**(77,553)**	**747,297**
Changes in equity for 2024:						
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		**–**	**–**	**12,854**	**–**	**12,854**
Shares purchased under share award scheme	*29(c)(ii)*	**–**	**–**	**(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**
Balance at 31 December 2024		**18**	**684,448**	**201,284**	**(100,760)**	**784,990**

(b) Dividends

The Directors did not propose any payment of final dividend in respect of the previous year during the year ended 31 December 2024 (2023: nil).

The Directors did not propose any payment of final dividend for the year ended 31 December 2024 (2023: nil).

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital

(i) Ordinary shares

	2024 Number of shares '000	2024 Amount US$'000	2023 Number of shares '000	2023 Amount US$'000
Authorised:				
Ordinary shares of US$0.00001 each	**5,000,000**	**50**	5,000,000	50
Ordinary shares, issued and fully paid:				
At 1 January	**1,834,477**	**18**	1,827,618	18
Shares issued under share schemes (note 29(c)(iii))	**12,248**	**–**	6,859	–
At 31 December	**1,846,725**	**18**	1,834,477	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 2024, the Company purchased its own ordinary shares (2023: nil) through the designated trustees under the share award scheme (note 28(b)(i)).

Month/year	**No. of shares repurchased**	**Highest price paid per share** HK$	**Lowest price paid per share** HK$	**Aggregate considerations paid** US$'000
May 2024	1,877,400	5.80	5.80	1,522

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 2024, the trustee under a long-term benefit plan held 172,000 ordinary shares of the Company (31 December 2023: 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.

29 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Share capital (continued)

(iii) Shares issued under the share schemes

During the year ended 31 December 2024, 12,248,341 (2023: 6,859,615) share options were exercised to subscribe for 12,248,341 (2023: 6,859,615) ordinary shares in the Company at a total consideration of US$5,187,000 (2023: US$5,362,000), of which nil (2023: nil) and US$5,187,000 (2023: US$5,362,000) was credited to share capital and share premium, respectively. In addition, an amount of US$1,635,000 (2023: US$1,564,000) 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.

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 2024. On this basis, the amount of capital employed at 31 December 2024 was US$2,772,921,000 (2023: US$3,232,373,000).

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 2024 and 2023. Except for the above, neither the Company nor any its subsidiaries are subject to externally imposed capital requirements.

30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES

(a) Disposal or dilution results in a loss of control

(i) MP Urocare

In November 2024, the Group transferred certain equity interest in MP Urocare to two investors at a consideration of RMB131 million, and one of the investor also contributed RMB15 million in MP Urocare. Upon the completion of the transactions, the Group's equity interests in MP Urocare were decreased from 64.55% as at 31 December 2023 to 49.41%. In addition, pursuant to the shareholder agreement, the board of shareholders is the highest authority and relevant activities of MP Urocare shall be approved by more than three-fourths of votes of shareholders. Management considers the Group has lost control over MP Urocare.

The transactions were accounted for in accordance with the accounting policies set out in note 1(d). A gain on disposal of US$89,169,000 was recognised in profit or loss and the Group's remaining equity interest in MP Urocare was recognised as an equity-accounted investee. A reconciliation of the gain on disposal is set out below:

	As at the date of the disposal US$'000
Cash considerations	18,199
Fair value of remaining equity interests in MP Urocare	63,040
	81,239
Less: Net liabilities of MP Urocare (i)	12,285
Add: Non-controlling interests	(4,355)
Gain on disposal of MP Urocare	89,169
Reconciliation of cash inflow	
Cash considerations	18,199
Less: cash and cash equivalent of MP Urocare	(6,454)
Less: consideration receivables (ii)	(7,167)
Net cash inflow arising from the disposal of a subsidiary in 2024	4,578

Notes:

i As disclosed in note 21, at the date of the disposal, MP Urocare bore share repurchase obligations of US$22 million in connection with its previous financings. As a result, MP Urocare had a deficiency of equity.

ii As at 31 December 2024, the Group has outstanding consideration receivable of RMB52 million (equivalent to US$7,167,000) due from an investor, which is expected to be settled within one year in accordance with the agreement.

30 DISPOSAL OR DILUTION OF INTERESTS IN SUBSIDIARIES (CONTINUED)

(a) Disposal or dilution results in a loss of control (continued)

(ii) Other subsidiaries

In 2024, the Group also completed the disposals and lost control of other subsidiaries in relation to several non-core business, resulting in a net gain of US$8,986,000 and a net cash inflow of US$9,402,000 arising from these disposals.

(b) Disposal or dilution without losing control

(i) MP MedBot

In 2024, MP Medbot completed two placements and issued a total of 47,600,000 shares. The net proceeds received from the placements is approximately US$48,981,000. The Group's equity interest in MP MedBot decreased from 50.47% as at 31 December 2023 to 48.08%. As disclosed in note 13, management considers the Group retains control over MP MedBot.

(ii) Other subsidiaries

In 2024, several ESPPs and investors made contributions to several subsidiaries in an aggregate amount of US$7,923,000 in cash. The Group retained its control over these subsidiaries.

(iii) Accounting impacts of disposal or dilution of interests in subsidiaries without losing control

The dilutions of the equity interest in the foresaid subsidiaries in note 30(b) were treated as transactions within the shareholders in their capacity as equity holders. Hence, the amount of US$27,625,000, being the difference between (i) the cash consideration of US$56,904,000 and (ii) the carrying amount of net assets in the proportion of the deemed disposed equity interests in the foresaid subsidiaries as at the date of disposal was credited to capital reserve of the Group.

31 ACQUISITION OF SUBSIDIARIES

As at 31 December 2023, the Group held 27.63% equity interest in OMD, which was recognised as an equity-accounted investee. In 2024, the Group acquired the remaining 72.37% equity interest in OMD at a cash consideration of US$65,000,000 from Earl Intellect Limited and Turbo Heart Limited.

The principal activity of OMD is research and development, production and sales of endovascular devices. Management believes that the acquisition is made to achieve synergies in terms of industry resources, as well as development and commercialisation of relevant products.

The transaction is treated as a step acquisition. Gain on deemed disposal of an equity-accounted investee of US$7,933,000 (being the difference of fair value of pre-existing equity interests in OMD at the date of acquisition, and the respective carrying amount of the investment) was recognised in profit or loss. The following table summarises the total consideration for the acquisition, and the fair values of assets acquired and liabilities assumed at the date of the acquisition.

31 ACQUISITION OF SUBSIDIARIES (CONTINUED)

	US$'000
Consideration including:	
Cash considerations	65,000
Fair value of pre-existing equity interests in OMD at the date of the acquisition	24,816
Total consideration	89,816
Provisional fair value of net identifiable assets	
Property, plant and equipment	44
Intangible assets	28,607
Inventories	5,295
Trade and other receivables	3,913
Cash and cash equivalents	1,558
Trade and other payables	(5,404)
Deferred tax liabilities	(7,150)
Total identifiable net assets acquired	26,863
Goodwill	62,953
	89,816
Reconciliation of cash outflow	
Cash considerations paid	65,000
Less: cash and cash equivalent acquired	(1,558)
Net cash outflow arising from the acquisitions of subsidiaries	63,442

The fair value of identifiable net assets, which primarily include technologies and customer relationships, has been measured provisionally, pending completion of an independent valuation. The fair values of these intangible assets are determined based on the excess earnings method, by considering the present value of net cash flows expected to be generated by the underlying intangible assets, and excluding any cash flows related to contributory assets. If new information obtained within one year of the respective date of acquisition about the facts and circumstances that existed at the respective date of acquisition identifies adjustments to the above amounts, or any additional provisions that existed at the respective date of acquisition, then the accounting for these acquisitions may be revised.

Revenue and net loss attributable to the Group contributed by OMD during the period from the date of the acquisition to 31 December 2024 were US$6,464,000 and US$3,261,000, respectively. Had the acquisition taken place and completed at the beginning of the year, consolidated revenue and consolidated net loss of the Group for the year ended 31 December 2024 would have been US$1,043.5 million and US$267.8 million, respectively. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the respective date of the acquisition would have been the same if the acquisition had occurred on 1 January 2024.

32 ASSET CLASSIFIED AS HELD-FOR-SALE

	31 December 2024 US$'000
Investment property in the PRC	**1,741**
Properties in the US	**1,359**
Total assets classified as held-for-sale	**3,100**

In December 2024, Shanghai MP Orthopedics entered into an agreement with EP MedTech, pursuant to which, Shanghai MP Orthopedics agreed to sale an investment property located in Shanghai to EP MedTech at a consideration of RMB48.5 million. In addition, the Group also committed to sell certain properties in the US. Accordingly, these properties were classified as assets held-for-sale as at 31 December 2024.

33 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 35(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 33(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.

33 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, 14% (2023: 9%) and 36% (2023: 25%) 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:

	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**
		286,643	**21,007**

	2023		
	Expected loss rate %	Gross carrying amount US$'000	Loss allowance US$'000
Current and less than 1 year past due	2.2%	185,559	3,994
1- 3 years past due	62.3%	12,213	7,613
More than 3 years past due	96.8%	8,869	8,586
		206,641	20,193

33 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:

	2024 **US$'000**	2023 US$'000
Balance at 1 January	**20,193**	15,689
Amounts written off during the year	**(1,529)**	(231)
Provision for impairment during the year	**2,250**	4,171
Exchange adjustments	**93**	564
Balance at 31 December	**21,007**	20,193

The management has assessed that during the year ended 31 December 2024, 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.

33 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:

	2024 Contractual undiscounted cash outflow					
	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$'000	Carrying amount at 31 December US$'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
	1,090,699	621,289	653,160	141,203	2,506,351	2,244,000
Financial guarantee issued:						
Maximum amount guaranteed#	10,309	7,050	4,873	21,160	43,392	–

	2023 Contractual undiscounted cash outflow					
	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$'000	Carrying amount at 31 December US$'000
Interest-bearing borrowings	319,650	160,125	308,624	112,274	900,673	803,768
Convertible bonds	474,269	102,988	257,950	–	835,207	762,737
Lease liabilities	44,417	46,027	32,535	14,941	137,920	132,242
Trade and other payables	322,609	279,799	33,769	–	636,177	585,918
	1,160,945	588,939	632,878	127,215	2,509,977	2,284,665
Financial guarantee issued:						
Maximum amount guaranteed#	3,880	6,311	9,428	15,848	35,467	–

33 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 2024 US$'000	Covenant (s)	Timing to comply with covenant (s)
Bank loans under the syndicated facility	242,908	• the Group's consolidated net loss is not more than (i) US$275 million for the year ended 31 December 2024; (ii) US$110 million for the half year ending 30 June 2025; and (iii) US$55 million for the year ending 31 December 2025; • 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 • Other covenants include requirements on balance of the Group's consolidated cash and cash equivalents, the Group's adjusted consolidated earnings before interests, taxation, depreciation and amortisation ("EBITDA"), and ratio of the Group's current portion of bank loans to the Group's unrestricted cash.	Semi-annually in June and December
2029 Convertible Loans	155,417	• the Group's consolidated net loss is not more than (i) US$275 million for the year ended 31 December 2024; (ii) US$110 million for the half year ending 30 June 2025; and (iii) US$55 million for the year ending 31 December 2025; and • 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.	Semi-annually in June and December

Other bank loans amounting to US$196,943,000 (which were classified as non-current liabilities as at 31 December 2024 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 2024.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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), convertible preferred shares and redemption rights issued by subsidiaries (note 21(ii)) 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 2024, 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 loss for the year by approximately US$2,618,000 (2023: decreased/increased loss by US$5,614,000) and decreased/increased accumulated losses by approximately US$2,122,000 (2023: decreased/increased accumulated losses by US$3,680,000), 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 2023.

(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$.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Currency risk (continued)

(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.

	Exposure to foreign currencies (expressed in US$)			
	2024		2023	
	US$** **US$'000	**RMB** **US$'000**	US$ US$'000	RMB US$'000
Trade and other receivables	**19,590**	**230**	13,377	234
Cash and cash equivalents	**48,983**	**2,790**	43,748	3,494
Interest-bearing borrowings	**–**	**(299,981)**	–	(64,947)
Trade and other payables	**(4,743)**	**–**	(12,650)	–
Amounts due from/(to) Group companies	**19,286**	**(27,097)**	9,574	(26,586)
Amounts due from related parties	**971**	**–**	2,465	–
Net exposure arising from recognised assets and liabilities	**84,087**	**(324,058)**	56,514	(87,805)

(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.

	2024		2023	
	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
RMB (against US$)	**3%**	**9,722**	**3%**	**2,634**
	(3)%	**(9,722)**	**(3)%**	**(2,634)**

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 2023.

(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.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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
Recurring fair value measurement				
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)	**(7,500)**	**–**	**–**	**(7,500)**

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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 2023 US$'000	Fair value measurements as at 31 December 2023 categorised into Level 1 US$'000	Level 2 US$'000	Level 3 US$'000
Recurring fair value measurement				
Financial assets:				
Unlisted debt and equity securities (note 15)	10,003	–	1,518	8,485
Convertible bond issued by equity-accounted investees	7,427	–	4,000	3,427
Call options held (note 17)	3,574	–	–	3,574
Wealth management products	40,028	–	–	40,028
Financial liabilities:				
Contingent liabilities in business combination	(5,929)	–	–	(5,929)
Convertible bonds issued by a subsidiary (note 27(a))	(92,836)	–	–	(92,836)

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2. The Convertible bonds issued by a subsidiary were transferred from Level 3 into Level 2 (2023: nil).

The fair value of the financial instruments in Level 2 is determined by the recent transaction price.

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.

(Expressed in United States dollars unless otherwise indicated)

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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	56%
		Expected probability of event	55%
Unlisted debt securities	Default risk method (Note b)	Event probability	90%
		Probability of default of underlying equity	100%
Contingent liabilities	Probability-weighted discounted cash flow method (Note c)	Expected probability of achievement of milestones and conditions	100%
Structured deposits	Net asset value (Note d)	Expected rate of return	From 1.15% to 2.34%
Early redemption options in relation to the convertible bonds	Binomial tree model (Note e)	Expected volatility	30%
		Expected probability of event	20%
SRL Put Option	Binomial tree model (Note f)	Expected volatility	31%
Convertible bonds	Binomial tree model (Note g)	Expected volatility	31%
		Discount rate	26%

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (continued)

(i) Financial assets and liabilities measured at fair value (continued)

Information about Level 3 fair value measurements (continued)

Note a As at 31 December 2024, 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$645,000/US$651,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by US$61,000/US$55,000.

Note b As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the probability of event by 10% would have decreased/increased the Group's loss by US$1,287,000, and a decrease in the probability of default of underlying asset by 5% would have decrease the Group's loss by US$55,000.

Note c As at 31 December 2024, 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$494,000.

Note d As at 31 December 2024, 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$89,000/US$89,000.

Note e As at 31 December 2024, 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$845,000/US$3,113,000 and an increase/decrease in the Expected probability of event by 10% would have decreased/increased the Group's loss by US$374,000/US$374,000.

Note f As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by US$655,000/US$640,000.

Note g As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 5% would have increase/decrease the Group's loss by US$892,000/US$524,000 and an increase/decrease in the discount rate by 5% would have decrease/increase the Group's loss by US$2,557,000/US$2,656,000.

33 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (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:

	Financial assets US$'000	**Financial liabilities** US$'000
At 1 January 2024	55,514	(98,765)
Additions	730,197	(51,643)
Changes in fair value recognised in profit or loss during the year	9,618	(25,355)
Settlements	(716,968)	–
Transfer to equity	(3,000)	–
Interests paid	–	10,661
Exchange adjustments	(690)	–
At 31 December 2024	74,671	(165,102)

(ii) Fair value of financial assets and liabilities carried at other than fair value

As at 31 December 2024, the quoted market value of the 2028 Convertible Bonds is approximately US$178 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 2024 and 2023.

34 COMMITMENTS

Capital commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	2024 **US$'000**	2023 US$'000
Contracted for	**48,902**	18,373
Authorised but not contracted for	**85,824**	190,627
	134,726	209,000

35 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:

	2024 **US$'000**	2023 US$'000
Salaries and other benefits	**5,718**	7,932
Discretionary bonuses	**1,067**	1,359
Retirement scheme contributions	**169**	183
Equity-settled share-based payment expenses	**11,377**	13,022
Cash-settled share-based payment expenses	**108**	235
	18,439	22,731

Total remuneration was included in staff costs (note 5(b)).

(b) Financing arrangements

	2024 **US$'000**	2023 US$'000
Loans to equity-accounted investees	**5,699**	8,186
Loans repaid by equity-accounted investees	**1,623**	3,080
Interest income on loans to equity-accounted investees (note)	**49**	77
Loans from equity-accounted investees	**2,057**	–
Loans repaid to equity-accounted investees	**2,370**	–

In addition, the Group provided financial guarantee to certain equity-accounted investees for their bank facilities. As at 31 December 2024, bank loans amounting to US$43,392,000 drawn down by these equity-accounted investees were guaranteed by the Group (31 December 2023: US$35,467,000). 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 2024 and 2023. The liquidity risk arising from the financial guarantee issued is disclosed in note 33(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 Directors and lent the Group the 2029 Convertible Loans with a principal amount of US$20,000,000.

Note: As at 31 December 2024, loans to equity-accounted investees of the Group bore an interest rate at 1.35% - 7.00% per annum. (2023: 3.00% - 7.00% per annum).

35 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Cash deposits placed in SHRB

During the year ended 31 December 2024, the Group placed cash deposits in SHRB, an equity-accounted investee of the Group (note 14), with an interest rate from 1.35% to 3.45% per annum. As at 31 December 2024, the amount of bank deposits placed in SHRB was US$5,567,000 (31 December 2023: US$24,252,000).

(d) Sales to related parties

For the years ended 31 December 2024 and 2023, 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 substantial shareholder of the Company
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
EP MedTech	Equity-accounted investee of the Group
Zhejiang AccuPath Smart Manufacturing (Group) Co., Ltd. ("AccuPath")	Equity-accounted investee of the Group
Lombard Medical Limited ("Lombard") (note)	Formerly equity-accounted investee of the Group
Shanghai Horizon Medtech Co., Ltd. ("Horizon")	Equity-accounted investee of the Group
Purple Medical Solutions Private Limited ("Purple Medical")	Equity-accounted investee of the Group

Note: The Group controlled Lombard since August 2024. The transaction amount disclosed below is from 1 January 2024 to the date Lombard became a subsidiary.

(e) Sales to related parties

Particulars of the Group's sales transactions with these parties are as follows:

	2024 US$'000	2023 US$'000
Subsidiaries of Otsuka holdings	**219**	2,561
AccuPath	**5,216**	5,744
EP MedTech	**660**	560
Lombard	**6,015**	6,248
Horizon	**1,371**	742
Purple Medical	**1,548**	1,293

Trade receivables due from related parties as disclosed in note 19 are unsecured, interest-free and expected to be recovered within one year.

35 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(f) 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
Horizon	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.	Equity-accounted investee of the Group
Shanghai MicroPort Lifesciences Co., Ltd.	Equity-accounted investee of the Group
Brian Yale Chang ("Dr. Brian")	Immediate family of a Director

	2024 **US$'000**	2023 US$'000
Purchase from equity-accounted investees	**38,823**	39,640
Service fee income from equity-accounted investees	**9,824**	8,370
Payment on behalf of equity-accounted investees by the Group	**1,736**	1,483
Transfer of non-current assets to equity-accounted investees	**1,268**	13,342
Service fee charged by Dr. Brian	**236**	174

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions with Jumbo Glorious and 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.

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2024 US$'000	31 December 2023 US$'000
Non-current assets		
Investments in subsidiaries	**1,356,388**	1,284,619
Equity-accounted investees	**3,793**	4,000
	1,360,181	1,288,619
Current assets		
Other receivables	**5,659**	6,450
Pledged and time deposits	**30,185**	105,684
Cash and cash equivalents	**38,817**	29,391
	74,661	141,525
Current liabilities		
Amounts due to subsidiaries	**1,672**	1,672
Other payables	**1,111**	9,501
Derivative financial liabilities	**7,500**	–
Convertible bonds	**–**	456,634
Interest-bearing borrowings	**18,687**	–
	28,970	467,807
Net current assets/(liabilities)	**45,691**	(326,282)
Total assets less current liabilities	**1,405,872**	962,337
Non-current liabilities		
Convertible bonds	**369,945**	213,267
Interest-bearing borrowings	**242,908**	–
Derivative financial liabilities	**5,534**	–
Other payables	**2,495**	1,773
	620,882	215,040
NET ASSETS	**784,990**	747,297
CAPITAL AND RESERVES (note 29(a))		
Share capital	**18**	18
Reserves	**784,972**	747,279
TOTAL EQUITY	**784,990**	747,297

(Expressed in United States dollars unless otherwise indicated)

37 COMPARATIVE FIGURES

As a result of the application of the HKAS 1 amendments, certain comparative figures have been adjusted to conform to current period's presentation and to provide comparative amounts in respect of items discloses for the first time in 2024. Further details of the changes in accounting policies are disclosed in note 1(c).

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

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 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to HKFRS 9 and HKFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to HKFRS 9, *Financial instruments* and HKFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
HKFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	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.

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