BRONCUS

堃博医疗控股有限公司

Broncus Holding Corporation

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2216

2025 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

COMPANY NAME

Broncus Holding Corporation (堃博医疗控股有限公司)

DIRECTORS

Executive Director

Mr. Hong Xu *(Chief Executive Officer and Chairman)*

Non-executive Directors

Mr. Ao Zhang
Ms. Yanhong Kuang

Independent Non-executive Directors

Dr. Pok Man Kam
Ms. Yee Sin Wong
Dr. David Scott Lim

AUDIT COMMITTEE

Dr. Pok Man Kam *(Chairman)*
Ms. Yee Sin Wong
Dr. David Scott Lim

NOMINATION COMMITTEE

Mr. Hong Xu *(Chairman)*
Ms. Yee Sin Wong
Dr. David Scott Lim

REMUNERATION COMMITTEE

Ms. Yee Sin Wong *(Chairwoman)*
Dr. Pok Man Kam
Ms. Yanhong Kuang

COMPANY SECRETARY

Ms. Ka Yan Suen *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Hong Xu
Ms. Ka Yan Suen

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
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Hong Kong

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CORPORATE INFORMATION

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China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Wanchai
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PRINCIPAL SHARE REGISTRAR

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Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
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Hong Kong

STOCK CODE

2216

PRINCIPAL BANKS

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CONTACT INFORMATION FOR INVESTORS

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FINANCIAL HIGHLIGHTS

	Year ended December 31, 2025 USD'000	Year ended December 31, 2024 USD'000	Year-to-year change
Revenue	**174**	8,131	-98%
Sale of medical devices and consumables and provision of services	**6,067**	8,131	-25%
One-off sales return	**(5,893)**	–	
Gross (loss)/profit	**(917)**	6,139	-115%
Loss for the year	**(17,875)**	(15,303)	17%
Add:			
Share awards	**962**	236	308%
Non-IFRS adjusted net loss for the year(1)	**(16,913)**	(15,067)	12%
Cash and bank balances and deposits	**124,921**	139,346	-10%

(1) Please refer to the section headed "Non-IFRS Measures" in this report for more detail

BUSINESS HIGHLIGHTS

- ***Lung Cancer Interventional Therapy Products Approved for Launch in China, with steady advancements in commercialization***

  During the Reporting Period, our proprietary core product, the BroncAblate® Transbronchial Radiofrequency Ablation System ("**BroncAblate®**") was approved for marketing in the PRC by the National Medical Products Administration (NMPA). Through breakthrough key technological innovations, the BroncAblate® Disposable Lung Radiofrequency Ablation Catheter (Registration No.: Guo Xie Zhu Zhun 20253010767), when used in conjunction with the BroncAblate® Lung Radiofrequency Ablation System Generator (Registration No.: Guo Xie Zhu Zhun 20253011204), is able to deliver stable and accurate radiofrequency energy to the center of lung lesions through the natural orifice (bronchus) for the first time, achieving complete ablation of lesions, thus ushering in a new era of "ultra-minimally invasive, intelligent and precise" interventional therapy for lung cancer, and successfully filling in the gap in the field around the world.

  - In August 2025, the results of a retrospective cohort study on Safety and efficacy of transbronchial radiofrequency ablation for stage IA peripheral lung cancer were published in the authoritative academic journal Translational Lung Cancer Research by Professor Sun Jiayuan (孫加源)'s team at Shanghai Chest Hospital. The study is the first literature report following the official launch of BroncAblate®. The retrospective cohort study has confirmed that transbronchial RFA demonstrates improved safety (a low incidence of surgery-related serious complications) and better results of local progression control (and in particular under the guidance of CBCT) in treatment of stage IA peripheral lung cancer, providing lung cancer patients with a better option for minimally invasive treatment.

  - As of December 31, 2025, BroncAblate® has been widely used in the PRC, covering over 20 provinces/cities nationwide, and has been applied in nearly 200 operations at over 30 hospitals.

  - In December 2025, BroncAblate® has obtained marketing authorization in Hong Kong, with registration procedures in other regions underway.

- ***Orderly Progress of Clinical Trials and Commercialization of COPD Treatment Products***

  Our COPD treatment pipeline covers a wide range of interventions in addition to drug treatment. We have InterVapor® Thermal Vapor Treatment System ("**InterVapor®**"), which has been successfully marketed, and the BroncTarget® Targeted Lung Denervation Radiofrequency Ablation System ("**BroncTarget®**"), which is under the confirmatory clinical trials. They are used respectively for the treatment of severe and very severe COPD as well as acute exacerbations of COPD.

  - As of December 31, 2025, InterVapor® covers nearly 30 provinces/cities in China. Its efficacy in treating severe COPD has been widely acknowledged by both physicians and patients.

  - The series of post-marketing clinical trials of InterVapor® are progressing in an orderly manner across China. A series of relevant studies is carried out in more than 30 hospitals in China, to study its application on different subgroups as well as its improvement on COPD acute exacerbations.

BUSINESS HIGHLIGHTS

- The confirmatory clinical trials for BroncTarget® have been carried out in an orderly manner, with 28 hospitals in China enrolling patients. As of December 31, 2025, 116 patients have been enrolled. The interim investigator meeting for this clinical trial has been held, and the data showed a general improvement in the clinical performance of patients in the trial group.

- In January 2026, BroncTarget® was admitted into Special Procedures for Examination and Approval of Innovative Medical Devices (the "**Green Path**").

- ***Clinical Application of Navigation Products and Other Innovative Interventional Treatment Products Brings Innovative Techniques to Multiple Scenarios***

We have self-developed numerous innovative products in the interventional pulmonology diagnostic and therapeutic field, most of which are the first and only of their kind in the world. Our products in the pulmonary interventional field were applied in a variety of clinical scenarios during the Reporting Period, providing safe and effective solutions for doctors and patients.

- During the Reporting Period, the LungPro augmented reality optical whole lung diagnosis and treatment navigation system ("**LungPro**"), Mist Fountain® disposable nebulizing micro-catheter for endoscope ("**Mist Fountain®**"), and BroncTru® disposable transbronchoscopic puncture dilatation catheter ("**BroncTru®**") have jointly explored new application scenarios, such as surgical localization of lung tumors in thoracic surgery, transbronchial dilatation catheter localization biopsy (EBUS-GS-TBLB), transbronchial cryobiopsy (EBUS-TTCB), mediastinal tumor biopsy technique (EBUS-TBNB), and transbronchial dilatation catheter targeted drug delivery, offering a variety of diagnosis and treatment options to doctors and patients.

- In March 2025, our lung imaging processing software, BroncQCT®, has officially received approval from the Zhejiang Medical Products Administration for marketing in China. During clinical application, BroncQCT® has significantly enhanced physicians'efficiency in interpreting lung computed tomography (CT) images, providing support for clinical auxiliary diagnosis and treatment, and promoting more efficient and precise diagnostic processes.

- ***Ongoing Academic Promotion and Physician Training***

In 2025, we actively participated in academic conferences, while launching surgical trainings for relevant specialties. The synergy enables transformation of innovative techniques into capability of clinical diagnosis and treatment, which accelerates penetration of the products.

- During the Reporting Period, we participated in over 70 authoritative academic conferences at home and abroad, and made our debut with various products at over dozens of frontline academic conferences, including the 10th Eastern Thoracic Academic Conference (OCTS 2025), Symposium on Transbronchial Radiofrequency Ablation Technology, the 35th European Respiratory Society (ERS) Congress (2025), and the 3rd Global Congress on Robotic Bronchoscopy and Companion Technologies held in the Netherlands.

BUSINESS HIGHLIGHTS

During the same period, we assisted in organizing and implementing training courses of various specialized skills. In China, training sessions on specialized skills such as the training sessions of the "Linghang Feifan" (領航肺凡) Transbronchial Lung Cancer Ablation Training Program and the online special topic salon of the respiratory intervention new technology series were held to provide extensive training support for clinical physicians. For overseas activities, overseas expert groups were invited to visit domestic surgical theatres and overseas training sessions were jointly organized with domestic top hospitals to establish an efficient platform for transformation of skills and international exchange.

- ***Comprehensive Market Access Strategy and Patent Protection***

The Company has established a comprehensive intellectual property protection system with coverage over core products and critical skills, and overseas coverage was expanded to major countries/regions such as Asia, Europe and United States.

- In terms of market access, as of December 31, 2025, we had a total of 94 registration certificates, including 20 NMPA certificates, 4 CE certificates, 7 FDA certificates, and 63 certificates from other countries/regions.

- In terms of patent protection, as of December 31, 2025, the Company had a total of 780 patents to realize comprehensive and multi-level protection for the achievements in technological innovations.

- ***Through Diversified Cooperation, Mergers and Acquisitions in the Industry to Realize Sustainable Development***

During the Reporting Period, we actively looked for opportunities in strategic cooperations, mergers and acquisitions in the industry to explore more potential developments of the Company.

- In October 2025, the Company entered into subscription agreements (the "**Subscription Agreements**") with Shanghai INT Medical Instruments Co., Ltd.(上海瑛泰醫療器械股份有限公司) (1501.HK, "**INT Medical**") and Hangzhou Linheng Qingrui Enterprise Management Partnership (Limited Partnership) (杭州臨恒清睿企業管理合夥企業(有限合夥), whose principal capital contributor was Hangzhou Linping State Owned Capital Investment and Operation Co., Ltd.(杭州臨平國有資本投資運營有限公司), ("**Linping State Investment**"). For details of the Subscription Agreements, please refer to the paragraph headed "Issuance of Equity Securities of the Company" below in this report and the Company's announcement dated October 10, 2025. On the same date, the Company, together with INT Medical, Hangzhou Linping Economic and Technological Development Zone (杭州臨平經濟技術開發區) and Linping State Investment entered into a Strategic Cooperation Agreement to establish a long-term strategic cooperative partnership with a view to fully utilizing their respective advantages in policy support, industry resources and market operation, enrich the channels for promoting commercialization of the Company's products to boost product sales.

BUSINESS HIGHLIGHTS

- In December 2025, Broncus China Holding Corporation (a wholly-owned subsidiary of the Company) ("**Broncus China**"), as the purchaser, and Venus Medtech (Hong Kong) Limited ("**Venus Medtech**"), as the seller, entered into the share transfer agreement, pursuant to which Venus Medtech has conditionally agreed to sell, and Broncus China has conditionally agreed to purchase, 157,800 series B preferred shares of Valgen Holding Corporation. For details of the Acquisition, please refer to the Company's announcements of December 29, 2025 and March 13, 2026. The completion of the Acquisition has taken place in late January 2026. Given the similarity and connectivity between structural heart disease and pulmonary disease, the acquisition provided an opportunity for the Company to realize integrated diagnosis and treatment for heart and pulmonary diseases and paved a solid foundation for the establishment of an integrated diagnosis and treatment platform for heart and pulmonary diseases in the future and the realization of sustainable development with a more diverse product portfolio.

- ***Awards of Honors were Received in Various Areas***

In 2025, the Company continued to further develop the minimally invasive interventional diagnosis and treatment areas of pulmonary diseases, and received a number of authoritative honors with our hard core technology innovative abilities and excellent integrated operation capabilities, and our influence and brand awareness in the industry continued to increase.

- With our "Robotic Bronchoscopic Surgical System" project, we were shortlisted for the national list of "2025 selected entities of artificial intelligent medical innovative tasks".

- Our participated project of "Research and development of critical technology for respiratory intervention diagnosis and treatment and establishment of an integration system" was approved as one of the significant special projects of research and development on national technologies for the prevention and treatment of cancer, cardio and cerebrovascular, respiratory and metabolism diseases (the four major chronic diseases).

- As a core participant, we contributed to the project "Innovative studies and promotion of application for bronchoscopic diagnosis and treatment system for lung cancer" which won the second prize of the 2025 Huaxia Medical Science and Technology Award.

- At the 9th Hangzhou Entrepreneurs Internationalization and Innovation Conference, Mr. Hong Xu, the Chairman and Chief Executive Officer of Broncus, won the honor of "Cutting-edge Hangzhou Entrepreneur" in 2024.

CHAIRMAN'S STATEMENT

2025 was a year of robust growth momentum for the global biopharmaceutical and innovative medical device industries, and a year of resilient growth for Broncus. Amid the intertwined challenges of a shifting geopolitical landscape, intensifying competition, and sustained pressures in commercialization, we remained steadfast in our core mission: to establish interventional solutions as the gold standard for lung disease treatment. With unity, focus, and pragmatic action, we have spared no effort to drive the field of pulmonary health into a new era of precision diagnosis and treatment.

Over the past year, we not only achieved the successful market launch of the world's first interventional therapy product for lung cancer and a steady commercial expansion of our COPD treatment products, but also maintained an orderly and efficient advancement in clinical trials of our pipeline products. Through a combination of quality and efficiency enhancements, strategic collaborations, and innovative operating models, we further demonstrated strong resilience and risk mitigation capabilities, enabling the Company to progress steadily towards sustainable and high quality growth.

We fully recognize that innovation is the fundamental driving force of a medical device company, and the solid foundation that enables an enterprise to move steadily forward and lead the industry. In 2025, in the field of product innovation, our self-developed BroncAblate® Transbronchial Radiofrequency Ablation System, the world's first natural orifice RFA device for lung cancer, successfully entered the China market. This achievement not only marks a major breakthrough in the global field of interventional lung cancer therapy, but its strong clinical performance also provides solid evidence-based support for transbronchial interventional ablation to become a core treatment modality for pulmonary tumors. At the technology upgrade level, we kept pace with the wave of AI development, strengthening the Company's capabilities and intellectual property portfolios in pulmonary big data deep learning and software development, and creating more efficient clinical decision support tools. These tools form strong synergies with our core products for pulmonary disease treatment, providing clinical settings with multi scenario, high precision, and high efficiency pulmonary interventional therapy solutions.

In 2025, we remained committed to a focused resource-allocation strategy, deepening our presence in the core field of interventional therapies for pulmonary diseases and concentrating on COPD and lung cancer as our two major areas of strategic focus, with full efforts devoted to advancing the commercialization of our core products. Represented by our COPD treatment product InterVapor®, we continued to drive the adoption of the Bronchoscopic Thermal Vapor Ablation (BTVA) procedure in leading hospitals across the country. Its significant therapeutic benefits and strong safety profile have earned wide recognition and great trust from clinicians and patients. At the same time, through diverse forms such as hands-on training, academic exchanges, and surgical observation programs, we established platforms for clinical expert communication both domestically and internationally, supporting the standardized promotion of the procedure. We believe that as relevant national policies are gradually introduced and implemented, InterVapor® will achieve substantial progress in key commercialization steps such as reimbursement inclusion and procedure-based charging, laying a solid foundation for large-scale hospital adoption.

CHAIRMAN'S STATEMENT

In the past year, we continued to consolidate our foothold in overseas markets and steadily expanded our global footprint. We successfully obtained multiple product registrations in regions including Hong Kong, Malaysia, and Singapore, further strengthening our regulatory compliance foundation and cultivating fertile ground for international commercialization. Looking ahead, we will continue to uphold our global development strategy of "innovative vision, global deployment". Leveraging our established registration systems and commercialization foundations, we will work more closely with key overseas partners to enhance collaboration and accelerate the global launch of additional core innovative products, bringing China's innovations in pulmonary interventional therapy to patients around the world.

At the same time, we placed great emphasis on corporate social responsibility and compliant operations, continuously strengthening our ESG (Environmental, Social, and Governance) policy framework and execution mechanisms, while rigorously adhering to domestic and international regulatory requirements as well as global industry best practices, and upholding sound business principles. We firmly believe that true corporate success stems from achieving a harmonious balance between business development and social responsibility, which not only safeguards the fundamental interests of all shareholders, but also represents an essential pathway for the Company to realize long-term and sustainable growth.

Looking ahead to 2026, challenges and opportunities will continue to coexist in the global biopharmaceutical and innovative medical device industries. As a leader in the field of pulmonary interventional medical devices, we will remain anchored in clinical needs, fully exploring the Company's development potential and focusing on three core pillars of innovation driven advancement, commercialization expansion, and global strategic deployment. We will continue to deepen our presence at the forefront of industry technology, accelerate R&D breakthroughs and the translation of innovative achievements, and steadily enhance the Company's influence and leadership within the global industry. With greater determination and more efficient execution, we will uphold our mission of technological innovation, accelerate our commercialization pace, and join hands with our shareholders, partners, and industry peers to tackle the major public health challenges posed by pulmonary diseases, creating better lives for patients and delivering greater value for our shareholders and society!

Hong Xu
Chairman and CEO

March 31, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OUR PROFILE

Focusing on the interventional treatment of Chronic Obstructive Pulmonary Disease (referred to as "**COPD**") and lung cancer, we are pioneers in the field of Interventional Pulmonology, providing innovative solutions for lung diseases in China and globally. In the large-scale, underdeveloped and rapidly growing interventional respiratory medicine market, leveraging China's first and only real-time imaging-based full-lung navigation technology, we have established a comprehensive "navigation-diagnosis-treatment" platform for interventional respiratory disease treatment. This platform addresses the pain points of existing treatment models and the unmet clinical needs of lung diseases, leading the transformation of diagnosis and treatment paradigms and advancing the field of lung diseases into the era of precision medicine.

OUR VISION

Our vision is to be a global leader in the transformation of lung disease treatment.

OUR MISSION

Our mission is to establish our interventional diagnosis and therapeutic solutions as the gold standard for the treatment of lung diseases.

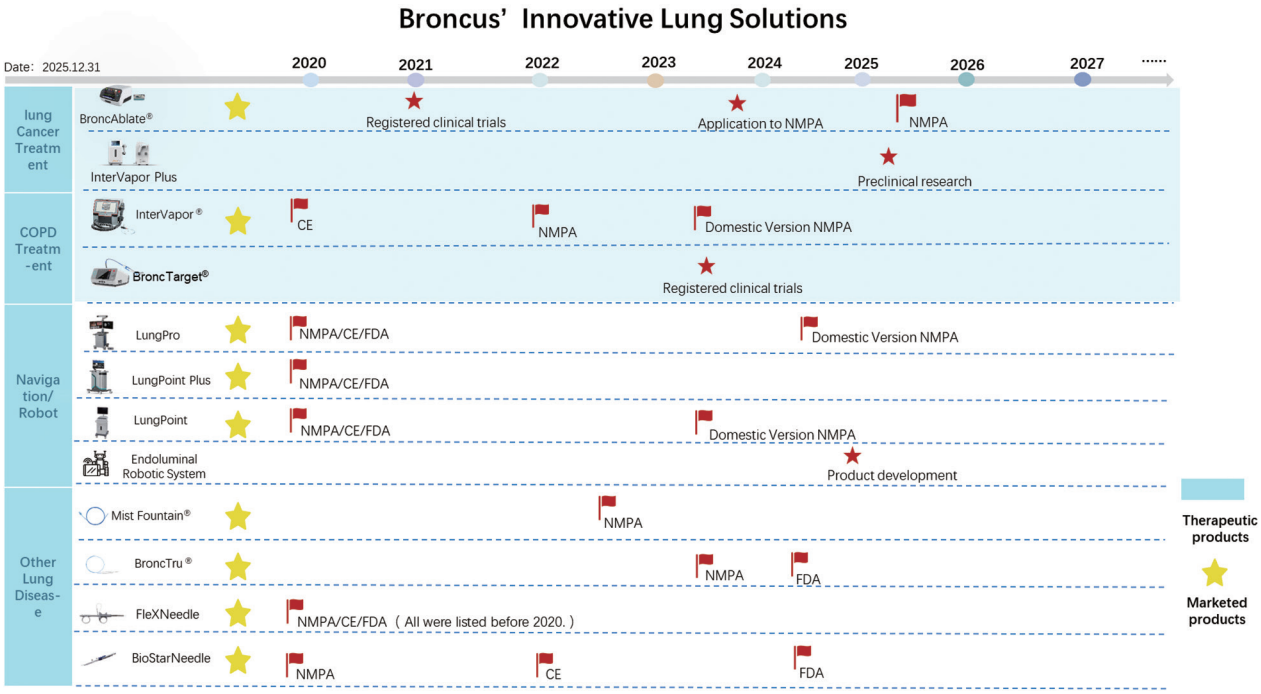
In 2025, the market for interventional treatment for lung diseases is still in the stage of development. Driven by heavier burden of lung diseases, innovation and iteration of medical technology and policy support, the market for interventional pulmonology medical devices has entered the stage of development towards "minimal intrusion + precision + intelligence + localization initiatives". As lung navigation and surgical robots, interventional ablation for lung cancer and COPD interventional treatment have become the three core market segments, the deep integration of AI and interventional treatment devices will drive new growth in the industry.

Leveraging the first product matrix in the world, full-cycle and closed-loop solutions for diagnosis and treatment of pulmonary diseases, and a comprehensive evidence-based medical system, and through the successful use of key interventional treatment product in conjunction with surgical robots, forward-looking deployment of transbronchial flexible surgical robots and continuous upgrading and iteration of existing products, Broncus has developed its comprehensive competitive strength that is hard to replicate with leading advantages in key market segments of lung cancer and COPD. In light of the current situation that the market education for interventional treatment for lung diseases is far from satisfactory and levels of practitioners in general hospitals vary, we uphold the principle of "clinical evidence + market access + sound operation" and leverage our technological edge to pursue sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

Products and product lines

To the date of this annual report, our main products include a number of innovative pulmonary interventional products that are the only ones of their kind in the world or in China. Among which, InterVapor® is the first and only medical device without implant for treatment of COPD in the world, and clinical trials have verified its feasibility for the treatment of lung cancer. BroncAblate® is the world's first transbronchial intervention treatment product indicated for lung cancer. Our BroncTarget® is the first self-developed targeted denervation radio-frequency ablation system in China for use to reduce the risk of acute exacerbation of COPD.



Lung Cancer Treatment Pipeline

Lung cancer is the world's most common cancer and the leading cause of the cancer-related mortality. It has the highest incidence and mortality rate among all malignant tumors in China, and the lungs are also the second most common metastatic sites of malignant tumors. Surgery is the first choice for treatment of early lung cancer, which is better for pulmonary oligometastatic lesions. However, careful consideration is required for elderly patients and cases of complicated COPD, multiple primary cancers or post-surgery new incidence. Many international guidelines have listed tumor ablation as a recommended treatment method for early and locally advanced lung cancer, local ablation has now become the main treatment method for lung tumors for which surgery or stereotactic radiotherapy (SRT) is not feasible or not tolerated, and it has significant value in comprehensive cancer treatment.

Bronchoscopic radiofrequency ablation is a minimally invasive and repeatable targeted therapy for lung cancer, and provides a total new treatment method for most patients. With the development and popularity of technology, this precise minimally invasive new method with minimal trauma and fast recovery is hopeful to become a mainstream trend in the future, which may be used individually or in combination with drugs and surgery, advancing the timing of lung cancer treatment to improve survival rates.

MANAGEMENT DISCUSSION AND ANALYSIS

BroncAblate® Lung Radiofrequency Ablation System

BroncAblate® is the world's first radiofrequency ablation device for lung cancer treatment via natural orifices validated by extensive clinical evidence-based studies. Through groundbreaking technological innovations, it overcomes previous technical challenges in pulmonary radiofrequency ablation – namely, the difficulty of maintaining stable ablation due to high lung impedance and limited ablation coverage. For the first time, it enables precise delivery of radiofrequency energy through natural body cavities (bronchi) directly to the center of lung lesions, effectively inactivating tumor tissue. This breakthrough delivers a minimally invasive, repeatable targeted therapy for lung tumors, successfully filling a global gap in this field.

To date, the BroncAblate® registration clinical study (BRONC-RFII study) stands as the leading large-scale, long-term follow-up, high-clinical-value prospective clinical trial in the field of transbronchoscopic lung ablation. Conducted across 16 clinical centers, the study enrolled a total of 126 patients. The BRONC-RFII results were published in the authoritative academic journal *Respirology*. Data revealed a system technical success rate of 99.35%, a 1-year complete ablation rate of 90.48%, and a 1-year overall survival rate of 96.83%. The system demonstrated exceptional efficacy in treating ground-glass nodules (GGNs), achieving a 100% complete ablation rate for pure ground-glass nodules (GGNs). Moreover, the incidence of severe procedure-related complications was low, with pneumothorax occurring in only 3.97% of cases. This fully validates the system's advantages in safety and efficacy for lung tumor treatment, providing robust scientific evidence for the development and application of transbronchial ablation technology as a therapeutic modality for pulmonary tumors.

On April 18, 2025, the BroncAblate® Disposable Lung Radiofrequency Ablation Catheter was approved for market launch in China by the National Medical Products Administration (NMPA) (Registration No.: Guo Xie Zhu Zhun 20253010767). On June 23, 2025, the BroncAblate® Lung Radiofrequency Ablation System Generator received approval for market launch from the National Medical Products Administration (NMPA) (Registration No.: Guo Xie Zhu Zhun 20253011204), intended for use with the disposable lung radiofrequency ablation catheter (Registration No.: Guo Xie Zhu Zhun 20253010767).

In August 2025, Professor Sun Jiayuan's team at Shanghai Chest Hospital published a retrospective cohort study on Safety and efficacy of transbronchial radiofrequency ablation for stage IA peripheral lung cancer in the authoritative academic journal *Translational Lung Cancer Research*. This study marks the first literature report following the official market launch of BroncAblate®. This retrospective cohort study confirmed that transbronchial RFA demonstrates superior safety (low complication rate) and more significant local progression control (particularly under CBCT guidance) in treating IA-stage peripheral lung cancer, offering lung cancer patients a more ideal minimally invasive treatment option.

As of December 31, 2025, the product has been used in nearly 200 surgeries across more than 30 hospitals. Commercialization efforts for BroncAblate®, including procedure fee standardization and the Sunshine Procurement Platform listings, are progressing smoothly. During the Reporting Period, the BroncAblate® disposable lung radiofrequency ablation catheter achieved listing on the Sunshine Procurement Platform in 27 provinces/municipalities. Driven by the National Healthcare Security Administration's policy document Notice on Issuing the Guidelines for Establishing Medical Service Price Items for Respiratory Systems (Trial Implementation) 《關於印發(呼吸系統類醫療服務價格項目立項指南(試行))的通知》, the implementation of technique-based fees across regions is expected to accelerate significantly.

MANAGEMENT DISCUSSION AND ANALYSIS

In December 2025, BroncAblate® obtained marketing authorization in Hong Kong, with registrations in other countries proceeding concurrently.

COPD Treatment Pipeline

Chronic Obstructive Pulmonary Disease (COPD) is a common chronic respiratory disease. China has a large population of COPD patients, and it ranks among the leading causes of death among Chinese residents, becoming a significant disease burden severely impacting the health of the Chinese population.

The current standard treatment for COPD remains primarily based on inhaled medications, supplemented by non-pharmacological interventions. However, some patients still experience uncontrolled or frequent acute exacerbations symptoms despite standard therapy, with a persistent decline in lung function and severely impaired quality of life.

We owned InterVapor® and BroncTarget® for treating severe and very severe COPD, as well as acute exacerbations of COPD, making us the only company globally to cover all COPD patients beyond those best suited for drug therapy. InterVapor® has obtained registration certificates including CE and NMPA and is commercially available in multiple countries and regions worldwide; BroncTarget® is currently undergoing confirmatory clinical trial.

InterVapor® Thermal Vapor Treatment System

InterVapor® is the world's only non-implantable medical device for the interventional treatment of COPD, and is used for the treatment of severe and very severe COPD. It has a strong intellectual property portfolio and is the world's first and only interventional pulmonology device utilizing thermal vapor energy. InterVapor® delivers thermal vapor to the lungs via bronchoscopy to achieve targeted ablation of lung lesions. Bronchoscopic Thermal Vapor Ablation (BTVA), an innovative technique developed with this device, is used to treat patients with COPD.

As an innovative technique for treating COPD, BTVA has demonstrated significant improvements in lung function and quality of life for COPD patients, and is expected to become an important treatment method for COPD. Given that BTVA is a safe, effective, and minimally invasive treatment technique, InterVapor® was recognized as a "Breakthrough Device" by the U.S. Food and Drug Administration (FDA) in 2019. In the same year, BTVA was officially included in the recommended interventional treatment methods by the internationally recognized COPD guideline – GOLD. By 2026, it had been included in the recommendations for eight consecutive years.

Currently, InterVapor® has received CE, NMPA, and other registration certifications, and the product has been approved for commercialization in Europe, Chinese mainland, Hong Kong SAR, Taiwan Region, Australia, Singapore, India, Thailand, and other countries/regions. As of December 31, 2025, InterVapor® has been used in BTVA procedures at hospitals at all levels in China. Additionally, the product's procurement and hospital admission processes are progressing steadily within China. Currently, its disposable thermal vapor treatment catheter has been listed on the Sunshine Procurement Platform in 30 provinces/cities nationwide. Under policy support, the technique-based fee will also be implemented in more provinces and municipalities.

MANAGEMENT DISCUSSION AND ANALYSIS

We are actively conducting a series of post-marketing clinical studies for InterVapor®. In China, the post-marketing clinical trial program for InterVapor® is being conducted across more than 30 hospitals nationwide, focusing on different patient subgroups and improvements in acute exacerbations of COPD. As of December 31, 2025, this series of studies has initiated enrollment at 12 participating medical centers, with approximately 20 participants enrolled. Overseas, post-marketing clinical studies for this product are also progressing concurrently. As of December 31, 2025, the BTVA Registry trial conducted in Europe has enrolled 264 patients across 17 clinical centers. The BENTO trial in Germany has completed enrollment of 36 patients across 13 local research centers. Our global post-marketing clinical studies for the InterVapor® Thermal Vapor Therapy System are expected to generate more robust, high-quality evidence-based clinical data, offering safer and more effective COPD treatment options for a broader patient population.

Concurrently, we are actively advancing the development of the "Expert Consensus on Standardized Clinical Application of Bronchoscopic Thermal Vapor Lung Volume Reduction for COPD with Emphysema," facilitating the implementation of InterVapor® in clinical settings.

BroncTarget® Targeted Lung Denervation Radiofrequency Ablation System

TLD (Targeted Lung Denervation) is a breakthrough interventional technique for moderate-to-severe Chronic Obstructive Pulmonary Disease (COPD). It precisely delivers radiofrequency energy to neural targets via bronchoscopy, aiming to suppress abnormal airway constriction and excessive mucus secretion at their source, thereby alleviating symptoms such as coughing, sputum production, and breathlessness. This technology does not replace conventional drug therapy but rather complements it as part of a synergistic "interventional + pharmacological" comprehensive management approach. It offers a novel treatment direction for patients whose symptoms remain poorly controlled after standard drug therapy. Its potential for widespread adoption is significant, with some county-level hospitals already meeting the criteria to conduct related trials.

BroncTarget® is the first self-developed product in China for the treatment of Chronic Obstructive Pulmonary Disease (COPD) via bronchoscopic radiofrequency ablation. The product provides deeper tissue ablation around the main bronchi in the lungs to reduce tension and mucus production in the airways, thereby relieving airway obstruction.

The confirmatory clinical trial of BroncTarget® was launched in 2023. The study is a prospective, randomized, single-blinded, sham-operated group-controlled multi-center clinical trial. A total of 189 patients with moderate to severe COPD were planned to be enrolled in over 20 research centers in China for assessing the safety and efficacy of the product. The confirmatory clinical trial for the product is currently progressing in an orderly manner. In July 2025, the offline phase-specific investigator closed-door discussion meeting for this trial was successfully convened. The data showed a general improvement in the clinical manifestations of patients in the trial group. The study is expected to complete follow-up for all participants by 2028. Clinical trial reports and data disclosure will not be completed prior to this date.

In January 2026, BroncTarget® officially entered the Special Review Procedure for Innovative Medical Devices ("**Green Channel**"). This signifies that the product has gained recognition from the NMPA regarding the originality of its core technology and the significant clinical value it offers, with its registration process expected to accelerate comprehensively.

MANAGEMENT DISCUSSION AND ANALYSIS

Main Products for Other Lung Disease Diagnosis and Treatment Pipelines

Mist Fountain®, a disposable nebulizing micro-catheter for endoscope

Mist Fountain® is used in conjunction with the endoscopy. Under the guidance of the navigation system, it can accurately reach the lesion site, atomize and administer the drug, and directly deliver the drug to the lung lesion tissue. The product has strong compatibility and multiple indications. It is compatible with many kinds of drugs and is mainly used for airway anaesthesia, precise antibacterial and anti-inflammatory, tuberculosis drug delivery, phlegm reduction and elimination, thoracic surgery staining location, etc.

Mist Fountain® is the only approved nebulizing micro-catheter in China. The product with multiple patented technologies helps explore a wide range of applications of drugs in conjunction with devices in the treatment of lung diseases. As of December 31, 2025, the product was used in over 13,000 operations, including bronchoscopic surgeries and RICU clinical scenarios. Its applications encompass airway anesthesia, atomized drug delivery and surgical staining and localization, etc.

Currently, the product has been listed on the Sunshine Procurement Platform in 30 provinces/cities nationwide.

BroncTru®, a disposable transbronchoscopic dilatation catheter

Under the guidance of the navigation system, BroncTru® can create an accurate access to lesions outside the airway, especially the peripheral isolated pulmonary nodules that are not visible under X-ray, and create a direct access to the lesion site to realize the diagnosis and follow-up treatment in whole lung.

The product was officially approved for marketing by Zhejiang Medical Products Administration (浙江省藥品監督管理局) in September 2023. Having certain patent technologies, the product has been applied in multi-scenarios in the field of diagnosis and treatment of lung diseases, including but not limited to: endobronchial ultrasound-guided transbronchial cryo-biopsy (EBUS-TTCB), endobronchial targeted drug delivery via dilated catheter, lung biopsy and laser ablation, bronchoscopic lung cavity puncture biopsy and lavage, as well as transbronchial needle aspiration biopsy (TBNA). These procedures have garnered widespread recognition from physicians. Currently, the product has been listed on the Sunshine Procurement Platform in approximately 30 provinces/cities nationwide.

In January 2026, BroncTru® successfully obtained approval from the Indonesian Ministry of Health, officially entering the Indonesian market and achieving a new breakthrough in the Southeast Asian market.

Navigation Platform, Flexible Surgical Robots and Software System

LungPoint, LungPoint Plus/Archimedes Lite and LungPro/Archimedes System

As the world's only provider of transbronchial whole lung augmented reality navigation technology, we currently have three marketed navigation products, including LungPoint, LungPoint Plus (known as "**Archimedes Lite**" outside Asia) and LungPro (known as "**Archimedes System**" outside China), to serve the different needs of hospitals at all levels for the functionality of lung navigation products. These products will be updated and iterated based on the feedback from clinical use.

- LungPoint, or LungPoint Virtual Bronchoscopic Navigation (VBN) System, is a computer-assisted image-based navigation software system which, along with a set of biopsy tools, provides physicians with real-time path navigation within the airway and further localization guidance to a targeted area of interest in the lung for lung biopsy and other procedures. LungPoint was approved for marketing and commercial use in the United States by the FDA in 2009, the EU by the BSI in 2011, and the PRC by the NMPA in 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

- LungPoint Plus/Archimedes Lite, which was launched in 2020, provides real-time navigation within the airways for lung biopsy and other procedures through reconstruction of CT-based images and simultaneous display of actual and simulated images for more accurate and effective pathway planning to the target. LungPoint Plus has been commercialized in the PRC since late 2020 and was launched for sale in EU and the United States in March 2021.

- LungPro, known as the Archimedes outside of China (the "**LungPro/Archimedes**"), is an upgraded product based on LungPoint VBN. The Archimedes takes the application of the VBN technology to the next level by adopting a novel approach to enable precise navigation and localize peripheral lesions away from or adjacent to the airways. The Archimedes System was approved for marketing and commercial use in the United States by the FDA in 2014, the EU by the BSI in 2014, and the PRC by the NMPA in 2017.

Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation (LungPro) is a new technology that integrates augmented reality and optical navigation technology based on virtual bronchoscopic navigation to assist bronchoscopy. This technology expands the operable range of peripheral pulmonary lesions, derives new diagnosis and treatment method, and has become one of the important methods in the diagnosis and treatment of pulmonary nodules.

In order to standardize the clinical operation of Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation technology and guide its application in clinical practice, the Interventional Study Group of the Respiratory Disease Branch of the Chinese Medical Association organized multidisciplinary experts to conduct multiple rounds of discussions and took the lead in formulating the "Expert Consensus on Diagnosis, Localization, and Treatment of Peripheral Lung Nodules under Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation Guidance" (增強現實光學全肺診療導航引導下肺外周結節診斷、定位及治療專家共識), which provides recommendations and clinical guidance on the indications and contraindications, equipment and instruments, perioperative management, operating procedures and complication management of the diagnosis, localization and treatment of peripheral pulmonary nodules applicable to Augmented Reality Optical Whole Lung Diagnostic and Therapeutic Navigation technology. During the period of rapid development of bronchoscopy navigation technology, this expert consensus is of great significance for improving the success rate of diagnosis and treatment and reducing the incidence of navigation-related adverse events.

Flexible Natural Orifice Transluminal Surgical Robot

In view of the high demand and high growth rate of interventional pulmonary therapy, we have further expanded the field of flexible surgical robots for natural orifice access based on the advanced and patented navigation technology of pulmonary interventional diagnosis and treatment and key transbronchial radiofrequency ablation technology breakthroughs in lung cancer interventional treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

Surgical robots are innovative intelligent medical devices that need to perform delicate surgical operations in the narrow spaces of human body cavities. As the world's leader in the research and development of augmented reality optical navigation systems, we are the only company in the world to have the whole-lung-reach augmented reality real-time image navigation system. Mastering core algorithms and software technologies, combined with globally leading fiber-optic grating shape perception technology, we will develop advanced multimodal image auto-registration fusion technology to meet the needs for more accurate and safe surgical navigation, becoming the "eyes" and "brain" of pulmonary surgical robots. This will supplement relevant technologies such as robotic control and drive system platform development, accelerating the project progress of natural orifice surgical robots. Coupled with the strength of robotic arm research and development, the Company will achieve comprehensive coverage across the robot's "eyes", "brain", "hands", "body", and "therapeutic capabilities".

At present, our flexible natural orifice transluminal surgical robot is in the early stage of research.

BroncQCT® Lung Imaging Processing Software

In March 2025, our lung imaging processing software BroncQCT® has officially received approval from the Zhejiang Medical Products Administration for marketing in China. In clinical use, BroncQCT® significantly enhances physicians' efficiency in interpreting lung CT images, providing robust support for clinical diagnosis and treatment while driving greater efficiency and precision throughout the diagnostic process. The successful market launch of BroncQCT® represents another pioneering achievement by Broncus in precision diagnostics and therapeutic expansion. Its highly efficient intelligent algorithms enable physicians to move beyond the limitations of two-dimensional image interpretation during lung CT analysis. This allows direct access to three-dimensional reconstructions of lung structures and professional reading reports, significantly boosting imaging processing efficiency and delivering substantial clinical value.

BroncQCT® employs algorithms to perform precise segmentation of CT images down to the lung segment level, enabling three-dimensional reconstruction and quantitative visualization of airways, pulmonary arteries and veins, interlobar fissures, lobes, and pulmonary segments. It provides professional physicians with image interpretation reports. This software enables efficient large-scale imaging screening across patient populations to identify individuals with specific pulmonary characteristics. It processes images from different time periods for the same patient, facilitating intuitive comparison and tracking of pulmonary feature changes to optimize physicians' image processing workflows. BroncQCT® integrates with the Company's interventional therapy products InterVapor® and BroncAblate®, accelerating image processing during preliminary diagnosis and advancing the frontiers of interventional pulmonary therapy.

The market launch of BroncQCT® is an important supplement to the Company's comprehensive solutions for the entire process of lung disease screening, diagnosis, and treatment.

MANAGEMENT DISCUSSION AND ANALYSIS

There is no assurance that we will be able to ultimately develop and market BroncTarget® and the natural orifice flexible surgical robot, or any of our other pipeline products successfully.

Research and Development

We focus on developing innovative technologies and products for navigation, diagnosis and treatment of pulmonary diseases. We have a well-established track record in the development and commercialization of interventional pulmonology medical devices. To strengthen our R&D capabilities, we implement an efficient R&D model that combines international technologies with local R&D cost advantage to support our intellectual property portfolio and product iterations.

Leveraging our strong R&D capabilities and integrated technology platform, we continue to make steady advancements in product development, upgrade our existing products to address the varying needs of physicians and, where appropriate, expand the range of applications of our products to provide physicians and patients with more comprehensive treatment options.

Manufacturing

During the Reporting Period, we have two production centers located in Hangzhou, China and San Jose, the United States. The production center in Hangzhou, China occupies an aggregate gross floor area of approximately 3,122 sq.m. and the production center in San Jose, the United States occupies an aggregate gross floor area of approximately 863 sq.m., both facilities comply with ISO13485 standards.

Currently, the Hangzhou factory has the capacity to manufacture navigation products, InterVapor® (including the disposable catheters and devices), BroncAblate® (including the disposable catheters and devices) and various consumable products for lung diseases treatment.

We can rapidly expand our production capacity in response to market demand to meet the growing market needs.

Quality System

In accordance with regulations and standards such as ISO13485, China's NMPA GMP, the OSR by the FDA of the United States and the EU's MDR, we have established an international quality management system.

The Company establishes and maintains a high-standard and stringent quality management system, implementing strict quality control procedures in every aspect, including R&D, clinical trials, registration, procurement, production, sales, and after-sales service. At the same time, a large amount of resources is invested in quality control to manage and improve product quality. Multiple procedures are conducted to inspect raw materials, manufacturing processes, semi-finished products, and finished products, in order to ensure the effectiveness and consistency of product quality and that the products are in stable and reliable quality.

MANAGEMENT DISCUSSION AND ANALYSIS

Intellectual Property

Based on a patent-first product development strategy and a multi-tiered intellectual property protection approach designed to maximize the duration and scope of patent protection, the Company has secured several domestic and international patents in the field of interventional pulmonology, consolidating its strong moat in the field.

As of December 31, 2025, Broncus held the following IPs:

Type of IPs	Quantity
Patent for invention	246
Patent for utility model	324
Design patent	64
Trademark	146
Total	**780**

Commercialization

Against the backdrop of the transition of the respiratory intervention market toward precision medicine, the Company has leveraged the technological advantages of its core products and differentiated commercialization strategies to steadily advance product implementation amid market fluctuations, continuously demonstrating its core competitiveness in the field of interventional pulmonary diagnosis and treatment. We actively respond to industry changes, optimize our industrial layout, and maximize the first-mover advantage of our therapeutic products. Our specific commercialization strategies are as follows:

- *Targeting precision lung cancer diagnosis and treatment, full-scale commercialization of core products post-market launch*

  In the interventional lung cancer diagnosis and treatment market, our BroncAblate® interventional therapy product leverages its globally unique first-mover advantage in the field and its clinical value of "ultra-minimally invasive, intelligent, and precise" treatment. We prioritize strategic deployment in key tertiary-level Class A hospitals while simultaneously expanding to hospitals with lung cancer/pulmonary nodule diagnosis and treatment potential, establishing a "core focus, comprehensive coverage" promotion model to rapidly advance commercialization nationwide. As of December 31, 2025, BroncAblate® has been used in nearly 200 procedures across more than 30 hospitals.

- *Leveraging the first-mover advantage of COPD treatment products and capitalizing on national policy support to accelerate commercialization*

  In the COPD diagnosis and treatment market, our InterVapor® marketing efforts have begun to yield results. During the initial phase, we adopted a strategy of first cultivating benchmark hospitals and then radiating our reach to regional hospitals. This approach aimed to enhance product awareness while solidifying our academic standing and clinical expertise in the field of severe/very severe COPD diagnosis and treatment. Subsequently, we facilitated knowledge exchange activities including exchanges between benchmark and regional hospitals, domestic and international surgical observation and training programs, and hands-on experience sessions at academic conferences. These initiatives fostered the sharing of best practices in patient selection, surgical techniques, and postoperative care, driving the adoption of innovative procedures across hospitals of all tiers.

MANAGEMENT DISCUSSION AND ANALYSIS

In March 2025, the National Healthcare Security Administration promulgated the Guidelines for the Establishment of Respiratory System Medical Service Price Projects (Trial) (呼吸系統醫療服務價格項目立項指南(試行)), in which the BTVA procedure involving InterVapor® was included in the non-invasive lung volume reduction fee category. The implementation of this policy will significantly accelerate the commercialization of our product. As of December 31, 2025, this policy has been implemented in Inner Mongolia, Jiangsu, and Hebei.

- *Conducting ongoing post-marketing clinical trials to accumulate evidence-based medical evidence*

  We are continuously advancing post-marketing clinical trials for our core products to systematically accumulate robust evidence-based medical data and refine clinical application experience. This provides essential support for product market promotion, insurance access, technique popularization, and iterative upgrades, thereby accelerating market penetration.

  The post-marketing clinical trial series for InterVapor® is progressing systematically. In China, the product's series of studies are planned to be conducted in more than 30 hospitals nationwide, with studies focusing on different patient subgroups and improvements in acute exacerbations of COPD. As of December 31, 2025, the initiation of 12 participating medical centers has been completed, with approximately 20 participants enrolled. Overseas, post-marketing clinical studies for InterVapor® are also progressing concurrently. As of December 31, 2025, the BTVA Registry trial conducted in Europe has enrolled 264 participants across 17 clinical centers. The BENTO trial in Germany has completed enrollment of 36 patients across 13 local clinical centers. Our global post-marketing clinical studies for the InterVapor® aim to gather more robust, high-quality evidence-based medical data, offering safer and more effective COPD treatment options for a broader patient population.

- *Actively and orderly promote market access*

  Progress in regional procurement and hospital adoption across China is actively advancing. BroncAblate® disposable radiofrequency ablation catheter, BroncTru® disposable bronchoscopy dilation catheter, Mist Fountain® disposable endoscopic nebulization microcatheter, and other consumable products have been listed on Sunshine Procurement Platform across multiple provinces and cities nationwide. This lays the foundation for negotiating with hospitals on pricing and promoting admission sales, helping our products to rapidly penetrate more hospitals and thereby significantly boost our sales volume and market share.

  Product registration and market access have progressed steadily. As of December 31, 2025, we held a total of 94 registration certificates, including 20 NMPA registrations, 4 CE certificates, 7 FDA registrations, and 63 certificates from other countries/regions. Multiple products are currently undergoing global registration processes.

MANAGEMENT DISCUSSION AND ANALYSIS

- *Ongoing academic outreach and physician training*

  In 2025, we actively participated in academic conferences, utilizing case sharing, surgical technique demonstrations, and specialized lectures to analyze the advantages of our products in clinical applications and build a bridge for the exchange and sharing of innovative techniques. Simultaneously, we proactively organized specialized training programs, focusing precisely on the key application points of relevant surgical techniques. Through diverse methods such as surgical observation and mentoring, thematic workshops, and hands-on animal practice, we ensure that innovative techniques are truly translated into clinical capabilities, accelerating the widespread adoption of our products.

  During the Reporting Period, we actively participated in over 70 authoritative domestic and international academic conferences, showcasing our diverse product portfolio at pioneering events including the 10th Eastern Thoracic Academic Conference (OCTS 2025), the "Transbronchial Radiofrequency Ablation Technology" Symposium, the 35th European Respiratory Society Congress (ERS 2025), and the 3rd Global Congress on Robotic Bronchoscopy and Companion Technologies held in the Netherlands.

  During the same period, the Company facilitated the implementation of various specialized skill training programs. In China, it hosted multiple specialized training sessions including the "Linghang Feifan" (領航肺凡) Transbronchial Lung Cancer Ablation Training Program and a series of online seminars on new respiratory interventional technologies, providing extensive training support for clinicians. Overseas, the Company repeatedly invited international expert teams to conduct hands-on training in domestic operating rooms, collaborating with top Chinese hospitals to organize overseas training programs, thereby establishing an efficient platform for technology transfer and international exchange.

Major government R&D grants, funding, subsidies and tax preference

During the Reporting Period, the Company received government grants totaling US$2.1 million (2024: US$1.3 million).

FUTURE AND PROSPECTS

Looking ahead, we are confident in the future development of China's healthcare industry. With the acceleration of population aging and the advancement of urbanization, demand for healthcare services will continue to grow. We will remain committed to our corporate vision, striving to solidify our position as the global leader in minimally invasive interventional diagnostics and treatments for pulmonary diseases. By fully leveraging our independent innovation capabilities, we will continue to develop foundational and supporting technologies while expanding into the field of cardiac interventional diagnostics and treatments. Our goal is to establish a comprehensive diagnostic and treatment platform for both cardiac and pulmonary diseases in the future, bringing benefits to physicians and patients worldwide.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, the revenue of the Group was mainly derived from sale of medical devices and consumables. For the year ended December 31, 2025, the revenue of the Group was US$174,000, representing a decrease of 98% when compared with US$8.1 million in the corresponding period of last year. The decrease was mainly due to:

(1) in response to the national policies favoring domestic medical equipment in China, the hospitals in China favour and promote the procurement of domestic medical equipment instead of imported equipment and therefore, the U.S.-manufactured navigation equipment held by one of our distributors was returned and a locally manufactured navigation equipment with similar functions was launched as an alternative in 2025. The returned U.S.-manufactured navigation equipment is expected to be sold to the overseas markets; and

(2) a reduction in revenue arising from the return of Intervapor catheter after arm's length commercial negotiation with a state-owned enterprise customer in China.

Therefore, the relative negative impact offset the revenue of US$5.9 million in 2025. The Company has evaluated the commercial rationality of the one-off sales return. Please refer to note 5 to the Consolidated Financial Statements for details.

Cost of sales

Cost of sales mainly consisted of staff costs, raw material costs, depreciation and amortization, utility costs and others. For the year ended December 31, 2025, the Group's cost of sales was US$1.1 million, representing a decrease of 45% from US$2.0 million in the corresponding period of last year. The decrease in cost of sales resulted from cost reversals caused by the one-off sales return.

Gross profit and gross profit margin

Gross profit for the year ended December 31, 2025 was negative US$917,000, which was mainly affected by the one-off sales return. Gross profit margin was calculated by dividing gross profit with revenue. Excluding the one-off effect arising from the one-off sales return. The Group's gross profit margin for the year ended December 31, 2025 was 71.4%, compared with 75.5% recorded for the year ended December 31, 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Other income and gains

During the Reporting Period, our other income and gains mainly consisted of bank interest income and government grants. For the year ended December 31, 2025, the total amount of other income and gains was approximately US$7.9 million, representing a decrease of 16% from US$9.3 million when compared with the year ended December 31, 2024, this was mainly due to the decrease of bank interests income in line with the decreased market bank interests rate.

Selling and distribution expenses

For the year ended December 31, 2025, our selling and distribution expenses were US$8.0 million, representing a year-on-year decrease of 6%, when compared with the year ended December 31, 2024. This was primarily due to the reduction in revenue and the effective optimization of our selling expenses through various initiatives.

R&D expenses

Our R&D costs mainly consisted of staff costs for our research and development employees, depreciation and amortization, raw material costs, technical service fees, clinical trial expenses, business related expenses and share awards.

Our technical service fees refer to the service fees we paid to our third-party service providers for complementary services needed for product development, including development of low-value consumables, product testing and other services. R&D trial expenses consisted of expenses incurred on clinical trials, including payment to CROs and hospitals in relation to our clinical trials.

Our R&D costs for the years ended December 31, 2025 and 2024 were approximately US$7.8 million and US$11.5 million, respectively, representing a decrease of 32%. The decrease in our R&D costs was mainly due to our focus on the research and development of core products, and at the same time due to the Chinese R&D team completed localization of production for the full range of navigation products in 2024. The Company further adopted cost optimization, control of expenses and other measures to reduce R&D expenses.

	For the year ended December 31, 2025		For the year ended December 31, 2024	
	US$'000	**Proportion**	US$'000	Proportion
Staff cost	**3,723**	**47.9%**	5,681	49.5%
Depreciation and amortization	**1,841**	**23.7%**	2,558	22.3%
Technical service fees	**428**	**5.5%**	704	6.1%
Clinical trial expenses	**103**	**1.3%**	672	5.9%
Raw material costs	**172**	**2.2%**	284	2.5%
Share awards	**182**	**2.3%**	92	0.8%
Others	**1,323**	**17.0%**	1,480	12.9%
Total	**7,772**	**100%**	11,471	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

For the years ended December 31, 2025 and 2024, our total administrative expenses were approximately US$7.4 million and US$7.3 million, respectively.

Liquidity and Capital Resources

The Group has always adopted a prudent treasury management policy. The Group places strong emphasis on having funds readily available and accessible to cope with daily operations and meet its capital needs for future.

As of December 31, 2025, our total amount of cash and bank balances and deposits was US$124.9 million, while our amount of cash and bank balances and deposits was US$139.3 million as of December 31, 2024. The decrease was mainly due to the Company's daily operating expenses.

As at December 31, 2025, the Group's cash and bank balances were mainly denominated in US dollars, Hong Kong dollars and Renminbi.

Bank Borrowings and Gearing

The Group's overdraft facilities amounting to US$30,000 (December 31, 2024: US$30,000), which were denominated in US$, of which US$16,000 (December 31, 2024: US$22,000) had been utilised, were secured by the pledge of certain of the Group's time deposits amounting to US$25,000 (December 31, 2024: US$25,000).

The Group monitored capital using gearing ratio. The Group's gearing ratio (calculated as the sum of borrowings and lease liabilities divided by total equity) as at December 31, 2025 was 0.01% (December 31, 2024: 0.2%).

Foreign Exchange Risk

The functional currency of the Group is US$. The functional currency of its overseas subsidiaries is primarily US$, while the functional currency of subsidiaries based in the PRC is RMB. Fluctuations in exchange rates between US$ and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

In response to the foreign exchange risk, the Company seeks to limit its exposure to foreign currency risk by minimizing its net foreign currency position to reduce the impact of the foreign exchange risk on the Company. Our management continuously monitors foreign exchange exposure and will consider implementing appropriate hedging strategies if necessary.

Contingent Liabilities

As at December 31, 2025, the Group did not have any contingent liabilities.

Charge or Restrictions on Assets

As of December 31, 2025, the Group had pledged deposits of US$238,000 (December 31, 2024: US$238,000). The pledged deposits were placed to secure the Group's bank overdraft facilities and as security provided to the Group's lessor. Save as disclosed in this report, the Group did not pledge any other group assets. The Group's structured deposits, amounting to US$55.79 million, were held to support foreign exchange trading contracts between the Group and banks.

MANAGEMENT DISCUSSION AND ANALYSIS

NON-IFRS MEASURES

To supplement our consolidated statements of profit or loss which are presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from year to year by eliminating potential impacts of certain non-operational or one-off expenses that do not affect our ongoing operating performance, including changes in fair value of convertible redeemable preferred shares, share awards and listing expenses. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. Changes in fair value of convertible redeemable preferred shares represent the changes in fair value of various rights associated with the preferred shares, which is non-recurring and non-operational in nature. Share awards expenses are non-operational expenses arising from granting shares to selected executives, employees and R&D consultants, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities. With respect to share awards, determining its fair value involves a high-degree of judgment. Historical occurrence of share awards is not indicative of any future occurrence. Listing expenses are one-off expenses in relation to the Listing and the Global Offering. Therefore, we do not consider changes in fair value of convertible redeemable preferred shares, share awards and listing expenses to be indicative of our ongoing core operating performance and exclude them in reviewing our financial results. From time to time in the future, there may be other items that we may exclude in reviewing our financial results.

The use of the non-IFRS 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 IFRS. In addition, the non-IFRS 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 shows reconciliation of net loss for the year to our adjusted net loss for the years indicated:

	Year ended December 31,	
	2025	2024
	US$'000	US$'000
Loss for the year	**(17,875)**	(15,303)
Add:		
Share awards[(1)]	**962**	236
Non-IFRS adjusted net loss for the year[(2)]	**(16,913)**	(15,067)

Notes:

(1) Represent the total expenses associated with the shares we granted to our sales and marketing employees, administrative employees and research and development employees.

(2) We consider the share awards expenses as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of share-based expenses provides useful information to investors in facilitating a comparison of our operating performance from year to year.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2025 (2024: Nil).

CAPITAL COMMITMENT

The capital commitment as at December 31, 2025 was approximately US$5.3 million (as at December 31, 2024: US$5.2 million), which was related to the capital contribution payable to purchase limited partnership interests.

Save as disclosed, we did not have any other material capital commitments as of December 31, 2025.

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed in the paragraph headed "Events after the Reporting Period – (a) The Acquisition" below, as of December 31, 2025, the Group did not have any significant investments. During the Reporting Period, save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Except for the expansion strategies disclosed in sections "Business" and "Future Plans and Use of Proceeds" in the Prospectus and the paragraphs headed "Significant investments held and material acquisition and disposal of subsidiaries, associates and joint ventures" above and "Events after the Reporting Period" below which the Group expects to utilize its existing internal resources and/or other sources of funding, the Group does not have any specific plans for significant investments or acquisition of material capital assets or other businesses.

EMPLOYEES AND REMUNERATION POLICY

As at December 31, 2025, the Group had 191 employees, of which 170 were based in China and 21 were based overseas (primarily in the U.S., Europe and India).

We conduct new staff training regularly to guide new employees and help them adapt to the new working environment. In addition, we provide on-line and in-person formal and comprehensive company-level and department-level training to our employees in addition to on-the-job training. We also encourage our employees to attend external seminars and workshops to enrich their technical knowledge and develop competencies and skills.

During the Reporting Period, the total staff costs (including Director's emoluments and excluding share award expenses) were approximately US$12.1 million (for the same period in 2024: US$14.6 million).

DIRECTORS AND SENIOR MANAGEMENT

The biography details of the Directors and senior management are set out as follows:

EXECUTIVE DIRECTOR

Mr. Hong XU (徐宏), aged 39, was appointed as an executive Director and CTO of our Company on May 6, 2021, and as the CEO and General Manager of our Company on September 1, 2023. He was further appointed as the Chairman of our Company on April 19, 2024. He joined our Group as CTO of Broncus Hangzhou in February 2018, and is mainly involved in overall strategic planning, business direction and operational management. In June 2022, Mr. Xu obtained the Qualification Certificate issued by Zhejiang Province Human Resources and Social Security Department in the field of Medical Devices and obtained the title of Senior Engineer.

Mr. Xu has over 15 years of industry experience. Prior to joining our Group, Mr. Xu served as the associate general manager at Shenzhen Chuangling Image Technology Co., Ltd. (深圳市創領圖像技術有限公司), a subsidiary of APT Medical Inc (深圳惠泰醫療器械股份有限公司), an electrophysiological and vascular interventional medical device company from September 2014 to February 2018 and held positions of manager of R&D, associate manager of R&D department and R&D engineer at APT Medical Inc. from July 2010 to March 2015.

Mr. Xu obtained a bachelor's degree in polymer material and engineering from Sichuan University in Chengdu, China, in June 2010.

Mr. Xu currently holds legal representative, directorship and manager in the major subsidiaries of our Group, including Broncus Medical, Uptake Medical, Broncus Hangzhou, Broncus Shanghai and Kunpeng Hangzhou.

NON-EXECUTIVE DIRECTORS

Mr. Ao ZHANG (張奧), aged 41, was appointed as a Director of our Company on April 29, 2021 and re-designated as a non-executive Director on May 6, 2021. He is primarily responsible for participating in formulating our Company's corporate and business strategies.

Mr. Zhang has around 13 years of experience in healthcare investments. Mr. Zhang has worked at Qiming Weichuang Chuangye Investment Management (Shanghai) Co., Ltd. since January 2015 and is currently a partner. Mr. Zhang served as a vice president and was responsible for the healthcare investment area at WI Harper Group, a venture capital firm focusing on early to growth stage companies across the United States, Greater China, and Asia Pacific, from June 2013 to December 2014. Prior to that, he worked as an investment associate at CEC Capital Group (formerly known as China eCapital Corporation) (易凱資本有限公司), an investment bank with a core focus on healthcare, consumer and technology, media and telecom sectors, from May 2010 to May 2013.

DIRECTORS AND SENIOR MANAGEMENT

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

Mr. Zhang currently holds directorship in the major subsidiaries of our Group, including Broncus Medical, Uptake Medical, Broncus Hangzhou and Broncus Shanghai.

Ms. Yanhong KUANG (鄺豔紅), aged 44, was appointed as a non-executive Director of our Company on April 19, 2024. She has over 22 years of experience in the corporate audit and finance. Before joining the Group, Ms. Kuang has been the chief financial officer of Dinova Capital Limited from 2015 to the present. From 2012 to 2015, she was the senior financial manager of Shenzhen Sinoagri E-commerce Co., Ltd. (深圳市中農網有限公司). In 2011, she served as the group financial reporting manager at LifeTech Scientific Corporation, a company listed on the Stock Exchange (stock code: 1302). Prior to that, she had worked as a senior auditor of financial services department at Ernst & Young Hua Ming LLP from 2004 to 2010.

Ms. Kuang graduated with a bachelor's degree of management from Shanghai University of Finance and Economics in 2004.

Ms. Kuang currently holds directorship in the major subsidiaries of our Group, including Broncus Medical, Uptake Medical, Broncus Hangzhou and Broncus Shanghai.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Pok Man KAM (甘博文), aged 76, was appointed as an independent non-executive Director of our Company on September 13, 2021. Dr. Kam is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Kam is a certified public accountant. He was the chief executive officer of the Financial Reporting Council from April 2010 to March 2013. Dr. Kam joined Jardine Matheson in April 1976 and was its group financial controller from 1984 until his retirement in March 2010. Prior to that, he worked as an auditing professional at PricewaterhouseCoopers (formerly Lowe, Bingham & Matthews/Price Waterhouse & Co.) from April 1972 to March 1976.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Kam is a member of the Supervisory Committee of the Tracker Fund of Hong Kong since April 2016, and a member of Primary Healthcare Committee since July 2024. He was a member of the Hospital Authority from April 2013 to March 2019 and the chairman of its Provident Fund Scheme from November 2015 to November 2020. He was the chairman of the Hospital Governing Committee of Queen Elizabeth Hospital from April 2016 to March 2022, and a convenor of Financial Reporting Review Panel from July 2016 to July 2022. He was the president of the Hong Kong Institute of Certified Public Accountants in 1999 and 2000, and a member of the IFRS Advisory Council (formerly Standards Advisory Council) of International Accounting Standards Board from August 2005 to December 2011. In recognition of his distinguished and outstanding service to the community, he was awarded the Bronze Bauhinia Star in 2017.

Dr. Kam obtained his Doctor of Philosophy degree in Accounting from the University of the Sunshine Coast in Australia in April 2008 and his Master degree in Business Administration from the Chinese University of Hong Kong in December 1983. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Chartered Institute of Management Accountants and the Chartered Governance Institute. He is also a member of the Chartered Professional Accountants of British Columbia in Canada and an honorary member of CPA Australia.

Ms. Yee Sin WONG (黃依倩), aged 62, was appointed as an independent non-executive Director of our Company on August 30, 2022. Ms. Wong is primarily responsible for supervising and providing independent judgement to our Board.

Ms. Wong has been working at the University of Hong Kong for many years and is committed to promoting exchanges and development between the University of Hong Kong and the Mainland. From June 2020 to present, Ms. Wong has been the secretary general of the University of Hong Kong. Since March 2017, Ms. Wong has been serving as the Associate Vice-President (China Affairs), where she has provided advice and high-level support to the President and school management on the policies and strategies of the University of Hong Kong's Mainland development. From September 2014 to May 2020, Ms. Wong served as the director of China Affairs and director of the Student Enrolment and Academic Exchange Department of the University of Hong Kong, providing a high level of support for the University of Hong Kong's development strategy in the Mainland and planning new initiatives for various projects undertaken by the University of Hong Kong in the Mainland and strategic projects such as the University of Hong Kong's campus in the Greater Bay Area. From June 2002 to August 2014, Ms. Wong served as the director of China Affairs and director of Academic Exchange Department at the University of Hong Kong, providing support to all Mainland projects of the University of Hong Kong, promoting undergraduate programmes at the University of Hong Kong to prospective students in Chinese mainland and maintaining contact with Mainland and overseas universities. Ms. Wong has been an independent non-executive Director of Guangzhou Pharmaceuticals Co., Ltd. (廣州醫藥股份有限公司), a company engaged in the wholesale of medical supplies and devices, since March 2023.

Ms. Wong obtained a bachelor of science degree from Jinan University in Guangzhou, China in 1987.

DIRECTORS AND SENIOR MANAGEMENT

Dr. David Scott LIM, aged 57, was appointed as an independent non-executive Director of our Company on April 19, 2024. Dr. Lim is primarily responsible for supervising and providing independent judgement to our Board.

Dr. Lim has over 27 years of experience in the fields of cardiovascular medicine and pediatric cardiology. Dr. Lim served as the director of the Advanced Cardiac Valve Center at the University of Virginia from 2009 to 2025, and was granted emeritus professor status in February 2025. Since 2018, he has held the position of Professor of Medicine & Pediatrics and been serving as a physicians educator with tenure in the departments of medicine & pediatrics at the University of Virginia. Previously, from 2014 to 2019, he also created heart valve programs at Bon Secours Health System in Richmond, Virginia, as well as at Chippenham Hospital, HCA, from 2020 to present. His academic career began with roles as an assistant professor and later as an associate professor of Medicine & Pediatrics at the University of Virginia from 2002 to 2018. Prior to that, he held positions as an assistant professor of Clinical Pediatrics at the University of Virginia from 2002 to 2005, a lecturer at the University of Michigan from 2001 to 2002, and an instructor in Pediatric Emergency Medicine at Wright State University School of Medicine from 1998 to 1999. Dr. Lim was named a "Millipub Inductee" at the University of Virginia School of Medicine in 2018, included on the "Best Physicians in America" list multiple times from 2008 to 2011, and received the CRT 2016 Top Cardiovascular Innovations – Trialign for Tricuspid Regurgitation in 2016 and 3rd Annual George A. Beller – M.D. Research Award in 2014.

Dr. Lim holds certification from the Sub-Board of Pediatric Cardiology since 2002 and active licensure in Virginia since 2002 and in Michigan since 1999. Since 2006, he has contributed to humanitarian collaborations with the International Hospital for Children, teaching pediatric cardiac catheterization skills to pediatric cardiologists in the Dominican Republic. Additionally, since 2007, he has been part of the UVA-Cedimat Rheumatic Heart Disease mission as a founder.

Dr. Lim earned his bachelor's degree from the University of California at Santa Barbara in 1991 and a Physicians of Medicine from Mayo Medical School in 1996. Dr. Lim completed his pediatric internship and residency at Wright State University School of Medicine in Dayton, Ohio, from 1996 to 1999. He also undertook a pediatric cardiology fellowship at the University of Michigan, from 1999 to 2002.

SENIOR MANAGEMENT

Mr. Hong XU (徐宏), aged 39, is our Chairman, executive Director, CEO and CTO. Please see his biography in the sub-section headed "Executive Director" in this section.

REPORT OF THE DIRECTORS

The Directors present their report and the audited consolidated financial statements (the "**Consolidated Financial Statements**") of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company have been listed on the Main Board of the Stock Exchange (stock code: 2216) since September 24, 2021.

The Company is a medical device company focused on the development of interventional pulmonology products. The Company is a pioneer in the field of interventional pulmonology, providing innovative lung solutions in China and globally. Leveraging its whole lung access navigation technology and encompassing navigation, diagnosis and treatment, the Company's integrated interventional pulmonology platform addresses the pain points of the existing diagnosis and treatment paradigms and significant unmet medical needs for lung diseases by improving the diagnosis and treatment effects of lung cancer and COPD. There was no significant change in the nature of the Group's principal activities during the Reporting Period and up to the date of this report.

Particulars of the Company's major subsidiaries as at December 31, 2025 are set out in note 1 to the Consolidated Financial Statements.

BUSINESS REVIEW

A review of the Group's business during the Reporting Period, which includes a discussion of the principal risks and uncertainties faced by the Group, an analysis of the Group's performance using financial key performance indicators, particulars of important events affecting the Group during the Reporting Period, and an indication of likely future developments in the Group's business, could be found in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" in this report.

The Group's financial risk management objectives and policies are set out in note 33 to the Consolidated Financial Statements.

RESULTS AND DIVIDEND

Details of the consolidated loss of the Group for the Reporting Period and the Group's financial position as at December 31, 2025 are set out in the Consolidated Financial Statements and their accompanying notes on pages 147 to 223.

No dividend was paid or declared by the Company or other members of the Group during the Reporting Period. No shareholder has waived or agreed to waive any dividends.

REPORT OF THE DIRECTORS

FINANCIAL SUMMARY

The Company's Shares were listed on the Stock Exchange on September 24, 2021. A summary of the published results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial information and financial statements, is set out on page 224 of this report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is highly aware of the importance of environment protection and has not noted any material non-compliance with all relevant laws and regulations in relation to its business including environmental protection, health and safety, workplace conditions, employment and the environment.

The Group has established detailed internal rules regarding environmental protection and adopted effective measures to achieve efficient use of resources, waste reduction and energy saving. For further details of the Group's environmental policies and performance, please refer to the environmental, social and governance report of the Company for the Reporting Period set out on pages 79 to 131, which has been prepared in accordance with Rule 13.91 and the Environmental, Social and Governance Reporting Code contained in Appendix C2 of the Listing Rules.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group actively communicates with stakeholders such as customers, employees, investors and shareholders, governments and regulatory agencies, suppliers and partners, and attaches great importance to the suggestions and feedback of stakeholders, and regards them as an important basis for the Group to improve operations management and sustainable development standards. To fully listen to the voices of stakeholders, the Group has established a variety of communication channels to ensure open and transparent information and efficient communication processes.

We are fully aware that communication with stakeholders is an important and continuous process. In the future, we will continue to improve the communication mechanism, actively respond to the demands of stakeholders, optimize the management and operation standards of the Company, and enhance the sustainable development performance of the Group.

Details of an account of the Company's key relationships with its employees, customers, suppliers and others that have a significant impact on the Company is set out on pages 53 to 55 in the section headed "Report of the Directors" of this report.

REPORT OF THE DIRECTORS

DIRECTORS

During the year ended December 31, 2025, the Board consists of the following Directors:

Executive Director

Mr. Hong Xu *(Chief Executive Officer and Chairman)*

Non-executive Directors

Mr. Ao Zhang
Ms. Yanhong Kuang

Independent Non-executive Directors

Dr. Pok Man Kam
Ms. Yee Sin Wong
Dr. David Scott Lim

DIRECTORS AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management of the Group are set out on pages 28 to 31 in the section headed "Directors and Senior Management" of this report.

Save as disclosed in this report, since the publication of the interim report for the six months ended June 30, 2025 of the Company and up to the date of this report, there was no change to information which was required to be disclosed by the Directors and senior management members pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company considers that all independent non-executive Directors have been independent during the Reporting Period.

REPORT OF THE DIRECTORS

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company under which the initial term of three years shall commence from May 6, 2021 or their respective effective date of appointment until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The initial term of their appointment letters commenced from their respective effective date of appointment for a period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract with the Company or any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Pursuant to Rule 3.25 of the Listing Rules and the CG Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on the responsibilities, qualification, position and seniority of each Director and senior management. As for the independent non-executive Directors, their remuneration is determined by the Board based on the recommendation from the Remuneration Committee with reference to factors including the salaries paid by comparable companies, time commitment and responsibilities. The Directors receive compensation in the form of salaries, bonuses, allowances, benefits in kind, pension scheme contributions and equity-settled share option expenses.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in notes 8, 9 and 30 to the Consolidated Financial Statements of this report.

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

Except as disclosed above and in notes 8, 9 and 30 to the Consolidated Financial Statements of this report, no other payments have been made or are payable, for the year ended December 31, 2025, by our Group to or on behalf of any of the Directors.

REPORT OF THE DIRECTORS

PERMITTED INDEMNITY PROVISION AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed above, no Director nor an entity connected with him/her had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the Reporting Period.

MANAGEMENT CONTRACTS

Save for the Directors' service contracts and appointment letters, no contract of significance concerning the management and administration of the whole or any substantial part of business of the Company or any of its subsidiaries was entered into or subsisted during the Reporting Period.

DIRECTORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

As at the end of the Reporting Period, save for the equity incentive plans as disclosed in this report, none of the Directors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company. No member of the Group was a party to any arrangements to enable the Directors, or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Reporting Period and up to the date of this report, none of the Directors or their respective close associates (as defined in the Listing Rules) is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

NON-COMPETITION ARRANGEMENTS

No non-competition agreements or arrangement has been provided by the substantial shareholders as at December 31, 2025 or at any time during the Reporting Period.

REPORT OF THE DIRECTORS

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

As at December 31, 2025, the interests or short positions of the Directors and chief executives' of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director or chief executive	Capacity/Nature of interest	Long position/ short position	Number of Shares	Approximate percentage of shareholding in the Company[1] %
Hong Xu[2][3]	Beneficial owner	Long position	27,865,816	5.28
Yanhong Kuang[4]	Interest in controlled corporation	Long position	1,098,548	0.21
	Beneficial owner	Long position	140,000	0.03

Notes:

(1) The calculation is based on the total number of 528,237,084 Shares in issue as at December 31, 2025.

(2) Mr. Hong Xu has vested 1,505,912 Shares, which were granted to him pursuant to the RSU Scheme and have not been transferred to him as the Company has not received the payment of consideration from Mr. Hong Xu as of December 31, 2025.

(3) The Company granted Mr. Hong Xu 26,359,904 restricted share units pursuant to the RSU Scheme on December 16, 2024, of which, as at December 31, 2025, 10,543,961 units have been vested upon fulfilment of certain performance-based criteria as stated in the relevant grant letter.

(4) Ms. Yanhong Kuang holds 100% interest in Wise Seed Limited, which beneficially holds 1,098,548 Shares. Accordingly, Ms. Yanhong Kuang is deemed to be interested in the Shares held by Wise Seed Limited.

Save as disclosed above, as at December 31, 2025, none of the Directors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

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

To the best knowledge of the Company based on the public information, as at December 31, 2025, the interests or short positions of the following persons (other than the Directors and chief executives of the Company) in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which any such persons other than the Directors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/Nature of interest	Long position/ short position	Number of Shares interested in the Company	Approximate percentage of shareholding in the Company[1] %
QM12 Limited ("**QM12**")[2]	Beneficial owner	Long position	81,412,808	15.41
Qiming Venture Partners IV, L.P.[2]	Interest in controlled corporation	Long position	87,358,248	16.54
Qiming GP IV, L.P.[2]	Interest in controlled corporation	Long position	87,358,248	16.54
Qiming Corporate GP IV, Ltd[2]	Interest in controlled corporation	Long position	87,545,972	16.57
Xin Nuo Tong Investment Limited[3][4]	Beneficial owner	Long position	9,286,391	1.76
	Interest in controlled corporation	Long position	27,349,708	5.18
Dinova Healthcare (Hong Kong) Co., Limited[5]	Beneficial owner	Long position	33,112,752	6.27
Zhejiang Dinova Ruiying Venture Investment L.P. (浙江德諾瑞盈創業投資合夥企業(有限合夥)) ("**Zhejiang Dinova**")[5]	Interest in controlled corporation	Long position	33,112,752	6.27
Zhejiang Denuo Capital Management L.P. (浙江德諾資本管理合夥企業(有限合夥))[5]	Interest in controlled corporation	Long position	33,112,752	6.27
Hangzhou Denuo Commercial Information Consulting Co., Ltd. (杭州德諾商務資訊諮詢有限公司)[5]	Interest in controlled corporation	Long position	33,112,752	6.27
Zhenjun Zi ("**Mr. Zi**")[3] [4] [5]	Beneficial owner	Long position	2,304,129	0.44
	Interest in controlled corporation	Long position	65,968,351	12.49
Computershare Hong Kong Trustees Limited[6]	Trustee	Long position	31,191,892	5.90

REPORT OF THE DIRECTORS

Notes:

(1) The calculation is based on the total number of 528,237,084 Shares in issue as at December 31, 2025.

(2) For the purpose of the SFO, Qiming Venture Partners IV, L.P. (as a 96.94% shareholder of QM12), Qiming GP IV, L.P. (as the general partner of Qiming Venture Partners IV, L.P.) and Qiming Corporate GP IV, Ltd (as the general partner of Qiming GP IV, L.P.) are deemed to be interested in the Shares held by QM12.

(3) Xin Nuo Tong Investment Limited is wholly owned by Mr. Zi. Xin Nuo Tong Investment Limited is the sole shareholder of Dinova Capital Limited, which is the general partner of Dinova Venture Partners GP III, L.P., and Dinova Venture Partners GP III, L.P. is the general partner of Dinova Healthcare Gamma Fund (USD) L.P. which in turn is the sole shareholder of Broncus Biomedical Limited. For the purpose of the SFO, Mr. Zi and Xin Nuo Tong Investment Limited are deemed to be interested in the 12,428,249 Shares held by Broncus Biomedical Limited and 3,460,008 Shares held by Dinova Venture Partners GP III, L.P., and Mr. Zi is deemed to be interested in the 9,286,391 Shares held by Xin Nuo Tong Investment Limited.

(4) Xin Nuo Tong Investment Limited is a 70% shareholder of Dinova Venture Capital Limited, which is the general partner of Dinova Venture Partners GP IV L.P., and Dinova Venture Partners GP IV L.P. is the general partner of Dinova Healthcare Delta Fund (USD) L.P.. For the purpose of the SFO, Mr. Zi and Xin Nuo Tong Investment Limited are also deemed to be interested in the 1,636,068 Shares held by Dinova Venture Partners GP IV L.P. and 6,044,883 Shares held by Dinova Healthcare Delta Fund (USD) L.P..

(5) Dinova Healthcare (Hong Kong) Co., Limited, a company incorporated under the laws of Hong Kong, is wholly owned by Zhejiang Dinova. For the purpose of the SFO, Zhejiang Denuo Capital Management L.P. (浙江德諾資本管理合夥企業(有限合夥)) (as the general partner of Zhejiang Dinova), Hangzhou Denuo Commercial Information Consulting Co., Ltd. (杭州德諾商務資訊諮詢有限公司) (as the general partner of Zhejiang Denuo Capital Management L.P.) and Mr. Zi (as a 39.6% limited partner of Zhejiang Dinova and as a 40% shareholder of Hangzhou Denuo Commercial Information Consulting Co., Ltd. (杭州德諾商務資訊諮詢有限公司)) are deemed to be interested in the Shares held by Dinova Healthcare (Hong Kong) Co., Limited.

(6) Computershare Hong Kong Trustees Limited, being the Trustee, holds those Shares on trust for grantees under the RSU Scheme.

Save as disclosed above, as at December 31, 2025, no person (other than the Directors and chief executives) of the Company had or was deemed to have any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN SIGNIFICANT CONTRACTS

At no time during the Reporting Period had the Company or any of its subsidiaries, and the controlling shareholders or any of their respective subsidiaries of the Company entered into any contract of significance or any contract of significance for the provision of services by the controlling shareholders to the Company or any of its subsidiaries.

REPORT OF THE DIRECTORS

EQUITY INCENTIVE PLANS

Currently, the Company has adopted two equity incentive plans, being (i) the Share Option Plan and (ii) the RSU Scheme. Further details on each such plan, together with the relevant movement tables, are set forth below. As elaborated below, no options and/or awards funded by new Shares were granted during the Reporting Period.

The Share Option Plan

On May 9, 2021, the Company adopted the Share Option Plan. As no options under the Share Option Plan may be granted after the Listing, there are no options available for grant at the beginning and the end of the Reporting Period. As at the date of this report, the total number of securities available for issue under the Share Option Plan is 3,115,264, representing approximately 0.59% of the total issued Shares (excluding treasury shares).

1. Summary of Terms

- *Purpose*

  The Share Option Plan is intended to promote the interests of the Company by providing eligible persons with the opportunity to acquire an equity interest or otherwise increase their equity interest, as an incentive for them to remain in the service of the Company.

- *Eligible Participant*

  The persons eligible to participate in the Share Option Plan are: (1) any officer (whether or not a Director) or employee of the Company or any of its subsidiaries; (2) non-employee members of the Board or the non-employee members of the board of directors of any subsidiary; and (3) consultants and other independent advisors who provide bona fide services to the Company or any subsidiary.

- *Maximum Entitlement*

  No Options shall be granted to any one person such that the total number of Shares subject to the Options and any other Options over the Shares (including exercised, cancelled and outstanding Options) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time, except with the approval of the shareholders of the Company in general meeting with such person and his/her close associates abstaining from voting.

REPORT OF THE DIRECTORS

- *Exercise Period*
  Each option shall be exercisable at such time or times, during such period and for such number of Shares as shall be determined by the Board, subject to the special requirements of the Share Option Plan and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten years measured from the date of grant.

- *Vesting Period*
  An option will be allocated and granted subject to the performance criteria as set forth at the sole discretion of the Board and the provisions in the Share Option Plan. Each option may contain additional terms and conditions as the Board deems appropriate. The Board may decide to accelerate the vesting schedule of Options at its sole discretion.

  If no vesting schedule is specified by the Board, the Participant shall vest in 25% of the Shares issuable upon exercise of an Option upon completion of each successive one year period of continuous Service from the vesting commencement date specified by the Board (through the date that is four years from such vesting commencement date).

- *Duration*
  The Share Option Plan will automatically terminate on the expiration of the 10 year period measured from the date the Share Option Plan is adopted by the Board. Therefore, as at the date of this report, the remaining life of the Share Option Scheme was approximately 5 years and 1 month.

- *Exercise Price*
  The exercise price per Share shall be fixed by the Board and, subject to the special requirements of the Share Option Plan. The basis of determining the exercise price is work performance.

- *Amount Payable on Application or Acceptance of the Option*
  The consideration payable on acceptance of each grant of options and the period within which payments or calls must or may be made are stimulated in the grant letters.

REPORT OF THE DIRECTORS

2. *Outstanding options*

Movements of the outstanding options under the Share Option Plan during the Reporting Period are set out below:

		Movement of outstanding options									
Name or category of the participant, as applicable	Date of grant	Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period	Outstanding as of the ending of the during the Reporting Period	Vesting period, or the date of vesting, as the case maybe	Exercise period	Weighted average closing price of the Shares immediately before the dates on which the options were exercised (HKD)	Exercise price (HKD)
Employee Participants	5/7/2021	3,943,172	0	–	–	1,039,008	2,904,164	5/7/2021 or 4 years from the date of grant	From the vesting date to 12/29/2021-9/16/2029	2.08	1.3426-6.349
	7/8/2021	298,196	0	–	–	–	298,196	4 years from the date of grant	From the vesting date to 7/8/2031	N/A	7.4567
	7/22/2021	894,600	0	–	–	–	894,600	7/22/2021	From the vesting date to 7/22/2026	N/A	5.9653

Note: None of the grantees under the Share Option Plan was (i) a Director, chief executive or a substantial Shareholder of the Company (or their respective associate(s)); (ii) a participant with options and awards granted and to be granted in excess of the 1% individual limit (as defined in the Listing Rules); or (iii) a related entity participant or service provider of the Group.

REPORT OF THE DIRECTORS

The RSU Scheme

On May 9, 2021, the Company adopted the RSU Scheme which was subsequently amended and restated on July 5, 2021.

On September 7, 2021, the Company allotted 9,877,197 Shares to the trustee under the RSU Scheme for the purpose of satisfying future grants thereunder (the "**Trustee-held Shares**"), which represented 39,508,788 Shares following a share subdivision, being also the maximum of Shares subject to the RSUs under the RSU Scheme at the time.

On October 25, 2023 (the "**Amendment Date**"), the RSU Scheme was further amended and restated to comply with the provisions of Chapter 17 of the Listing Rules which took effect from January 1, 2023. In addition, the Shareholders have approved the resolutions to adopt (i) the Scheme Limit and (ii) the Service Provider Sublimit. As at such Amendment Date, the Scheme Limit and the Service Provider Sublimit stood at 52,719,807 Shares and 5,271,980 Shares, respectively.

The numbers of awards available for grant under the Scheme Limit and the Service Provider Sublimit of the RSU Scheme, as at the beginning of the Reporting Period were 51,922,566 and 5,271,980 Shares, respectively. During the Reporting Period, awards of a total of 352,683 Shares were granted under the RSU Scheme on July 28, 2025. As at the end of the Reporting Period, the number of awards available for grant under each of the aforesaid limits were 51,569,883 and 5,271,980, respectively (in each case, inclusive of any the trustee-held Shares which may be used for satisfying future grants). The awards of 352,683 Shares granted under the RSU Scheme in 2025 were funded by Trustee-held Shares. Accordingly, the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period divided by the weighted average number of shares of the ordinary shares of the Company in issue (excluding treasury shares) was 0.07%, being 352,683 Shares divided by 528,237,084 Shares.

During the Reporting Period, none of the restricted share units under the RSU Scheme have been granted to the Directors or any of the five highest paid individuals of the Company.

As at the date of this report, the total number of Shares available for issue under the RSU Scheme was 51,569,883, which represent approximately 9.76% of the total issued Shares (excluding treasury shares).

REPORT OF THE DIRECTORS

1. *Summary of Terms*

- *Purpose*

  The RSU Scheme is intended to reward employees for their past contribution to the success of the Company, and to provide incentives to them to further contribute to the Group.

- *Eligible Participant*

  Persons eligible to receive the awards under the RSU Scheme are any employee or officer of the Company or any subsidiary including (without limitation) any executive or non-executive Director in the employment of or holding office in the Company or any subsidiary or consultants and other independent advisors who provide bona fide services to the Company or any subsidiary.

- *Maximum Entitlement*

  Except with the approval of shareholders in general meeting, no award may be granted to any one person such that the total number of Shares underlying the RSU Scheme issued and to be issued upon vesting of awards and any other option or awards over the underlying Shares (including exercised, cancelled and outstanding options or awards) granted and to be granted to such person in any 12-month period up to the date of the latest grant exceeds 1% of the Shares in issue from time to time.

- *Vesting*

  Subject to the terms of the RSU Scheme and the specific terms and conditions applicable to each award which may be determined at the sole and absolute discretion of the Board from time to time, the RSUs granted to a grantee in an award shall be vested subject to such vesting schedule as set out in the relevant notice of grant, and within reasonable time after the vesting criteria and conditions have been fulfilled, satisfied or waived, the Board will send a vesting notice to each of the relevant grantee.

  The price to be paid as consideration for the vesting of any RSU shall be such amount in such form as may be determined by the Board from time to time and as set out in the notice of grant. The basis of determining the price is work performance and market price of the Shares.

- *Duration*

  The RSU Scheme shall be valid and effective for a period of 10 years commencing on the date on which the RSU Scheme become unconditional, i.e. the date on which the RSU Scheme is approved by the Board, after which no awards will be granted but the provisions of the RSU Scheme shall in all respects remain in full force. Therefore, as at the date of this report, the remaining life of the RSU Scheme was approximately 5 years and 1 month.

- *Amount Payable on Application or Acceptance of the Award*

  The consideration payable on acceptance of each grant of awards and the period within which payments or calls must or may be made are stipulated in the grant letters.

2. *Outstanding awards during the Reporting Period*

Movements of the outstanding RSUs and the RSUs granted under the RSU Scheme during the Reporting Period are set out below:

		Number of shares underlying awards										
Name or category of the participant, as applicable	Date of grant	Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HKD)	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were exercised (HKD)	Outstanding as of the ending of the Reporting Period	Vesting Period, or the date of vesting, as the case maybe	Purchase price (HKD)
Directors or chief executive and their associates												
Xu Hong	5/14/2021	1,505,912	0	–	N/A	–	–	–	N/A	1,505,912	6/20/2021	0.5015
	12/16/2024	10,543,961	0	10,543,961	1.03	–	–	10,543,961	3.07	0	The date on which the vesting conditions are fulfilled	*Note 7*
	12/16/2024	15,815,943	0	–	N/A	–	–	–	N/A	15,815,943	4 years from the date of grant, with 25% of the RSUs granted to be vested on March 1, 2026, 2027, 2028 and 2029, respectively	*Note 8*

		Number of shares underlying awards										
Name or category of the participant, as applicable	Date of grant	Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HKD)	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were exercised (HKD)	Outstanding as of the ending of the Reporting Period	Vesting Period, or the date of vesting, as the case maybe	Purchase price (HKD)
Service provider with awards granted and to be granted in any 12-month period exceeding 0.1% individual limit												
Felix Herth	6/13/2022[6]	2,163,064	0	–	N/A	–	–	–	N/A	2,163,064	6/13/2022	1.63
Other employee participants	5/14/2021	11,072,280	0	–	N/A	4,320,000	–	6,215,520	2.73	536,760	6/20/2021	0.5015
	5/30/2022	1,523,520	0	–	N/A	–	–	1,523,520	3.04	0	5/30/2022	0
	9/28/2022	2,400,000	0	128,000	0.71	1,560,000	–	288,000	2.91	552,000	5 years from the date of grant	*Note 2*
	5/30/2023	2,180,867	0	120,000	2.2	–	–	1,700,867	2.82	480,000	5/30/2023 or 4 years from the date of grant with 25% of the RSUs granted to be vested on May 30, 2024, 2025, 2026 and 2027, respectively	*Note 3*
	5/30/2024	797,241	0	–	N/A	–	–	797,241	3.24	0	3 months from the date of grant	0

			Number of shares underlying awards									
Name or category of the participant, as applicable	Date of grant	Outstanding as of the beginning of the Reporting Period	Granted during the Reporting Period	Vested during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were vested (HKD)	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercised during the Reporting Period	Weighted average closing price of the Shares immediately before the dates on which the RSUs were exercised (HKD)	Outstanding as of the ending of the Reporting Period	Vesting Period, or the date of vesting, as the case maybe	Purchase price (HKD)
	12/16/2024	2,291,763	0	2,291,763	1.03	–	–	2,291,763	3.07	0	The date on which the vesting conditions are fulfilled	*Note 7*
	12/16/2024	7,652,198	0	–	N/A	–	–	–	N/A	7,652,198	4 years from the date of grant, with 25% of the RSUs granted to be vested on March 1, 2026, 2027, 2028 and 2029, respectively	*Note 8*
	7/28/2025	N/A	352,683[9]	352,683	2.73	–	–	–	N/A	352,683	3 months from the date of grant	0
Other service providers	6/13/2022[6]	450,000	0	150,000	2.44	–	–	–	N/A	450,000	3 years from the date of grant	1.63

REPORT OF THE DIRECTORS

Notes:

1. The exercise period of the awards shall not exceed ten years measured from the respective date of grant.

2. The purchase price is either (i) 0 or (ii) a price which is equivalent to the average closing price of the Company in the last five trading days prior to January 1 of the year preceding each vesting date multiplied by 80%.

3. The purchase price is either (i) 0 or (ii) a price which is equivalent to the average closing price of the Company in the five business days prior to each vesting date multiplied by 50%.

4. On June 13, 2022, a total of 2,613,064 RSUs were granted, amongst which, (i) 2,163,064 RSUs were granted to Felix Herth, a service provider with awards granted and to be granted in any 12-month period exceeding 0.1% individual limit, and such 2,163,064 RSUs remained outstanding as at the date of this report; and (ii) 450,000 RSUs were granted to other service providers which remained outstanding as at the date of this report.

5. Save as mentioned in this table, none of the other grantees under the RSU Scheme with respect to grants of RSUs made was (i) a Director, chief executive or a substantial Shareholder of the Company (or their respective associate(s)); (ii) a participant with options and awards granted and to be granted in excess of the 1% individual limit (as defined in the Listing Rules); (iii) a related entity participant or service provider of the Group; or (iv) five highest paid individuals of the Company during the Reporting Period.

6. Such shares underlying awards which have been vested during the Reporting Period have yet to be transferred to the grantee as the relevant purchase prices have not been fully paid-up.

7. The purchase price of the RSUs is HK$0.2640, being 50% of the average closing price of the Shares in the five trading days immediately preceding the date of grant. The relevant grant of RSUs are funded by existing Shares. The vesting of the RSUs is subject to the fulfillment of the Company's performance target of obtaining marketing approval for the BroncAblateTM RF-II radiofrequency ablation system from the National Medical Products Administration within six months from the date of grant.

8. The purchase price of the RSUs is HK$0.5280, being the average closing price of the Shares in the five trading days immediately preceding the date of grant. The relevant grant of RSUs are funded by existing Shares. The vesting of the RSUs is subject to the achievement of the Company's overall performance target (i.e. meeting the business indicators for the previous fiscal year approved by the Board).

9. The following grants were made in the Reporting Period under the RSU Scheme:

Date of grant	Number of RSUs granted	Performance target	Closing price of shares immediately before the date of grant	Fair value of RSUs at the date of grant
7/28/2025	352,683	Subject to individual performance targets as stipulated in the respective grant letters.	HKD2.68	HKD2.68

For further details of the Share Option Plan and the RSU Scheme, please refer to the section headed "Statutory and General Information – D. Equity Incentive Plans" in Appendix IV to the Prospectus and the circular of the Company published on October 4, 2023.

REPORT OF THE DIRECTORS

CONNECTED TRANSACTIONS AND RELATED PARTY TRANSACTIONS

Related party transactions of the Group for the Reporting Period are set out in note 30 to the Consolidated financial Statements contained herein. Save as disclosed in this report, none of these related party transactions constitutes a connected transaction or continuing connected transaction as defined under the Listing Rules, and the Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules and disclosed in this report.

PENSION SCHEME

The employees of the Group's subsidiaries which operate in Chinese mainland and the United States are required to participate in a central pension scheme operated by the local government. The subsidiaries operating in Chinese mainland and the United States are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

During the Reporting Period, no forfeited contributions had been used by the Group to reduce the existing level of contributions.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the Consolidated Financial Statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 25 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As at December 31, 2025, the reserves of the Company available for distribution to its shareholders amounted to US$393.9 million (2024: US$386.4 million).

REPORT OF THE DIRECTORS

USE OF NET PROCEEDS AND CHANGE OF USE OF NET PROCEEDS

The total net proceeds (the "**Net Proceeds**") from the issue of Shares by the Company in its listing on the Stock Exchange amounted to approximately HK$1,620.1 million, after deducting the underwriting commission and other expenses payable by the Company in connection with the Global Offering.

For the reasons and benefits set out in the paragraphs headed "Reasons for and Benefits of the Change in Use of Net Proceeds" in the Company's announcement dated March 31, 2025, after careful consideration and detailed evaluation of the Group's operations and business strategies, on March 31, 2025, the Board has resolved to change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization. For details, please refer to the Company's announcement dated March 31, 2025.

As at December 31, 2025, the Company has utilized approximately HK$825.3 million of the Net Proceeds with the balance of Net Proceeds and expected timeline of full utilization as follows:

Intended use of Net Proceeds	Amount of Net Proceeds allocated as from January 1, 2025 (as disclosed in the 2024 Annual Results Announcement)	Actual usage during the year ended December 31, 2025	Amount of unutilized Net Proceeds as at the December 31, 2025	Expected timeframe for utilizing the remaining Net Proceeds
		(HK$ million)		
Development and commercialization of InterVapor®	157.9	31.0	126.9	Expected to be fully utilized by 2030
Development and commercialization of RF-II	168.8	19.6	149.2	Expected to be fully utilized by 2030
R&D of other product candidates	235.9	32.3	203.6	Expected to be fully utilized by 2030
Production line expansion of our manufacturing facility	48.8	–	48.8	Expected to be fully utilized by 2030
M&A, investing in or acquiring new pipelines	194.0	–	194.0	Expected to be fully utilized by 2030
Working capital and other general corporate purposes	100.7	28.4	72.3	Expected to be fully utilized by 2026
Total	**906.1**	**111.3**	**794.8**	

REPORT OF THE DIRECTORS

Reference is made to the Company's announcement dated March 21, 2026. For the reasons and benefits as set out in the paragraph headed "Change of Use of Net Proceeds – Reasons for and Benefits of the Change of Use of Net Proceeds" in the said announcement, after careful consideration and detailed evaluation of the Group's operations and business strategies, on March 21, 2026, the Board has resolved to change the intended use of the unutilized Net Proceeds with an updated expected timeline of full utilization as follows:

Intended use of Net Proceeds	Amount of Net Proceeds allocated as from January 1, 2025 (as disclosed in the 2024 Annual Results Announcement)	Actual usage during the year ended December 31, 2025	Amount of unutilized Net Proceeds as at the December 31, 2025	Revised allocation of unutilized amount of Net Proceeds	Updated expected timeline for use of the unutilized Net Proceeds
		(HK$ million)			
Development and commercialization of InterVapor®	157.9	31.0	126.9	68.6	Expected to be fully utilized by 2028
Development and commercialization of RF-II	168.8	19.6	149.2	75.0	Expected to be fully utilized by 2028
R&D of other product candidates	235.9	32.3	203.6	80.1	Expected to be fully utilized by 2028
Production line expansion of our manufacturing facility	48.8	–	48.8	48.8	Expected to be fully utilized by 2028
M&A, investing in or acquiring new pipelines	194.0	–	194.0	450.0	Expected to be fully utilized by 2028
Working capital and other general corporate purposes	100.7	28.4	72.3	72.3	Expected to be fully utilized by 2028
Total	**906.1**	**111.3**	**794.8**	**794.8**	

The Board considers that the re-allocation of the unutilized Net Proceeds will not have any material adverse impact on the existing business and operations of the Group and is in the best interest of the Company and its shareholders as a whole. The Board will continuously assess the plans for the use of the unutilized Net Proceeds and may revise or amend such plans where necessary to cope with the changing market conditions in order to strive for a better performance of the Group.

REPORT OF THE DIRECTORS

PUBLIC FLOAT

Based on the 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 during the Reporting Period and up to the latest practicable date prior to the issue of this report as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

During the Reporting Period, the Company repurchased 1,658,000 Shares on the Stock Exchange for an aggregate consideration of HK$1,209,100. The following table outlines the details of the Shares repurchased on a monthly basis during the Reporting Period:

Month of repurchase	Number of shares repurchased	Price per share		Aggregate consideration paid
		Highest	Lowest	
		HK$	*HK$*	*HK$*
January 2025	400,000	0.65	0.60	250,345
February 2025	947,000	0.79	0.60	681,705
April 2025	311,000	0.98	0.81	277,050

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed the Company's listed securities (including sale of treasury shares (as defined in the Listing Rules)) during the Reporting Period. As of December 31, 2025, the Company held 1,658,000 treasury shares (as defined in the Listing Rules). Such treasury shares are reserved for the Company's equity incentive plans or any future issue of shares when the opportunities arise.

REPORT OF THE DIRECTORS

ISSUANCE OF EQUITY SECURITIES OF THE COMPANY

On October 10, 2025, the Company entered into subscription agreements (the "**Subscription Agreements**") with each of Shanghai INT Medical Instruments Co., Ltd. (上海瑛泰醫療器械股份有限公司) ("**Subscriber I**") and Hangzhou Linheng Qingrui Enterprise Management Partnership (Limited Partnership) (杭州臨恒清睿企業管理合夥企業(有限合夥)) ("**Subscriber II**", together with Subscriber I, the "**Subscribers**"), both of which are independent third parties, pursuant to which the Company conditionally agreed to allot and issue, and the Subscribers conditionally agreed to subscribe for, an aggregate of 105,108,015 Shares at the subscription price of HK$3.11 per Subscription Share (the "**Subscriptions**").

The aggregate gross proceeds of the Subscriptions amounted to approximately HK$326.9 million and the aggregate net proceeds of the Subscriptions, after deduction of expenses, amounted to approximately HK$326.5 million, representing a net issue price of approximately HK$3.106 per Subscription Share. For further details relating to the update on the use of the net proceeds from the Subscriptions, please refer to the Company's announcement dated November 21, 2025.

The completion of the Subscriptions is conditional upon satisfaction or waiver of certain conditions precedent, one of which being all necessary consents and approvals having been obtained on the part of the Subscribers in respect of the Subscription Agreements and the transactions contemplated thereunder. Based on the information currently available to the Board, as of the Latest Practicable Date, the filing and registration with the competent authorities regulating outbound direct investment in the PRC has been submitted to the relevant authority and is currently in the approval process.

For details of the Subscriptions, please refer to the announcements of the Company dated October 10, 2025 and November 21, 2025.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to its existing shareholders.

TAX RELIEF AND EXEMPTION

During the Reporting Period and up to the date of this report, the Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

RELATIONSHIPS WITH THE GROUP'S CUSTOMERS AND SUPPLIERS

The Group values long standing relationships with its suppliers and customers. The Group aims at delivering high quality products to its customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers to maintain sustainable growth.

REPORT OF THE DIRECTORS

MAJOR CUSTOMERS AND SUPPLIERS

The revenue attributable to the Group's five largest customers and the largest customer accounted for 26% and 8%, respectively, of the Group's total revenue (excluding sales return mentioned in note 5 to the consolidated financial statements) for the Reporting Period.

Purchases attributable to the Group's five largest suppliers and the largest supplier accounted for 25% and 7%, respectively, of the Group's total purchases for the Reporting Period.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any shareholders of the Company (whom, to the best knowledge and belief of the Directors, own more than 5% of the Company's total issued share capital (excluding treasury shares)) had any beneficial interest in the Group's five largest suppliers and customers for the Reporting Period.

When determining the credit term of a customer or a distributor, we consider a number of factors, including its cash flow conditions and creditworthiness. We have policies in place to monitor and manage the settlement of trade receivables and our subsequent settlement of trade receivables with our top five major customers have been in line with those with our other customers and no provisions are necessary. To monitor the settlement of our trade receivables and avoid credit losses, we conduct annual review of each customer's or distributor's financial performance, which is primarily based on the amount and aging of the trade receivables due from such customer or distributor in the respective period. Pursuant to our distribution agreement, when our distributor fails to make a payment within the credit term, we may, at our discretion, terminate the distribution arrangement or take certain other measures as appropriate.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those that have a significant impact on it, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance. The Group would seek professional legal advice from its legal advisers to ensure that transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the Reporting Period, the Group was not aware of any material non-compliance with any relevant laws and regulations that had a significant impact on it.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration during the year ended December 31, 2025. The Directors are also not aware of any material litigation or claims that were pending or threatened against the Group during the year ended December 31, 2025.

REPORT OF THE DIRECTORS

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group's employees' remuneration consists of salaries, bonuses, share-based incentive plans, pension scheme contributions and other welfare payments. In accordance with applicable laws in China and other relevant jurisdictions, we have made contributions to social security insurance funds and housing funds for the employees of the Group.

The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group encourages staff on continued studies by giving subsidy to recognized development courses. The Group also aims to provide competitive and attractive remuneration packages to retain its employees. Management reviews annually the remuneration package offered to the employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who have contributed to the success of the Group's operations, the Company has adopted the Share Option Plan and RSU Scheme. Details of such schemes are set out in the sub-sections headed "Equity Incentive Plans" in this report.

EVENTS AFTER THE REPORTING PERIOD

(a) The Acquisition

On December 29, 2025, Broncus China Holding Corporation (a wholly-owned subsidiary of the Company) ("**Broncus China**"), as the purchaser, and Venus Medtech (Hong Kong) Limited ("**Venus Medtech**"), as the seller, entered into the share transfer agreement, pursuant to which Venus Medtech has conditionally agreed to sell, and Broncus China has conditionally agreed to purchase, 157,800 series B preferred shares of Valgen Holding Corporation (the "**Target Company**") of par value US$0.001 each, representing 1.05% of the outstanding shares of the Target Company on a fully diluted and as converted basis, at an aggregate consideration of US$15,000,000 (equivalent to approximately HK$116.6 million) (the "**Acquisition**"). For details of the Acquisition, please refer to the Company's announcements of December 29, 2025 and March 13, 2026. The completion of the Acquisition has taken place in late January 2026.

The Group believes that through the Acquisition, the Group will be able to have further communications with the Target Company and its management and thereby, getting to know more about its operations. Although the Group is only a minority shareholder of the Target Company, the Group considers that it can still gain valuable experiences from the Target Company (as a medical devices company that has already commercialized its DragonFlytm mitral valve repair device) in terms of marketing strategies, as well as getting access to industry or market players, potential customers, suppliers and marketing channels, which may all assist the commercialization of the Group's products.

Having taken into account the potential working opportunities including opening the door to a new group of potential industry players to the Group and the synergies between the technologies and products of the two companies as explained above, the Company believes that the Acquisition represents an invaluable opportunity to enable the Group to realize integrated diagnosis and treatment of cardiopulmonary diseases.

REPORT OF THE DIRECTORS

(b) The Further Acquisition

On March 21, 2026, Broncus China, as the purchaser, and Max Grand Limited (the "**Max Grand**"), as the seller, entered into the share transfer agreement, pursuant to which Max Grand has conditionally agreed to sell, and Broncus China has conditionally agreed to purchase, 579,866 series B preferred shares of the Target Company of par value US$0.001 each, representing 3.85% of the outstanding shares of the Target Company on a fully diluted and as converted basis, at an aggregate consideration of US$55,120,192 (equivalent to approximately HK$428.56 million) (the "**Further Acquisition**"). The Further Acquisition is subject to satisfaction of the closing conditions and may or may not be completed.

As at the date of this report, Broncus China is holding 1.05% of the total issued share capital of the Target Company on a fully diluted and converted basis. The Group believes that the Further Acquisition represents one step closer to an invaluable opportunity to enable the Group to realize integrated diagnosis and treatment of cardiopulmonary diseases and that the Further Acquisition and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Further Acquisition, when aggregated with the Acquisition, constitutes a major transaction of the Company and is subject to Shareholders' approval pursuant to Chapter 14 of the Listing Rules.

For details of the Further Acquisition, in particular, the reasons for and benefits of the Further Acquisition, please refer to the Company's announcement dated March 21, 2026.

Save as disclosed above, the Company is not aware of any material subsequent events from December 31, 2025 to the date of this report.

KEY RISKS AND UNCERTAINTIES

There are certain key risks and uncertainties that may cause the Group's financial conditions or results to materially deviate from the expected or historical results. These can be categorized into the following areas: (i) risks relating to the development of our product candidates; (ii) risks relating to extensive government regulations; (iii) risks relating to commercialization and distribution of our products; and (iv) risks relating to manufacture and supply of our products. Set out below are the details of the material risks and uncertainties that we face:

Risks Relating to the Development of Our Product Candidates

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

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

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

- We have incurred net losses since our inception and may incur net losses for the foreseeable future.

REPORT OF THE DIRECTORS

If we are unable to successfully complete clinical development, obtain regulatory approval or CE Marking certification and commercialize our product candidates, or further promote our approved or CE Marked product candidates, or experience significant delays in doing so, our business will be materially harmed.

Risks Relating to Extensive Government Regulations

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

- If we are not able to obtain, or experience delays in obtaining, required regulatory approvals or CE Marking certification, we will not be able to commercialize our product candidates in a timely manner or at all, and our ability to generate revenue will be materially impaired.

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

Risks Relating to Commercialization and Distribution of Our Products

- We are subject to the risk of product concentration.

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

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

Risks Relating to Manufacture and Supply of Our Products

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

- If we fail to increase our production capacity to meet customer demand, our business prospects could be materially and adversely affected.

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

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the Shares.

REPORT OF THE DIRECTORS

CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the section headed "Corporate Governance Report" of this report.

TRANSACTIONS IN ITS SECURITIES AND EQUITY-LINKED AGREEMENT

Save as disclosed in the sub-sections headed "EQUITY INCENTIVE PLANS" in this report, no equity-linked agreement was entered into by the Company at any time during or subsisted at the end of the year ended December 31, 2025.

CHARITABLE DONATIONS

No donations for charitable or other purposes made by the Group during the year ended December 31, 2025.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed the audited consolidated financial statements for the year ended December 31, 2025 with the management of the Company. The Audit Committee considered that the annual results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company.

INDEPENDENT AUDITOR

The Consolidated Financial Statements for the Reporting Period have been audited by Ernst & Young who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting. Having been approved by the Board upon the Audit Committee's recommendation, a resolution for the re-appointment of Ernst & Young as the independent external auditor for the ensuing year will be put to the forthcoming AGM for shareholder's approval.

There has been no change of independent auditor of the Company since the Listing.

By order of the Board
Broncus Holding Corporation
Hong XU
Chairman

Hong Kong, March 31, 2026

CORPORATE GOVERNANCE REPORT

The Board hereby presents to the Shareholders the corporate governance report of the Group for the year ended December 31, 2025 (the "**Corporate Governance Report**").

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the Part 2 of CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices. During the Reporting Period, the Company has complied with all the applicable code provisions as set out in part 2 of the CG Code, except for the following deviation:

Pursuant to the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Hong Xu ("**Mr. Xu**") is currently the chairman of the Board and the chief executive officer of the Company (the "**CEO**"). The Board believes that, in view of Mr. Xu's experience, personal profile and his roles within the Group, Mr. Xu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of the business of the Group as the CEO. The Board also believes that the combined role of the chairman of the Board and the CEO can promote an effective execution of strategic initiatives and facilitate the flow of information between management and the Board. The Board will continue to review and consider the splitting of the roles of the chairman of the Board and the CEO from time to time, and by taking into account the circumstances of the Group as a whole.

The Board will continue to review and monitor the code of corporate governance practices of the Company with an aim to maintaining a high standard of corporate governance.

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 dealings in the securities of the Company by the Directors, and the Group's employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities. Specific enquiries have been made to all Directors and the Directors have confirmed that they have complied with the Model Code during the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company during the Reporting Period.

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interest of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

During the Reporting Period and up to the date of this report, the Board comprised Directors as follows:

Executive Director

Mr. Hong Xu *(Chief Executive Officer and Chairman)*

Non-executive Directors

Mr. Ao Zhang
Ms. Yanhong Kuang

Independent Non-executive Directors

Dr. Pok Man Kam
Ms. Yee Sin Wong
Dr. David Scott Lim

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" of this report and the relationships between the Directors are disclosed in the respective Director's biography.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

Independent Non-executive Directors

During the Reporting Period, the Board at all times fulfilled 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 one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

CORPORATE GOVERNANCE REPORT

The Board has established mechanisms to ensure independent views and input are available to the Board and reviewed the implementation and effectiveness of such mechanisms on annual basis. The Board ensures the appointment of at least three independent non-executive directors and at least one-third of its members being independent non-executive directors. Further, independent non-executive directors will be appointed to committees of the Board as required under the Listing Rules and as far as practicable to ensure independent views and input are available. The Nomination Committee strictly adheres to the independence assessment criteria as set out in the Listing Rules with regard to the nomination and appointment of independent non-executive directors, and is mandated to assess annually the independence of independent non-executive directors to ensure that they can continually exercise independent judgement. The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the executive Directors and non-executive Directors has entered into a service agreement with the Company under which the initial term of three years shall commence from May 6, 2021 or from their respective effective date of appointment until terminated in accordance with the terms and conditions of the service agreement or by either party giving to the other not less than three months' prior notice.

Each of the independent non-executive Directors has entered into an appointment letter with the Company. The initial term of their appointment letters commenced from their respective effective date of appointment for a period of three years (subject always to re-election as and when required under the Articles of Association) until terminated in accordance with the terms and conditions of the appointment letter or by either party giving to the other not less than one month's prior notice in writing.

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. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Responsibilities of the Directors and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

CORPORATE GOVERNANCE REPORT

All Directors, including 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.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to 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. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Reporting Period, all Directors attended training sessions covering the topics under Rule 3.09G of the Listing Rules. In addition, relevant reading materials including legal and regulatory update have been provided to the Directors for their reference and studying.

CORPORATE GOVERNANCE REPORT

The record of continuous professional development that have been received by the Directors for the Reporting Period is summarized as follows:

Directors	Type of Training *Note*
Executive Director	
Mr. Hong Xu *(Chief Executive Officer and Chairman)*	A&B
Non-executive Directors	
Mr. Ao Zhang	A&B
Ms. Yanhong Kuang	A&B
Independent Non-executive Directors	
Dr. Pok Man Kam	A&B
Ms. Yee Sin Wong	A&B
Dr. David Scott Lim	A&B

Note:

Types of Training

A. Attending training sessions, including but not limited to briefings, seminars, conferences and workshops

B. Reading relevant news alerts, newspapers, journals, magazines and relevant publications

Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") in order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance. Our Company recognizes and embraces the benefits of having a diverse Board. Pursuant to the Board Diversity Policy, in reviewing and assessing suitable candidates to serve as a Director of the Company, the Nomination Committee considers a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, language, cultural and educational background, professional qualifications, skills, knowledge, industry and regional experience and/or length of service.

Our Directors have a balanced mixed of knowledge and skills, including but not limited to business management, medical devices, biomaterials, pharmaceuticals, surgery, finance, investment and accounting. They obtained degrees in various majors including medicine, science, chemistry, applied chemistry, polymer chemistry, physics, engineering, risk management, financial engineering, business administration and international finance. Furthermore, our Board has a relatively wide range of ages, ranging from 39 years old to 76 years old. In particular, given that two of our Directors are female, our Board will, taking into account the business needs of our Group and changing circumstances from time to time that may affect our Group's business plans, use its best endeavors to actively identify female individuals suitably qualified to become our Board members and maintain at least one female Director in our Board.

CORPORATE GOVERNANCE REPORT

The Nomination Committee is responsible for reviewing the diversity of the Board. The Nomination Committee from time to time reviews the Board Diversity Policy, develop and review measurable objectives for implementing the policy, and monitor the progress on achieving these measurable objectives in order to ensure that the policy remains effective. Our Company (i) disclosed the biographical details of each Director and (ii) reported on the implementation of the Board Diversity Policy (including whether we have achieved board diversity) in its annual corporate governance report. In particular, our Company will take opportunities to increase the proportion of female members of the Board when selecting and recommending suitable candidates for Board appointments to help enhance gender diversity in accordance with stakeholder expectations and recommended best practices.

We maintained a balanced employee gender ratio in the workforce with male to female ratio of approximately 1:1 as at December 31, 2025. Our Company also intends to promote gender diversity when recruiting staff at the mid to senior level so that our Company will have a pipeline of female senior management and potential successors to the Board. We plan to offer all-round trainings to female employees whom we consider to have the suitable experience, skills and knowledge of our operation and business, including but not limited to, business operation, management, accounting and finance, legal and compliance and research and development. We are of the view that such strategy will offer chances for our Board to identify capable female employees to be nominated as a member of the Board in future with an aim to providing our Board with a pipeline of female candidates to achieve gender diversity in our Board in the long run.

Nomination Policy

The Board has adopted a Nomination Policy with regard to nomination of Directors. The Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. The Nomination Committee will recommend to the Board for the appointment of a Director including an independent non-executive Director in accordance with the following selection criteria and nomination procedures:

(a) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships, having due regard to the Company's Board diversity policy, the requirements in the Company's constitution, the Listing Rules and applicable laws and regulations, and the relevant candidates' contributions to the Board in terms of qualifications, skills, experiences, independence and gender diversity;

(b) assess the independence of independent non-executive Directors to determine their eligibility with reference to the factors set out in Rule 3.13 of the Listing Rules and any other factors deemed appropriate by the Nomination Committee or the Board. If a proposed independent non-executive Director will be holding their seventh (or more) listed company directorship, to assess his/her ability to devote sufficient time to the Board matters; and

(c) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment. The Nomination Committee will review the Nomination Policy, from time to time and as appropriate, to ensure its effectiveness.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES

We have established the following committees in our Board of Directors: an Audit Committee, a Remuneration Committee and a Nomination Committee. The committees operate in accordance with terms of reference established by our Board of Directors.

All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

As at December 31, 2025, the Audit Committee consists of three independent non-executive Directors, namely, Dr. Pok Man Kam, Ms. Yee Sin Wong and Dr. David Scott Lim. Dr. Pok Man Kam, being the chairman of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to assist our Board of Directors by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities assigned by the Board.

During the Reporting Period, the Audit Committee held 3 meetings to review, among others, the one-off sales return, the unaudited interim results and financial report for the six months ended June 30, 2025, the financial reporting and the compliance procedures, and the policies and practices on corporate governance, the audited annual results and financial report for the year ended December 31, 2024, the financial, operational and compliance monitoring, the risk management and internal control, the work of the internal and external auditors, the service fees due to the external auditor as well as the re-appointment of external auditor.

The Audit Committee also met the external auditor 3 times without the presence of the executive Director.

The attendance records of the Audit Committee are set out under "Attendance Record of Directors and Committee Members".

Remuneration Committee

As at December 31, 2025, the Remuneration Committee consists of one non-executive Director, namely, Ms. Yanhong Kuang, and two independent non-executive Directors, namely, Dr. Pok Man Kam and Ms. Yee Sin Wong. Ms. Yee Sin Wong is the chairwoman of the Remuneration Committee. The primary duties of the Remuneration Committee include, without limitation, making recommendations to the Board of Directors on our policy and structure for the remuneration of all Directors and senior management and on the establishment of a formal and transparent procedure for developing the policy on such remuneration, determining the specific remuneration packages of all Directors and senior management, reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Board of Directors from time to time, and reviewing and/or approving matters relating to share schemes under chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

During the Reporting Period, 1 meeting of the Remuneration Committee was held to, amongst others, determine the policy for the remuneration of executive directors, assess performance of executive directors and approve the terms of executive directors' service contracts, make recommendations to the board on the remuneration packages of individual executive directors and senior management.

The attendance records of the Remuneration Committee are set out under "Attendance Record of Directors and Committee Members".

Details of the remuneration of the senior management by band for the year ended December 31, 2025 are set out below:

Remuneration by band (HK$)	Number of persons
HK$7,000,001 to HK$8,000,000	1 *(Note)*

Note: the senior management is also an executive Director

Nomination Committee

As at December 31, 2025, the Nomination Committee consists of one executive Director, namely, Mr. Hong Xu, and two independent non-executive Directors, namely, Ms. Yee Sin Wong and Dr. David Scott Lim. Mr. Hong Xu is the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, without limitation, reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors, making recommendations to the Board on matters relating to the appointment of Directors, supporting the Company's regular evaluation of the Board's performance, and assessing each Director's time commitment and contribution to the Board.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence, time commitment and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, 1 meeting of the Nomination Committee was held to, amongst others, review the structure, size and composition of the Board, assess the independence of the independent non-executive Directors, assess the directors' devotion of time, consider amendments to the terms of reference of the Nomination Committee, determine the nomination procedures and the process and criteria adopted by the Nomination Committee to select and recommend candidates for directorship during the year.

The attendance records of the Nomination Committee are set out under "Attendance Record of Directors and Committee Members".

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties set out in the code provision A.2.1 of the CG Code.

During the Reporting Period, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

ATTENDANCE RECORD OF DIRECTORS AND COMMITTEE MEMBERS

Pursuant to code provision C.5.1 of the CG Code, Board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication. During the Reporting Period, 5 Board meetings were held at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code, for discussing and approving, among others, the overall strategies and policies of the Company, reviewing and approving the audited annual results for the year ended December 31, 2024, unaudited interim results for the six months ended June 30, 2025, investment plan and share subscription.

During the Reporting Period, 1 meeting was held by the chairman with the independent non-executive Directors without the presence of other Directors in accordance with code provision C.2.7 of the CG Code.

The attendance record of each Director during their tenure of office at the Board and Board Committee meetings and the general meetings of the Company held during the Reporting Period is set out in the table below:

	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting(s)
Executive Director					
Mr. Hong Xu *(Chief Executive Officer and Chairman)*	5/5	N/A	N/A	1/1	1/1
Non-executive Directors					
Mr. Ao Zhang	5/5	N/A	N/A	N/A	1/1
Ms. Yanhong Kuang	5/5	N/A	1/1	N/A	1/1
Independent Non-executive Directors					
Dr. Pok Man Kam	5/5	3/3	1/1	N/A	1/1
Ms. Yee Sin Wong	5/5	3/3	1/1	1/1	1/1
Dr. David Scott Lim	4/5	3/3	N/A	1/1	1/1

CORPORATE GOVERNANCE REPORT

Company's Culture

We are a pioneer in the field of interventional pulmonology, providing innovative lung solutions in China and globally. As a global innovative leader in delivering integrated diagnostic and therapeutic solutions to different lung diseases, we provide minimally invasive interventional therapy for lung disease treatment leveraging our unique whole lung access navigation technology.

The board believes that a strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. During the Reporting Period, the Company continued to strengthen its cultural framework by focusing on the following:

OUR VISION

Our vision is to be a global leader in the transformation of lung disease treatment.

OUR MISSION

Our mission is to establish our interventional diagnosis and therapeutic solutions as the gold standard for the treatment of lung diseases.

The birth of medical devices is a long and difficult process, each step requires a variety of highly specialized institutions and multi-direction talent participation and collaboration. Since our inception, Company have developed a fully-integrated platform for the discovery, development, manufacture and commercialization of a comprehensive suite of diagnosis and treatment solutions for lung diseases. The integration of our platform promotes seamless collaboration among different functional groups at key stages in the lifecycle of a product candidate. We have successfully built up the necessary capabilities of a fully-integrated platform focused on precision diagnosis and minimally invasive therapy for lung disease treatment. These capabilities are housed in four main functional platforms: R&D, clinical development, manufacturing and commercialization. These individual functional platforms have been optimized and great attention has been given to building cross-functional integration.

The Company continue to conduct staff training on corporate culture, laws and regulations, also reward teams and employees with excellent performance and corporate culture practice. Through these approaches, the management and employees integrate their development with the realization of the Company's mission and vision, which do contribute to the Company's performance and growth.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS

Risk Management

The Board acknowledges that it is its responsibility to ensure that the Company establishes and maintains sound risk management and internal control systems within the Group and to review the effectiveness of the systems. Such systems are designed to manage and mitigate risks inherent in the Group's business faced by the Group to an acceptable level, but not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable assurance against material misstatement, loss or fraud.

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

The main features of risk management and internal control structure of the Company are as follows:

- Heads of major operation units or departments manage risks through identification and mitigating risks identified in accordance with the internal guidelines approved by the Board and the Audit Committee;

- The management ensures appropriate actions are taken on major risks affecting the Group's businesses and operations; and

- Internal auditors provide independent assurance to the Board, the Audit Committee and the management concerning the effectiveness of risk management and internal control systems.

We have adopted a consolidated set of risk management policies which set out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee and ultimately our Directors supervise the implementation of our risk management policies. Risks identified by our management will be analyzed on the basis of likelihood and impact, and will be properly followed up and mitigated and rectified by our Group and reported to our Directors.

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

CORPORATE GOVERNANCE REPORT

Our Audit Committee oversees and manages the overall risks associated with our business operations, including:

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

Our senior management are responsible for:

- formulating and updating our risk management policy and objectives;
- reviewing and approving major risk management issues of our Company;
- promulgating risk management measures;
- providing guidance on our risk management approach to the relevant departments in our Company;
- reviewing the relevant departments' reporting on key risks and providing feedback;
- supervising the implementation of our risk management measures by the relevant departments;
- ensuring that the appropriate structure, processes and competences are in place across our Group; and
- reporting to our Audit Committee on our material risks.

CORPORATE GOVERNANCE REPORT

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

- gather information about the risks relating to their operation or function;
- conduct risk assessments, which include the identification, prioritization, measurement and categorization of all key risks that could potentially affect their objectives;
- prepare a risk management report annually for our chief executive officer's review;
- monitor the key risks relating to their operation or function;
- implement appropriate risk responses where necessary; and
- develop and maintain an appropriate mechanism to facilitate the application of our risk management framework.

We consider that our Directors and members of our senior management possess the necessary knowledge and experience in providing good corporate governance oversight in connection with risk management and internal control.

Intellectual Property Rights Risk Management

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

Our intellectual property department assists in conducting searches to help ensure that all of our intellectual property is under the protection of relevant laws and regulations, and also helps ensure the application for trademark, copyright or patent registrations for, as well as filing with relevant authorities of all of our products. For example, under our internal policies, during the product development phase, our intellectual property department shall assess the potential legal issues surrounding the product being developed. The intellectual property department shall then administer the execution process of obtaining the necessary filings, approvals, and/or licenses. All the contracts of our Company are required to be reviewed and approved by our legal department prior to execution. In addition, we establish policies for intellectual property infringement notices to help ensure timely monitoring the infringement incidents.

CORPORATE GOVERNANCE REPORT

Internal Control

Our Board is responsible for establishing our internal control system and reviewing its effectiveness. During the Reporting Period, we regularly reviewed and enhanced our internal control system. Below is a summary of the internal control policies, measures and procedures we have implemented or plan to implement:

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

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

- We have established the Audit Committee which shall (i) make recommendations to our Directors on the appointment and removal of external auditors; and (ii) review the financial statements and render advice in respect of financial reporting as well as oversee the risk management and internal control procedures of our Group.

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

The Company has 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.

The Company has established procedures for identifying, handling and disseminating inside information in compliance with the SFO, including the issue of an inside information disclosure policy, the annual review and update (if necessary) of such inside information disclosure policy, preclearance on dealing in Company's securities by Directors and designated members of the management, notification of regular blackout period and securities dealing restrictions to relevant Directors and employees have been implemented by the Company to guard against possible mishandling of inside information within the Group. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. The Board is aware of its obligations to announce any inside information in accordance with the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Board confirms its responsibilities for risk management and internal control systems, and for reviewing the effectiveness of such risk management and internal control systems. Such systems are designed to manage rather than eliminate the risk of failing to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function which aims at helping the Company to accomplish its objectives by applying a systematic, disciplined approach to evaluate and improve the effectiveness of the Group's risk management and internal control systems and to resolve material internal control defects.

The Board has reviewed the effectiveness of the internal audit system and the risk management and the internal control system of the Group, including the adequacy of resources, qualifications and experience of staff in the aforementioned systems and of the Company's accounting, internal audit and financial reporting functions and the adequacy of their training programs and budget.

The Board, through a review covering all material controls, including financial, operational and compliance controls for the Reporting Period, considered that the risk management and internal control system of the Group was effective and adequate. The Board will conduct annual review on the risks management and internal control system of the Company.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2025. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report.

AUDITORS' REMUNERATION

The total fee paid/payable to the independent auditor of the Company, in respect of audit services for the year ended December 31, 2025 is US$483,000. The total fee paid/payable to the independent auditor of the Company, in respect of non-audit services for the year ended December 31, 2025 is US$8,000. The non-audit services include tax advisory for share award arrangements.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

During the Reporting Period, Ms. Ka Yan Suen ("**Ms. Suen**"), an assistant manager of SWCS Corporate Services Group (Hong Kong) Limited, acted as the sole company secretary of the Company. Ms. Suen is a member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. The primary contact person of the Company is Ms. Qi Cheng, the financial director of the Company.

Ms. Suen has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of the relevant professional training during the year.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices related matters.

SHAREHOLDERS' RIGHTS

To safeguard Shareholders' interests and rights, 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 Stock Exchange after each general meeting.

Convening Shareholders' General Meetings

The Company shall hold a general meeting as its annual general meeting in each financial year, within six months from the end of last financial year (or such other period as may be permitted by the Listing Rules or the Exchange). The annual general meeting shall be specified as such in the notice calling it.

The Board of Directors may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the voting rights, on a one vote per share basis of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and the resolutions to be added to the meeting agenda, and signed by the requisitionist(s). If the Directors do not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Directors provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to them by the Company.

The Chairperson of the Board of Directors shall take the chair at every general meeting, or, if there be no such chairperson or, if at any general meeting such chairperson shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present shall choose another Director as Chairperson, and if no Director be present, or if all the Directors present decline to take the chair, or if the Chairperson chosen shall retire from the chair, then the members present (whether in person or represented by proxy or duly authorised representative) shall choose one of their own number to be Chairperson.

CORPORATE GOVERNANCE REPORT

Procedures for Shareholders to propose a person for election as a Director

For proposal of a person for election as Director, pursuant to Article 16.4 of the Articles of Association, no person shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Based on this, if a Shareholder wishes to propose a person (the "**Candidate**") for election as a Director at a general meeting, he/she shall deposit a written notice at the Company's principal place of business in Hong Kong at 40th Floor, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. The notice must (i) include the personal information of the Candidate as required by Rule 13.51(2) of the Listing Rules; and (ii) be signed by the Shareholder concerned and signed by the Candidate indicating his/her willingness to be elected and consent of publication of his/her personal information.

Putting Forward Proposals at General Meetings

There are no provisions in the Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by Shareholders at general meetings. Shareholders who wish to move forward a resolution may request the Company to convene a general meeting in accordance with the procedures mentioned above. For proposing a person for election as a Director, please refer to the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may supervise the operations of the Company, and to make suggestions and enquiries accordingly.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to ir@broncuschina.com or submit at www.broncus.com/dist/index.html#/investor. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Corporate communication of the Company will be provided to Shareholders to facilitate Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

CORPORATE GOVERNANCE REPORT

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. For this purpose, the Company has set up a website (www.broncus.com), where relevant latest information, the up-to-date state of the Company's business operation and development, the Company's financial information and corporate governance practices and other data are available to the public.

In addition, the Company has in place a shareholders' communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The implementation and effectiveness of the shareholders' communication policy has been reviewed by the Board during the year ended December 31, 2025 and considered that it is adequate and effective, having considered the communication channels in place provided Shareholders and investment community with information about the latest development of the Group in a timely manner, and the Company has established a range of communication channels between itself and its shareholders, investors and other stakeholders to allow the Company to receive feedback effectively.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there was no change to the Memorandum and Articles of Association. The latest Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

On March 31, 2026, the Board has proposed to amend the Memorandum and Articles of Association and to adopt the amended and restated Memorandum and Articles of Association incorporating the amendments (the "**Proposed Amendments**") for the purpose of, among others, (i) bringing the existing Memorandum and Articles of Association in line with the relevant amendments made to the Listing Rules, which requires issuers to ensure that their articles of association provides for the holding of hybrid general meeting of shareholders and electronic voting; and (ii) making other consequential and housekeeping amendments.

The Proposed Amendments and the adoption of the amended and restated Memorandum and Articles of Association are subject to Shareholders' approval by way of a special resolution at the AGM. A circular containing, among other things, particulars relating to the Proposed Amendments and the adoption of the amended and restated Memorandum and Articles of Association together with a notice convening the AGM will be provided to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICIES

Subject to the applicable laws of the Cayman Islands and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes, no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be payable at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company

CORPORATE GOVERNANCE REPORT

in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

I. ABOUT THIS REPORT

1. Report Overview

This report is the annual Environmental, Social and Governance report (hereinafter referred to as "this Report") published by Broncus Holding Corporation and its subsidiaries (hereinafter referred to as the "Company", "we" or "Broncus"). This Report comprehensively and objectively discloses the Company's management policies, specific practices, and performance in environmental, social, and governance aspects during the 2025 financial year, and demonstrates the Company's commitment to sustainable development.

2. Report Framework

This Report is prepared in accordance with the relevant provisions of the Environmental, Social and Governance Reporting Guide (hereinafter referred to as the "Guide") contained in Appendix C2 of the Rules Governing the Listing of Securities (hereinafter referred to as the "Listing Rules") on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Stock Exchange"), and also refers to international standards such as the Global Reporting Initiative (GRI) to ensure that the report content is comprehensive, accurate, and comparable.

3. Reporting Principles

During the preparation of this Report, the Company complied with the reporting principles of materiality, quantitative, balance, and consistency under the Guide.

a) Materiality: This Report discloses the identification process of the Company's material issues, the materiality matrix, and the final results. It also discloses the Company's key stakeholders and corresponding communication measures. For details, please refer to "Stakeholder Engagement" and "Materiality Assessment".

b) Quantitative: In accordance with the provisions of the Guide, supplemental notes have been attached to the quantitative data disclosed in this Report to explain the standards, methods, and sources of conversion factors used in calculating the key performance indicators in the environmental and social aspects.

c) Balance: This Report objectively discloses positive and negative information to avoid selections, omissions, or presentation formats that may inappropriately influence the decisions or judgments of the report readers.

d) Consistency: The information disclosed in this Report covers Broncus Holding Corporation and its subsidiaries, which is consistent with the scope of the annual report. The compilation method of this Report will remain consistent in future years. If changes in the disclosure scope or calculation methods affect comparisons with previous reports, the Company will provide relevant explanations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Reporting Scope

Unless otherwise specified, the information and data disclosed in this Report cover the research and development, production, and operational activities related to innovative lung disease solutions carried out globally by Broncus and its subsidiaries during the Reporting Period. Among them, the environmental key performance indicators primarily cover the Group's major operating sites in Hangzhou, Shanghai and Shenzhen, as well as the office in the United States.

5. Reporting Period

The time frame of this Report is from January 1, 2025, to December 31, 2025 (hereinafter referred to as the "Reporting Period"). To enhance the comprehensiveness of the report, some information appropriately traces back to previous years.

6. Source of Information

All data and material sources in this Report include the Company's public data, internal administrative documents, statistical reports, financial reports, and third-party survey results. Unless otherwise specified, the currency used in this Report is Renminbi (RMB).

7. Forward-looking Statements

The forward-looking statements contained in this Report are based on current expectations, estimates, projections, beliefs, and assumptions regarding the business of the Company and its subsidiaries and the markets in which they operate, and do not guarantee future performance. The actual performance of Broncus may be affected by market risks, uncertainties, and factors beyond the control of the Stock Exchange. Therefore, actual results and returns may differ from the assumptions and statements contained in this Report.

8. Contact Information

Stakeholders are welcome to provide valuable feedback on this Report or the Company's sustainability performance.

Email: ir@broncuschina.com
Official Website: www.broncus.com

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Company Honors and Social Recognition

In 2025, Broncus received multiple honors for its outstanding performance and innovative achievements in the field of medical technology. Some of the awards are as follows:

Award Name	Issuing Authority/Organizer
Shortlisted Unit for the 2025 "Take the Lead" Innovation Task of Artificial Intelligence Medical Devices	Ministry of Industry and Information Technology of the People's Republic of China, National Medical Products Administration
Project Approval for "Science and Technology Innovation 2030 – National Science and Technology Major Project for the Prevention and Treatment of Cancer, Cardiovascular and Cerebrovascular, Respiratory, and Metabolic Diseases"	National Health Commission of the People's Republic of China
2024 "Rising Hangzhou Entrepreneurs"	Hangzhou Culture Radio Television Group, CPC Hangzhou Municipal Committee and Hangzhou Municipal People's Government, Hangzhou Municipal Bureau of Economy and Informatization, Hangzhou Municipal Science and Technology Bureau, Hangzhou Municipal Bureau of Commerce, State-owned Assets Supervision and Administration Commission of Hangzhou Municipal Government, Hangzhou Investment Promotion Bureau, Hangzhou Municipal Committee of China Democratic National Construction Association
2025 Huaxia Medical Science and Technology Award – Second Prize	China International Exchange and Promotive Association for Medical and Health Care

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MESSAGE FROM THE CHAIRMAN

Dear Shareholders and Investors:

Over the past year, the global macroeconomic environment and market competition landscape have continued to evolve rapidly. The medical industry, intertwined with multiple factors such as technological iteration, regulatory requirements, and upgrades in clinical demands, has raised higher standards for corporate resilience and long-term investment. As an innovative medical device company focusing on interventional pulmonology, Broncus has always prioritized patient needs and clinical value. We continue to advance product research and development, clinical evidence generation, and commercialization, providing a safer, more minimally invasive, and more effective new choice of transbronchial interventional treatment for the vast number of COPD and lung cancer patients, thereby improving their quality of life.

The Company always upholds the mission to "establish our interventional diagnostic and therapeutic solutions as the gold standard for the treatment of lung diseases," with the vision to "be a global leader in the transformation of lung disease treatment," and takes the values of "pragmatism, responsibility, and never perseverance "as the common guideline for the entire team. What we focus on more is: in an external environment with rising uncertainties, how to fully leverage our own R&D strength, take patient benefits and clinical value as important anchors, continuously invest in innovation and medical evidence generation, and achieve a sustainable balance between compliance boundaries and operational efficiency.

We believe that the core of medical innovation lies not only in the technology itself but also in providing patients with lung diseases with safer and more effective new treatment options through reliable quality systems, solid clinical evidence, and standardized commercial behavior, benefiting patients worldwide. Facing the future, the Company will continue to adhere to both steady operation and prudent governance, continuously optimize resource allocation and organizational collaboration, strengthen risk identification and compliance management, and advance business development and value creation at a steadier pace.

We are also clearly aware that ESG has become an important foundation for enterprises to improve governance levels, strengthen risk resistance capabilities, and shape long-term competitiveness, rather than an "optional item." During the Reporting Period, the Company continued to improve institutional and mechanism construction around the three dimensions of environmental, social, and governance: In terms of governance, the Board continued to strengthen supervision over major risks and compliance matters, promoted the standardized operation of internal control, risk management, and information disclosure processes, and embedded requirements such as integrity and compliance, business ethics, quality and safety, and data and privacy protection into daily management; In the social aspect, we continued to focus on patient benefits and healthcare accessibility, supported clinical academic exchanges and science popularization advocacy, and attached importance to employees' occupational health and safety, capacity growth, and diverse and inclusive culture construction; In the environmental aspect, we continuously promoted energy conservation and consumption reduction, resource efficiency improvement, and standardized waste management in R&D, office, and operational management, gradually consolidating the data foundation and management tools to provide a verifiable basis for subsequent transparent disclosure and improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We will continue to improve the completeness, comparability, and consistency of disclosure with a more prudent and pragmatic attitude, and gradually refine relevant goals, paths, and management systems based on a full assessment of compliance requirements, business characteristics, and resource feasibility. Looking ahead, Broncus will adhere to the development principles of "clinical value-oriented, compliance governance as the bottom line, and long-termism as the method." While promoting steady business growth, we will continue to create more sustainable value for patients, the medical system, shareholders, and society.

II. GOVERNANCE ASPECT

1. ESG Governance Structure

The Company has established a "top-down" three-tier governance structure consisting of the Board of Directors, Senior Management, and the ESG Working Group. Through clear division of responsibilities and a regular reporting mechanism, we ensure that ESG governance awareness permeates all levels, achieving effective linkage among strategic decision-making, process evaluation, and specific execution, ensuring that the ESG governance system operates scientifically and efficiently, and promoting the practical implementation of relevant policies and measures.

Strategic Level

Board of Directors

The Board is the highest responsible body overseeing the Company's ESG affairs. It is responsible for formulating ESG management strategies and goals, regularly reviewing the progress of the Company's goals, major ESG risks faced, and corresponding management policies, and approving the disclosed content of the ESG report.

Management Level

Senior Management

Senior Management is responsible for assessing the Company's ESG risks, formulating corresponding management policies, and submitting them to the Board for review. They are also responsible for ensuring the effective operation of the Company's ESG risk management and internal control systems and reporting directly to the Board on ESG work.

Execution Level

ESG Working Group

Composed of representatives from ESG-related departments, the ESG Working Group is mainly responsible for executing the Company's ESG management policies and collecting data required for ESG reporting, promoting the implementation of relevant systems and policies, and reporting progress to the Senior Management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ESG Mission and Philosophy

Broncus continuously refines its ESG management system. Based on the professional attributes of interventional pulmonology and the compliance requirements of medical device enterprises, the Company integrates the concept of sustainable development into its strategy, governance, and daily operations. The Company clarifies its ESG mission and action direction around five core dimensions: "Business Operation, Employer Brand, Users, Corporate Citizen, and Patient Care," ensuring that relevant work follows established rules and can be sustainably iterated.

- **As a Business Operator:** The Company adheres to standardized and transparent information disclosure and compliant operations. The Board and management form an effective supervision and execution mechanism within their respective boundaries of responsibility, continuously strengthening risk identification, internal control, and compliance management to safeguard the Company's steady operation and long-term value creation.

- **As a Practitioner of Patient Care:** The Company centers on patient benefits, continuously improving product quality and safety management levels, strictly following clinical research ethics and subject protection requirements, strengthening privacy and data security management, and focusing on improving treatment accessibility and patients' quality of life.

- **As a Builder of Employer Brand:** The Company values employees' legitimate rights and interests as well as occupational health and safety. We continuously refine the training and capability enhancement system, optimize talent development and promotion mechanisms, and create a respectful, collaborative, and diverse and inclusive organizational atmosphere to enhance employees' sense of achievement and cohesion.

- **As a Provider of User Value:** The Company insists on conducting innovative R&D and product iteration guided by clinical needs, actively participates in industry exchanges and collaboration, promotes the development of medical technology and standardized practices, and continuously enhances the reliability and experience of products and services.

- **As a Corporate Citizen:** The Company actively fulfills its social responsibilities by carrying out public welfare and science popularization activities combined with business characteristics, promoting disease prevention, standardized diagnosis and treatment, and the enhancement of public health awareness, bringing together more social forces to jointly promote health and well-being.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. Board Statement

Broncus integrates ESG into the Company's overall governance and risk management framework. The Board believes that robust ESG governance helps the Company better maintain compliant operations and business resilience against the backdrop of tightening regulations, rapid industry iteration, and rising market uncertainties, thereby supporting the Company's long-term value creation.

The Board assumes ultimate supervisory responsibility for the Company's ESG-related matters, focusing on material ESG issues closely related to the Company's strategy, compliance, operational safety, and reputation management. Through regularly listening to reports from management and the ESG Working Group, reviewing key policies and major matters, and supervising cross-departmental collaborative implementation, the Board ensures that ESG management requirements are effectively implemented at the corporate level and linked with the corporate governance, internal control, and risk management systems.

The Board guides the Company to establish an ESG working mechanism involving relevant functional departments, which is responsible for daily coordination, system execution, data management, and disclosure support work. Combining business attributes and stakeholder concerns, the Company identifies key ESG issues through stakeholder communication and materiality assessment. Based on this, issues are prioritized to form annual work focuses and resource investment directions. For the identified key issues, the Company incorporates them into the risk identification and control process, clarifying the division of responsibilities, management measures, and execution paths, thereby enhancing the prevention and response capabilities to potential risks (including environmental, social, and governance risks that may affect the Company's business and operations).

The Board regularly reviews the management progress of key ESG issues and the performance of key indicators, paying attention to the impact and value contribution of relevant measures on the Company's business. The Board also makes necessary dynamic adjustments to the direction of ESG work based on changes in the external environment and the Company's operational focus, driving the Company to continuously improve its management level and disclosure quality on the basis of compliance and stability.

In the future, the Board will continue to play a supervisory and guiding role, continuously refine the ESG governance mechanism, strengthen communication and feedback with stakeholders, support the Company in achieving sustainable value in economic, environmental, and social dimensions, and advance continuous improvement in relevant work with a prudent and pragmatic attitude.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Stakeholder Engagement

To systematically respond to stakeholders' concerns about the Company's development, we have established a two-way communication system covering diverse groups such as shareholders, employees, customers, partners, and communities. Through forms such as information disclosure, thematic meetings, and research exchanges, we continuously collect and analyze the demands of various parties, integrating them into the Company's operational and decision-making processes to drive the co-creation of sustainable value.

Main Stakeholders	Issues of Concern	Main Communication Channels
Government and Regulatory Authorities	• Risk management • Product quality control • Access to healthcare	• Institutional inspection • Policy implementation • Information disclosure
Shareholders and Investors	• Investment return • Governance compliance • Risk management	• General meetings of shareholders • Information disclosure • Roadshows
Employees	• Employee compensation and benefits • Talent development and training • Occupational health and safety • Diversity and equity	• Employee training • Internal communication channels • Employee activities
Customers and Patients	• Protection of intellectual property rights • Privacy and data protection • Product and service quality • Marketing compliance	• Customer surveys • Customer satisfaction surveys • Patient education
Suppliers	• Supply chain management • Environmental and social risk management of supply chain	• Supplier assessment • Contract performance • Communication with suppliers
Partners	• Industry development and win-win cooperation	• Communications and exchange visits • Industry forums
Community and the Public	• Community and public welfare	• Community activities • Seminars/lectures/workshops

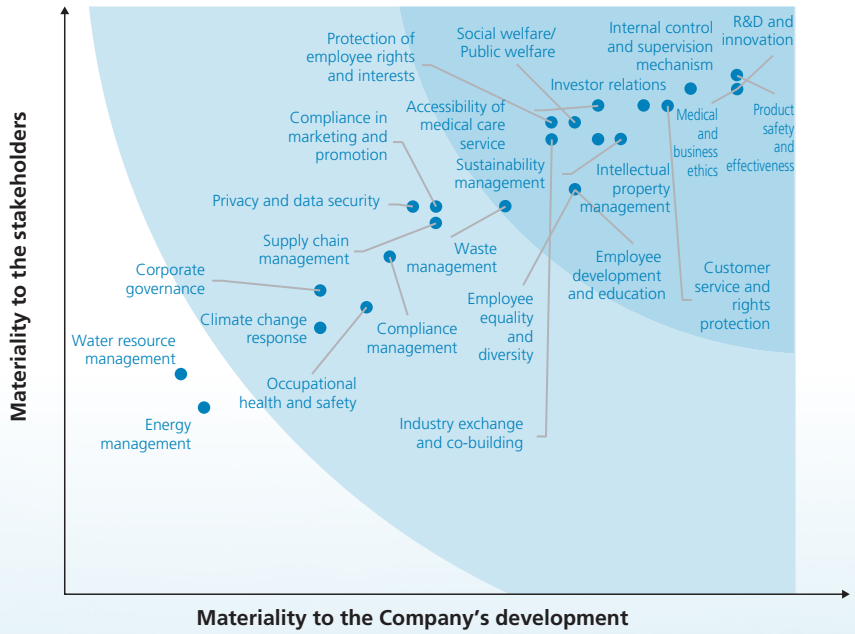
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. Materiality Assessment

The Company attaches great importance to stakeholder opinions and concerns. In accordance with the disclosure requirements of the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited (HKEX), and in alignment with our strategic planning, operational priorities, and industry trends, we maintained active communication with key stakeholders during the reporting period through methods such as questionnaires. This allowed us to systematically collect feedback and suggestions regarding the Company's sustainable development, facilitating the identification and assessment of material issues.

For the current year, the Company performed a systematic review and screening of potential ESG issues based on historical assessment results, the latest stakeholder survey findings, and prevailing industry practices. We evaluated these issues across two dimensions: "Importance to Stakeholders" and "Importance to the Company's Development." This process resulted in a final list of 25 material issues spanning environmental, social, and governance categories, which serves as the primary focus for this report and a vital foundation for our subsequent management strategies.

Material ESG Issues of Broncus



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

III. ENVIRONMENTAL ASPECT

The Company strictly complies with national environmental protection laws and regulations, including the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, the *Water Pollution Prevention and Control Law of the People's Republic of China*, the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, and the *Energy Conservation Law of the People's Republic of China*, as well as relevant requirements. Meanwhile, considering that Broncus is mainly engaged in the research, development, and related operational activities of medical devices, the overall manufacturing process is relatively limited, and the direct impact of daily operations on the environment is generally controllable, mainly consisting of office and compliance disposal impacts. Despite this, the Company continues to pay attention to environmental factors such as resource consumption, emissions, and waste management during operations, implements necessary monitoring and management measures, and drives continuous improvement within feasible ranges, striving to coordinate business growth with green and sustainable development. During the Reporting Period, the Company did not experience any material violations of Chinese environmental laws and regulations.

1. Emissions Management

Air Emissions

The Company's atmospheric emissions primarily originate from two sources: (a) Volatile Organic Compounds (VOCs) generated in small quantities during production processes such as screen printing. Given the limited scale of these processes, the VOCs emissions in the production link are at a relatively low level, and are stably controlled through compliant facilities and on-site management; (b) Vehicle exhaust emissions generated by company-owned vehicles during daily commuting and official business travel.

To systematically manage emissions throughout our operations, the Company has established and implemented an air emission management mechanism, integrating emission controls into daily compliance protocols and on-site operational requirements.

For VOCs in production: The Company follows a management pathway centered on source control, process collection, end-of-pipe treatment, and compliant discharge. Collected emissions are treated and discharged through designated exhaust stacks at required heights. We also conduct rigorous operation and maintenance (O&M) of collection and treatment facilities, including key parameter inspections and emergency response, to ensure the stable operation of all relevant equipment.

For vehicle emissions: The Company implements operational measures – including vehicle usage management, optimized scheduling, and standardized driving behavior – to reduce unnecessary fuel consumption and minimize emission intensity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air Emissions Data

Type of Air Emissions	Unit	2025 Emissions	2024 Emissions
Nitrogen oxides (NOx)	Kilograms (kg)	1.05	22.13
Sulfur oxides (SOx)	Kilograms (kg)	0.03	0.04
Particulate matter (PM)	Kilograms (kg)	0.11	2.12

Remarks: During the reporting period, the Company optimized the statistical boundaries and accounting methodologies for air emission data based on actual emission conditions. Calculations were conducted using ledgers such as production activity records, raw and auxiliary material consumption, and vehicle fuel consumption. Given the limited volume of VOCs emissions from production processes, these were not disclosed as a separate line item this year. Due to improvements in data infrastructure, statistical scope, and accounting parameters, as well as shifts in the emission source structure, indicators for NOx, SOx, and Particulate Matter (PM) exhibited certain fluctuations compared to the previous year.

Waste Emissions

The Company has established and implemented the "Waste Management Procedures", which provide explicit regulations for the classification, collection, temporary storage, transfer, and disposal of municipal solid waste (MSW), general solid waste, hazardous waste, and wastewater generated during business operations. Supporting documents, including the "Warehouse Management System for Recyclables" and the"Hazardous Waste Management Ledgers", further refine standards for waste classification, storage conditions, labeling requirements, and record-keeping.

In daily operations, waste management focuses on supervising the classified storage and disposal of both hazardous and non-hazardous waste. Relevant departments are organized to conduct routine inspections and maintain ledger records to ensure full traceability of the management process. At year-end, the Company aggregates data on the generation and disposal of various waste categories and completes the "Annual Disposal List" to achieve closed-loop management. The Company strictly adheres to national and local laws, regulations, and regulatory requirements. For non-recyclable waste and hazardous waste (such as empty reagent bottles), we appoint qualified third-party agencies for compliant disposal and maintain rigorous documentation – including handover, transfer, and disposal certificates – to mitigate potential environmental, health, and safety risks.

Simultaneously, the Company promotes waste reduction at the source and enhances resource efficiency through classified recycling. During the reporting period, we continuously reduced waste generation by optimizing production and operational processes, improving material utilization, and minimizing the use of single-use and non-recyclable items. Classified recycling facilities have been installed in both office and production areas with clear guidelines for recyclables such as paper, plastic, and metal, encouraging employees to standardize disposal and creating favorable conditions for subsequent resource recovery.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Through the aforementioned institutional management and process controls, the Company's waste management remained stable, and disposal procedures were compliant and orderly during the reporting period. Driven by the optimization and integration of office spaces, adjustments in operational scale led to a rational decrease in resource consumption; specifically, paper consumption decreased compared to previous years. Furthermore, as municipal waste is collected by cleaning staff and moved to designated park-wide collection points for centralized removal and disposal by property management, the Company has not yet separately quantified MSW generation due to its dispersed nature and the unified municipal handling mechanism. There were no material environmental non-compliance incidents or significant penalties resulting from improper waste disposal during the reporting period.

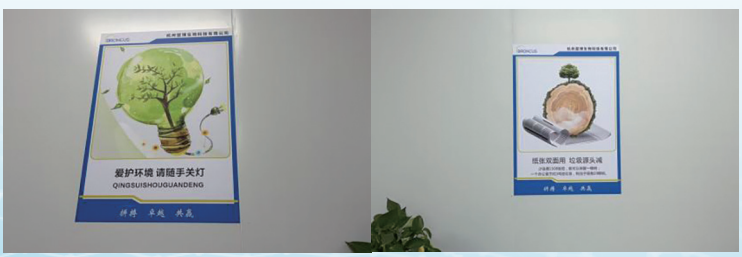
Waste Data

Waste Type	Unit	2025 Emissions	2024 Emissions
Non-hazardous Waste			
Paper consumption	Kilograms (kg)	988.59	1,520.00
Paper consumption per capita	kg/person	5.18	7.60

2. Use of Energy and Resources

Energy Consumption

Broncus deeply understands the significance of source conservation to resource management and operational efficiency. Based on the Company's business characteristics, daily energy consumption is mainly electricity, accompanied by a small amount of fuel consumption by official vehicles. To strengthen the management of energy and resource use and continuously promote energy conservation and consumption reduction, the Company formulated and implemented institutional documents such as the "Management Procedures for Energy and Resource Conservation" and the "Notice on Strengthening the Standards for Energy Conservation and Consumption Reduction in Office Areas", clarifying management requirements and implementation paths. The Company also enhances employees' awareness of conservation by posting energy-saving promotional posters in office areas, promoting the integration of conservation concepts into daily operations and management practices.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company is committed to promoting green offices. Through institutional construction, behavioral guidance, and facility optimization, it systematically promotes energy conservation, resource recycling, and paperless offices, continuously reducing the environmental impact of operational links. In terms of paper use, the Company actively advocates paperless offices, encouraging employees to conduct communication and file transmission through email, instant messaging software, etc.; if printing is truly necessary, the Company guides employees to prioritize double-sided printing and minimize paper waste by posting promotional reminders and regularly counting paper usage. A paper recycling station is also set up to centrally recycle paper consumables such as waste paper, discarded posters, letters, and envelopes, promoting resource recycling. In terms of energy management, the Company regards electricity as a key area for green offices, simultaneously implementing electricity-saving measures in production and office scenarios: a "7×24 hours self-purification verification" mechanism is implemented during the operation of the air conditioning system in production areas, allowing the air conditioning system to be turned off during non-use periods in cleanrooms, reducing unnecessary electricity consumption while meeting cleanliness and process requirements; office lighting switches are set independently by area, and employees are guided to turn them on as needed and turn them off promptly to achieve refined electricity use; meanwhile, regular inspection, maintenance, component replacement, and filter cleaning are conducted on air conditioners and other equipment to improve energy efficiency and reduce unit operating energy consumption while ensuring stable operation and extending service life.

In terms of vehicle fuel management, to standardize official vehicle usage, improve fuel efficiency, and reduce related environmental impacts, the Company systematically manages vehicle deployment, use, maintenance, and fuel consumption in accordance with the "Vehicle and Driver Management System" in the "*Employee Handbook*". The system stipulates that official vehicles must be assigned to specific personnel. Use requires online approval in advance, and vehicle use records must be established to regularly check mileage and fuel consumption data. The Company encourages employees to prioritize public transportation for short-distance official travel and optimizes dispatch logic from the scheduling end, reasonably arranging vehicle sharing and route planning to reduce unnecessary vehicle dispatches and fuel consumption. It also further improves fuel efficiency through regular maintenance, keeping engines in good working condition, and standardizing driving behaviors.

During the Reporting Period, the Company's major energy consumption was as follows:

Type of Energy Consumption	Unit	2025 Consumption	2024 Consumption
Total energy consumption	Megawatt-hours (MWh)	790.04	805.99
Fuel consumption	Megawatt-hours (MWh)	18.49	76.78
Purchased electricity consumption	Megawatt-hours (MWh)	771.55	729.21
Total energy consumption intensity	MWh/person	4.14	4.03

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water Resources

According to the "Management Procedures for Energy and Resource Conservation", the Company incorporates water use management into the resource management system of daily operations. Combining business characteristics, the Company's water supply mainly comes from municipal water, and usage scenarios are predominantly office and domestic water use. The Company continuously promotes the implementation of water-saving measures through "institutional norms + equipment maintenance + behavioral guidance" to avoid unnecessary waste of water resources.

The Company clarifies water-saving management requirements at the institutional level and incorporates energy-saving and water-saving behavioral norms into employees' daily management. According to the norms in the "*Employee Handbook*", the Company requires: strengthening daily inspection and maintenance of water facilities to avoid "running, emitting, dripping, and leaking" and long-running water; advocating employees to develop the habit of turning off faucets promptly to reduce non-essential water use. Relevant requirements are continuously reinforced through daily advocacy and office area reminders, enhancing employees' water-saving awareness and execution consistency.

The Company emphasizes the on-site implementation of water-saving measures, regularly conducting inspections, maintenance, and necessary replacements of devices such as faucets and water pipes; once damage or leakage is discovered, it is promptly reported for repair, and professionals are organized to handle it, preventing water resource waste caused by "hidden leaks." At the same time, the Company encourages employees to use water as needed in their daily work and reduce non-standard behaviors such as letting water run for a long time, promoting water-saving requirements to form normalized habits in office and operational scenarios.

During the Reporting Period, there was no significant water supply shortage or restriction in the locations where the Company operates, and the overall water supply for production and operation was stable. The Company will continuously monitor water use efficiency and management effectiveness in light of changes in operational scale and water use structure, steadily controlling water volume and resource waste while ensuring operations and compliance.

Water Consumption Data

Indicator	Unit	2025 Consumption	2024 Consumption
Total water consumption	Cubic meters (m^3)	1,011.00	1,140.00
Water consumption intensity per capita	m^3/person	5.29	5.70

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Packaging Materials

Broncus utilizes a specific volume of packaging materials during product manufacturing, warehousing, and delivery to ensure the safety, sterility, and traceability of medical devices and consumables during transportation and storage. While strictly adhering to regulatory and quality management requirements, the Company continues to promote the standardization and reduction of packaging materials. By strengthening warehousing requisitions and inventory management, we have refined our recording and ledger-tracking systems for the storage, withdrawal, and consumption of packaging materials, thereby enhancing both material efficiency and data traceability.

During the reporting period, the Company further refined its statistical boundaries and accounting methodologies, conducting aggregate calculations based on actual consumption. Consequently, there is a significant variance in packaging usage figures this year compared to the previous year. Moving forward, the Company will continue to strengthen its full-cycle ledger and verification mechanisms for packaging materials to gradually improve the consistency and comparability of year-over-year data. We remain committed to advancing packaging reduction and resource efficiency while ensuring product quality and regulatory compliance.

Use of Packaging Materials

Indicator	Unit	2025 Total Usage	2024 Usage
Use of packaging materials	Kilograms (kg)	2,300.00	101.73

3. Climate Change

Climate change has become a major issue affecting global economic development, bringing complex and ever-changing risks and challenges to the business operations of enterprises in various industries. The Company actively implements the national "30•60" and "dual carbon" major strategic plans, upholds a high sense of mission for environmental protection, unswervingly promotes the concept of low-carbon and green development, and proactively takes actions to address climate change risks. We comprehensively examine and identify the climate change-related risks and opportunities that the Company may face, and according to the Task Force on Climate-related Financial Disclosures (TCFD) guidelines, divide the risks into two main categories: physical risks and transition risks. These are further categorized into acute physical risks, chronic physical risks, policy risks, reputation risks, and market risks, proposing corresponding countermeasures to continuously improve the Company's adaptability to climate change.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Governance

Broncus views climate-related risks and opportunities as an important component of the Company's ESG issue management and integrates them into the Company's overall governance and risk management framework for overall coordination. The Board assumes ultimate supervisory responsibility for climate-related matters, focusing on their potential impact on the Company's strategic direction, compliant operation, operational stability, and reputation management. It also reviews and gates the climate-related disclosure content to ensure that relevant disclosures are consistent with the Company's development stage, business characteristics, and available information foundation. Under the supervision and authorization of the Board, the management is responsible for organizing and implementing the daily management and cross-departmental collaboration of climate-related work, promoting the identification, summary, and internal communication of relevant information, and advancing data preparation and continuous improvement in line with the annual disclosure arrangement.

Considering that climate-related regulatory requirements and disclosure practices are still evolving, the Company will gradually enhance the understanding and supervisory capabilities of the Board and management regarding climate-related issues based on its own business characteristics and management maturity. The Board will understand climate-related regulatory trends, major types of transition risks and physical risks, and their potential impacts on the enterprise through thematic reports from management, internal discussions, and the introduction of external professional information support when necessary, thereby forming appropriate judgments and supervision within the scope of its duties. Arrangements for the Board to be informed of climate-related matters will be linked with the corporate governance operations and the annual ESG report preparation rhythm. Upon the occurrence of major external changes or important matters, the management will opportunely supplement reports to the Board to support the Board's supervision and guidance on relevant issues.

In the processes of strategy formulation, major matter decision-making, and risk management, the Company integrates climate-related factors into comprehensive consideration, maintaining connection with the existing risk identification, assessment, and response processes. The Company focuses on the potential impacts of climate-related policies and regulatory changes, fluctuations in energy and resource costs, possible low-carbon requirements in the supply chain and logistics links, as well as extreme weather events on operational continuity. Provided that these are relevant to the Company's business and have an information foundation, the Company weighs and evaluates these factors to promote the formation of corresponding management measures and response arrangements.

The Company will establish corresponding monitoring measures and procedures based on actual business operations, combining them with energy consumption and resource usage, emissions and waste disposal, and vehicle usage management in operations. This will drive various functional departments to form consistent management requirements in terms of data caliber, execution standards, and problem rectification closed loops, supporting the continuous improvement of Board supervision, risk management, and disclosure preparation work.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Strategy

The impact of the Company's climate-related risks and opportunities is mainly concentrated in three levels:

Firstly, at the environmental and operational level, energy usage and emissions management related to production and office operations are environmental factors that require continuous attention during the Company's operations. Extreme weather may also drive up the demand for cooling energy and affect the stability of facility operations;

Secondly, at the social level, extreme high temperatures, rainstorms, and other weather events may impact employee commuting and operational safety, as well as logistics and delivery timeliness;

Thirdly, at the economic and market level, fluctuations in energy prices, changes in relevant policies and regulatory requirements, and increased demands from customers and partners for low-carbon and green supply chains may affect the Company's cost structure, compliance investment, and business access requirements.

For ease of disclosure and management, the Company temporarily defines the time horizons as: Short-term (1-2 years), Medium-term (3-5 years), and Long-term (5+ years), aligning with the business plan cycle and the life cycle of main operational facilities. This time frame aligns with the rolling cycle of the Company's annual business plan, budget arrangement, and medium-term business plan, helping management identify the potential impacts, priorities, and response paths of climate-related matters from different time dimensions.

At this stage, the Company has not yet formed verifiable quantitative conclusions on the expected financial impact of climate-related risks and opportunities on cash flows, financing channels, or capital costs, nor has it conducted systematic scenario analysis. Therefore, in the strategy section, the Company currently mainly discloses the identified types of climate-related matters, possible impact paths, time frame judgments, and currently feasible response directions. In the future, the Company will progressively advance more comparable and verifiable analytical work combining regulatory requirements, data foundations, and management maturity.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk/ Opportunity Item	Type	Potential Impact (Business Model & Value Chain/ Financial Path)	Time Frame (Short/Med/ Long)	Response Direction
Extreme high temperatures	Physical Risk	Risk: Rising operational load on refrigeration and purification facilities, fluctuating electricity consumption and operational costs; Increased pressure on employee health and safety management; Disruption to some operational and logistics arrangements.	Short-Medium term	Refine labor protection and on-site management during high-temperature seasons, combined with EHS and facility management requirements; Optimize operational strategies and maintenance plans for AC/ purification systems; Advance energy-saving operations and efficiency management.
Extreme weather events such as rainstorms, typhoons, and floods	Physical Risk	Potential facility damage, short-term shutdowns, or decreased operational efficiency; Logistics delays affecting delivery and customer satisfaction; Increased investment in emergency response and repairs.	Short-Medium term	Improve extreme weather early warning and response processes; Conduct inspections and necessary reinforcements/ maintenance on key areas/ facilities; Establish necessary emergency supplies and communication mechanisms, strengthening synergy with the park/carriers.
Fluctuations in supply chain and logistics resilience	Physical Risk/ Transition Risk	Risk: Upstream suppliers affected by extreme weather or policy requirements leading to delivery fluctuations and rising replacement costs; Logistics fluctuations affecting delivery stability.	Short-Medium term	Conduct of key materials and suppliers, advance tiered management and alternative mechanisms; Strengthen synergy between delivery plans and inventory strategies.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk/ Opportunity Item	Type	Potential Impact (Business Model & Value Chain/ Financial Path)	Time Frame (Short/Med/ Long)	Response Direction
Energy price fluctuations and cost pressures	Transition Risk	Risk: Fluctuations in electricity and fuel prices may push up operational costs and increase budget uncertainty. Opportunity: Achieve cost reduction and efficiency enhancement through energy saving, consumption reduction, and operational optimization.	Short-Medium term	Strengthen statistical and benchmarking analysis of energy consumption data; Continuously promote energy-saving operations, equipment maintenance, and efficiency enhancement measures; Optimize linkage between energy management and budget management.
Tightening of relevant policies and regulatory requirements	Transition Risk	Risk: Elevated compliance management and disclosure requirements may bring demands for management investment and system refinement; Some facilities or processes may need upgrading. Opportunity: Consolidating data calibers and management systems in advance aids in compliance, financing, and customer recognition.	Medium-Long term	Track changes in policies and standards; Refine energy consumption/emissions statistical calibers and evidence chains; Incorporate energy efficiency and emissions factors into facility maintenance, procurement, and process optimization.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk/ Opportunity Item	Type	Potential Impact (Business Model & Value Chain/ Financial Path)	Time Frame (Short/Med/ Long)	Response Direction
Elevated green requirements from customers and partners	Transition Risk/ Opportunity	Risk: Elevated customer access and review requirements may increase material preparation and communication costs, affecting order acquisition and collaboration efficiency. Opportunity: Enhance compliance and green delivery capabilities to boost customer stickiness and competitiveness.	Short-Medium term	Refine the preparation process for external disclosures and customer inquiry materials; Promote the transmission and synergy of supplier requirements; Enhance the availability, consistency, and traceability of environmental and energy consumption information.
Low-carbon technologies, green materials, and packaging optimization	Transition Risk/ Opportunity	Risk: Lagging response may weaken competitiveness or increase compliance pressure. Opportunity: Enhance resource efficiency and brand recognition through green design, materials, and packaging optimization.	Medium-Long term	Progressively focus on resource efficiency and compliance requirements in R&D project initiation and reviews; Promote improvement directions such as packaging and consumable reduction, and recyclable alternatives.

Risk Management

When identifying and assessing climate-related risks and opportunities, the Company comprehensively references external regulatory and policy trends, industry and customer requirements, local extreme weather information, and internal management information such as operations and energy consumption. It prioritizes covering business links and operational sites highly relevant to the Company's operations. The Company has not yet conducted systematic climate scenario analysis or quantitative assessment of expected financial impacts. At the current stage, it is mainly based on qualitative analysis and management judgment, gradually refining data calibers and assessment methods. The identification, assessment, prioritization, and monitoring/review of climate-related risks will be linked to the Company's overall risk management process and updated along with the annual risk review and ESG report preparation arrangements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company's climate risk and opportunity management process is as follows:

Step	Management Focuses
Step 1: Identification and List Creation	• Identify climate issues combining regulatory policies, industry trends, and operational realities; • Categorize by **Physical Risk/Transition Risk/Opportunity**; • Form a list of climate risks and opportunities.
Step 2: Materiality Assessment	• Evaluate from the dimensions of **impact degree, likelihood of occurrence, and impact path**; • Clarify the **Short/Medium/Long-term time** frame for each risk/opportunity.
Step 3: Prioritization and Response	• Comprehensively compare with the Company's other operational risks, determine priorities, and incorporate them into the risk ledger; • Formulate response measures, clarifying responsible departments and progress nodes.
Step 4: Monitoring and Review/Improvement	• Conduct continuous monitoring combined with energy consumption, emissions, extreme weather events, compliance changes, etc.; • Regularly review the effectiveness of measures and update the list and priorities; • Progressively advance quantitative capability building and disclosure refinement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Metrics and Targets

Broncus is gradually refining its disclosure framework for climate-related metrics and targets in accordance with the HKEX's climate disclosure requirements, supporting investors and other stakeholders in understanding the Company's current status and management direction regarding greenhouse gas emissions, operational efficiency, and related risk management. Given that the Company's business mainly involves R&D and related operational activities, and the manufacturing process is relatively limited, the foundation for the Company's climate-related data is still being consolidated. Disclosures at this stage will be based on information currently available and reasonably obtainable by the Company, prioritizing the improvement of caliber consistency and traceability. As conditions mature, the scope of disclosure and depth of analysis will be gradually expanded.

The Company's greenhouse gas emissions mainly originate from electricity usage in production and office sites. In accordance with the "Management Procedures for Energy and Resource Conservation", we have taken multiple measures to reduce greenhouse gas emissions.

Greenhouse Gas Emissions

Indicator[1]	Unit	2025 Emissions	2024 Emissions
Direct greenhouse gas emissions (Scope 1)	Tonnes of carbon dioxide equivalent (tCO_2e)	5.07	20.36
Indirect greenhouse gas emissions (Scope 2)	Tonnes of carbon dioxide equivalent (tCO_2e)	426.82	361.91
Total greenhouse gas emissions	Tonnes of carbon dioxide equivalent (tCO_2e)	431.89	382.26
Greenhouse gas emissions intensity[2]	tCO_2e/person	2.26	1.91

Remarks:

1. Greenhouse gas emission data are presented in terms of carbon dioxide equivalent, with reference to, but not limited to, the national average grid emission factor newly released by the Ministry of Ecology and Environment, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) published by the World Resources Institute and the World Business Council for Sustainable Development, and the How to Prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs issued by the Stock Exchange. The Company accounts for 100% of the greenhouse gas emissions over which it has operational control.

2. As of December 31, 2025, the total number of employees in the Company's reporting scope was 191. This data is also used to calculate other intensity data.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

IV. SOCIAL ASPECT

1. Employment

Broncus is committed to building a standardized, transparent, and fair employee management system. We establish institutionalized management arrangements around key segments such as recruitment and employment, compensation and benefits, performance management, and employee relations, legally safeguarding the legitimate rights and interests of employees, supporting their career development and capability enhancement, and providing talent support for the Company's steady operation and long-term sustainable development.

Compliant Labor Employment

In terms of compliant labor employment, the Company strictly complies with the applicable labor laws and regulations of the state and localities. We formulate and execute internal rules and regulations such as the "*Employee Handbook*" and "*Performance Management Policy*", explicitly stipulating full-cycle employment matters including recruitment, signing and management of labor contracts, compensation and benefits, performance appraisal, career development, behavioral norms, as well as the alteration and termination of labor relations. The Company adheres to the principles of equal employment and fair opportunities, explicitly prohibiting any improper differential treatment based on gender, age, nationality, marital status, disability, etc. We legally implement statutory labor requirements regarding working hours, rest and vacation, and social insurance, continuously maintaining healthy and stable labor relations.

During the Reporting Period, the Company did not find any incidents of employing child labor or forced labor.

Recruitment and Dismissal

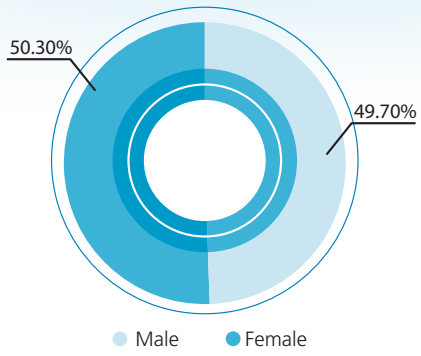
The Company adopts the principle of "appointing people on their merits and recruiting the best." In accordance with national labor laws and regulations as well as the Company's internal rules and systems, we have established a systematic and transparent mechanism for recruitment, employment, and resignation management, dedicated to ensuring employment fairness, standardizing full-cycle labor relations management, and safeguarding the legitimate rights and interests of both the Company and the employees.

All recruitment and employment activities of the Company are uniformly managed and executed by the Human Resources Department. To ensure the standardization and fairness of the recruitment process, all activities are premised on actual business needs, with the core evaluation criteria based on the candidates' working abilities, experience, business proficiency, and professionalism. In addition, the Company formulates and implements a conflict-of-interest avoidance policy for relatives, explicitly prohibiting kinship relations in positions with direct superior-subordinate reporting or conflicting interests, to prevent potential conflicts of interest and ensure fair and just recruitment. The Company respects the career choices of every employee. When an employee voluntarily proposes to terminate the labor relationship, they must submit a resignation application to the department in advance for approval. The Human Resources Department will arrange an exit interview to understand the reasons for leaving and improve subsequent management, while assisting in work handovers and resignation procedures to ensure a legal and compliant process.

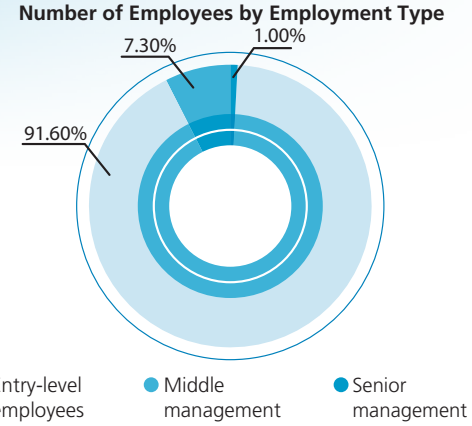
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of December 31, 2025, the Company had 191 full-time employees.

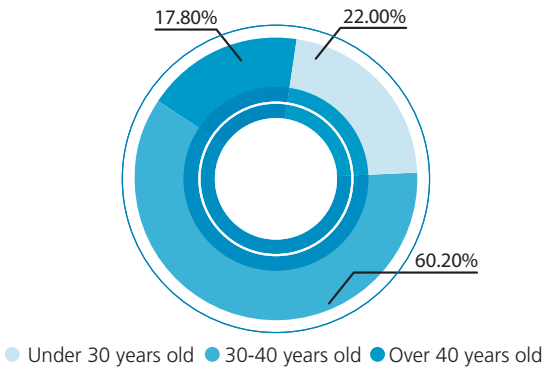
Number of Employees by Gender



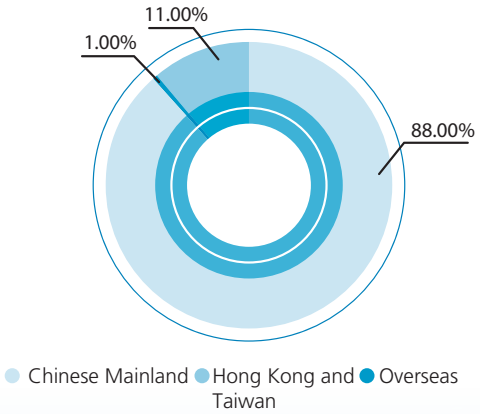
Number of Employees by Employment Type



Number of Employees by Age Group



Number of Employees by Geographic Region



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the total number and rate of employee turnover of the Company categorized by gender, age, and geographical region are as follows:

	2025	
Number of Employees	**Turnover Number**	**Turnover rate[1]**
Total number of employees	**36**	**18.4%**
By Gender		
Male	20	20.3%
Female	16	16.5%
By Age Group		
Under 30 years old	14	23.1%
30-40 years old	16	15.0%
Over 40 years old	6	20.7%
By Region		
Chinese mainland	33	15.9%
Hong Kong	0	0.0%
Overseas	3	14.0%

Remarks:

1. Turnover rate = Number of lost regular employees/((Number of regular employees at the end of the year + Number of regular employees at the beginning of the period)/2) × 100%. This Report will use a consistent calculation method for the employee turnover rate in the future.

Salary and Benefits

Broncus is committed to consistently attracting, motivating, and retaining outstanding talent through a market-competitive compensation and benefits system to support the Company's long-term sustainable development.

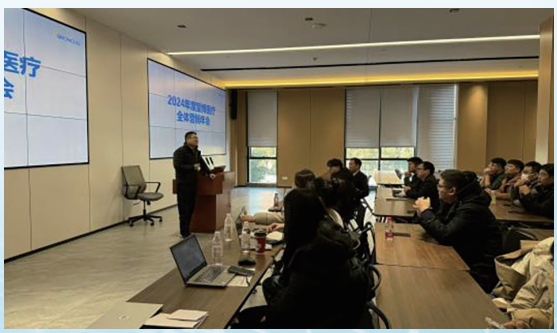
According to the relevant regulations in the "*Employee Handbook*", our compensation system is designed based on job responsibilities and primarily includes three parts: basic salary, position salary, and performance salary, with specific proportions varying by position. Concurrently, the Company has established diversified performance incentive mechanisms, including performance bonuses, sales bonuses, patent bonuses, and project bonuses, to encourage employees to continue deeply cultivating their respective professional fields and creating value.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company attaches great importance to the work-life balance of employees and is committed to enriching employees' spare time and enhancing team cohesion by organizing diversified activities. The Company distributes red packets and gifts during the Spring Festival and traditional holidays to provide continuous care for employees. We regularly hold team-building activities to construct a platform for cross-departmental communication and collaboration among employees, and organize internal celebrations around important milestones such as product launches, allowing employees to share the joy of development. These activities are designed to create a positive and harmonious organizational atmosphere and continuously enhance employees' sense of belonging and solidarity.

BroncAblate® Launch Celebration Event

The Company's 2025 Annual Meeting



2024 Broncus General Sales Annual Meeting

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Mid-Autumn Festival Activities

Performance Management

The Company has established a systematic performance management system, implementing principles of fairness and transparency into rules and actions. In accordance with the "Performance Management Policy" and the "*Employee Handbook*", we have clarified the responsibilities of all parties, forming a management closed loop from goal setting, process tracking, assessment evaluation to feedback and improvement. Performance appraisal adheres to the five principles of "consistency, objectivity, fairness, openness, and confidentiality," and adopts the Key Performance Indicator (KPI) evaluation method. Based on job responsibilities and SMART principles, employees and their direct superiors jointly set annual goals and assessment indicators to ensure a standardized and transparent process and authentic and reliable results. The assessment results serve as the baseline for evaluating employee performance and adjusting salaries. The Company sets corresponding incentive measures based on performance grades and formulates development plans for employees. Furthermore, the Company provides long-term incentives to core project backbones through a share option incentive plan, encouraging continuous value creation and thereby supporting a positive interaction between employee growth and organizational development.

To safeguard employees' legitimate rights in performance evaluation, the Company has established a standardized performance appeal mechanism and set up an appeal acceptance group responsible for investigation and coordination, ensuring processing and replies are completed within a clear timeframe. If an employee disputes the assessment results, they can submit an appeal to the Human Resources Department. If the appeal remains unresolved after investigation and coordination, it can be reported to the General Manager for final approval. This mechanism ensures procedural justice and reliable results in performance management, reflecting the Company's institutional guarantees and ongoing commitment to building an equal and diverse workplace culture.

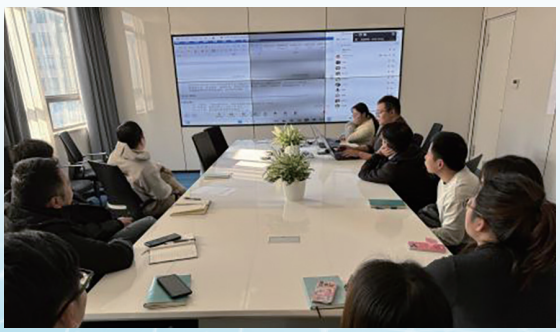
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Communication

Broncus highly values the crucial role of employee opinions and suggestions in corporate development and management, and is dedicated to building a leading enterprise with an excellent reputation in both the industry and among employees. We systematically collect employee feedback on job satisfaction, labor protection, and career psychology by continuously broadening communication channels between employees and management. We encourage superiors and the Human Resources department to actively assist employees in solving various issues encountered in work and life. The Company also sets up suggestion boxes, internal communication platforms, and irregularly holds employee communication assemblies, providing diverse and normalized channels for employees to voice their opinions. This promotes mutual understanding and two-way communication between employees and between employees and the Company, continuously enhancing organizational cohesion and employee belonging.

2. Development and Training

We place great emphasis on the career development and continuous enhancement of professional capabilities of our employees. In accordance with the training-related systems in the "*Employee Handbook*", the Company has established a systematic training framework. We regularly conduct targeted internal special training for different positions and ranks. Simultaneously, we encourage employees to proactively apply to participate in training activities related to their duties. Upon approval, the Company covers 60% of the training costs to motivate employees to make continuous progress. In addition, to provide flexible and convenient learning resources, the Company sets up training columns such as "Registration Regulation Briefs," "Compliance Path," and "Market Policy Blackboard" via Enterprise WeChat, and introduces the "Cool Academy" online learning platform, enabling employees to update knowledge and improve skills at any time. This year, we conducted a series of training activities including "Employee Handbook Dissemination Training," "MDR Compliance Training," "Regulations on the Supervision and Administration of Medical Devices" and "Marketing Employee Handbook Training." These covered aspects such as regulatory compliance, quality management, professional skills, and professional literacy, effectively enhancing employees' comprehensive abilities and job competence, laying a talent foundation for the Company's steady operation and sustained development.



Employee Handbook Dissemination Session

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, the Company further refined the statistical scope of its training data by consolidating all training sessions – including business-specific, compliance, and general competency programs organized by various departments – into a unified reporting system. Consequently, the average training hours per employee showed a significant increase compared to the previous year. The Company recorded a total of 3,192 training hours, with an average of 16.9 hours per employee and an overall training coverage rate of 99%. The breakdown of training data by gender and employee category is as follows:

	2025		2024	
Employee Development and Training	**Percentage of employees trained[1]**	**Average training hours per employee (hours)**	**Percentage of employees trained**	**Average training hours per employee (hours)**
By Gender				
Male	48.7%	17.1	50.0%	2.50
Female	50.3%	16.4	50.0%	2.50
By Employee Type				
Senior management	0.0%	64.5	0.5%	2
Middle management	7.4%	17.1	9.5%	2
Entry-level employees	92.6%	16.1	90.0%	2.5

Remarks:

1. Percentage of employees trained in each category = Number of trained employees in that category/Total number of trained employees × 100%.

3. Health and Safety

Broncus continuously refines its occupational health and safety management system, always placing employee safety as the top priority. In accordance with national laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, and combined with the actual internal management situation, the Company formulated and implemented the "Health and Environment System Procedures and Safety Regulations", establishing a comprehensive management mechanism covering prevention, response, and continuous improvement.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company has established specialized control procedures for different production areas aimed at raising employees' safety risk prevention awareness. By establishing the "Safety (SHE) Inspection Procedures", we perform routine safety inspections at least once a quarter, as well as regular targeted inspections for specific areas or projects. To standardize operational behaviors and items management in office and production areas, the Company enacted Safety Regulations to systematically prevent daily operational risks. For specific operational scenarios, the Company enforces the correct use of protective gear through the "Procedures for Personal Protective Equipment (PPE)", and implements full-cycle control of hazardous chemicals via the "Hazardous Goods Handling Procedures", reducing the potential impacts of spilling, leaking, dumping, and diffusion of hazardous materials like flammables, oxidants, toxic, and corrosive substances on personnel, the environment, and the community.

To enhance emergency response capabilities, the Company formulated and implemented a series of emergency management systems, including the Emergency Response Procedures, Emergency Evacuation Procedures, and Corrective and Preventive Measures, reinforcing employees' handling capacities in emergencies through training and drills. Additionally, the Company organizes health examinations for employees annually. This year, we conducted specialized work safety training for all employees, aiming to continuously enhance overall occupational health and safety awareness and emergency handling capabilities through activities, safeguarding the physical and mental health of our employees.

During the Reporting Period, the Company had no lost working days due to work-related injuries, nor were there any major incidents involving severe violations of relevant health and safety laws and regulations that caused a significant impact on the Company.

Health and Safety Indicators	Unit	2025	2024	2023
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0%	0%	0%
Lost days due to work injury	Days	0	0	0
Number of work injuries	Person	0	0	0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4. Product Responsibility

As an innovative medical device company focusing on respiratory interventional diagnosis and treatment, Broncus views "Product Responsibility" as one of the core issues of sustainable development. Around three main threads – product quality and safety, technological innovation and compliant R&D, and product accessibility and patient benefit – we have established a full life-cycle management system covering "R&D – Clinical – Production – Post-Market". Through the operation of the quality management system, risk management and supervisory traceability, compliant clinical research management, customer feedback and recall mechanisms, as well as information and privacy protection measures, the Company continuously addresses the requirements of patients, healthcare institutions, and regulators, enhancing the safety, efficacy, and accessibility of our products.

Product Quality and Safety

Broncus places product quality management at the core of its business operations, strictly complying with domestic regulations such as the *Product Quality Law of the People's Republic of China*, *Good Manufacturing Practice for Medical Devices*, and *Regulations on the Supervision and Administration of Medical Devices*, as well as international quality standards like the US FDA and the *European Union's Medical Device Regulation (MDR)*. The Company has passed the ISO 13485:2016 medical device quality management system certification, ensuring compliance requirements for markets in China, the US, and the EU. This safeguards the standardization and continuous effectiveness of the quality system, providing support for compliant market access and stable delivery of products in various markets.

bsi.

By Royal Charter

Certificate of Registration

QUALITY MANAGEMENT SYSTEM - ISO 13485:2016

质量管理体系 ISO 13485:2016

This is to certify that: 兹证明

Hangzhou Broncus Medical Co., Ltd.
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Binjiang District
Hangzhou
Zhejiang
310051, China

杭州脉博生物科技有限公司
91330108MA27YH0XQ
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江陵路88号
2幢1楼
邮编：310051

Holds Certificate No: 持有证书 **MD 666917**

and operates a Quality Management System which complies with the requirements of ISO 13485:2016 for the following scope:
并运行符合 ISO 13485:2016 要求的质量管理体系，认证范围如下：

The design, manufacture, OEM and distribution of medical device system (including Inter Vapor Generator and RF Generator) and single use sterile medical device for interventional pulmonology diagnosis and treatment.
The design, development, manufacture, distribution and servicing of Pulmonary Image Processing Softwares.
介入呼吸领域医疗设备系统（包括蒸汽发生器设备和射频消融设备）和介入呼吸领域一次性无菌诊疗产品的设计、制造、代加工以及销售。
肺部影像处理软件的设计、开发、制造、销售和服务。

For and on behalf of BSI:
BSI代表：

Graeme Tunbridge, Senior Vice President Global Regulatory & Quality

Original Registration Date 首次发证日期： 2017-05-11
Effective Date 生效日期： 2023-05-11
Latest Revision Date 最新发证日期： 2025-05-28
Expiry Date 有效期至： 2026-05-10

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...making excellence a habit.

Broncus ISO13485:2016 Quality Management System Certification

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To implement the quality policy and enhance the executability of the quality system, the Company has formed system documents including the Quality Manual, Quality System Procedure Documents, and Quality Objectives, and supported them with procedure documents covering the entire product lifecycle such as Post-Market Supervision, Adverse Event Reporting, Advisory Notices and Recalls, and Solution to Complaints. In the R&D and clinical stages, through standardized documents such as the Project Management Plan, Monitoring Plan, and Clinical Trial Implementation Instructions, we comprehensively construct a quality management system, strengthening process control and evidence retention in the R&D, validation, and clinical stages, ensuring that key nodes are traceable and verifiable.

In terms of risk management, the Company strictly follows ISO 14971 requirements, embedding risk management into key nodes of the product lifecycle. We continuously identify and assess potential hazards during pre-market, technology transfer, post-market, and final decommissioning stages. Combined with clinical usage scenarios, user behavior, and product performance boundaries, we formulate and verify the effectiveness of risk control measures. Based on feedback information, we opportunely update risk evaluations and control strategies, driving the closed-loop of risk management and quality improvement, ensuring the safety and effectiveness of products are continuously maintained.

In terms of production control, the Company emphasizes process control and standardized on-site management. Production sites are kept clean and orderly according to 5S requirements. Personnel protection and operational standards are clearly defined, and stricter access control and regular monitoring are implemented for special environments like cleanrooms to reduce uncertain impacts on product quality caused by contamination factors like microorganisms and dust. Before products are released from the factory, the production and quality departments systematically review key records and inspection results, and release is only permitted after confirming all conditions are met. For non-conforming processes and non-conforming products, the Company executes clear identification, isolation, evaluation, and disposal procedures, tracing the root cause and driving the implementation of corrective and preventive measures to reduce repeated occurrences of similar issues, ensuring the consistency and reliability of delivered products.

In terms of supervision, traceability, and recalls, the Company strictly adheres to regulatory requirements such as the *Medical Device Adverse Event Monitoring and Re-evaluation Management Measures* and the *Medical Device Recall Management Measures*. We established a post-market monitoring and recall response mechanism centered on Post-Market Supervision, Adverse Event Reporting, and Advisory Notices and Recalls. The Company continuously collects and evaluates market usage feedback. If potential safety risks are identified, the Company will initiate evaluation, disposal, and information reporting processes according to the system, promptly taking corrective measures and submitting recall plan implementation status and summary reports as required by regulators. During the Reporting Period, the Company did not experience any recall events caused by product quality or safety issues.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure the continuous and effective operation of the quality management system, the Company tracks key processes through various monitoring and measurement means, and uses mechanisms like deviation management, corrective and preventive actions (CAPA), and change control as vital supports for system operation. When implementation results deviate from expectations or potential quality risks exist, the Company will promptly initiate investigations and root cause analysis, implement targeted improvements, and conduct necessary validations to ensure the quality system maintains consistency and sustainability among regulatory requirements, clinical needs, and business development.

Product R&D

Broncus relies on technological innovation as its foundation for development. We have participated in and undertaken multiple scientific research projects, including the "13th Five-Year" National Key R&D Program and the Zhejiang Provincial R&D Key Program. We continuously carry out R&D and product iteration in key technological directions such as real-time image navigation, AI image processing, and interventional treatment for lung cancer and COPD, gradually building a comprehensive precision interventional diagnosis and treatment system for lung diseases covering "Localization – Navigation – Diagnosis – Treatment." The Company has built an R&D team of over 70 professionals and identifies R&D management as the critical starting point of its product responsibility chain. Through standardized R&D and clinical management processes, we ensure that innovative achievements deliver significant clinical value while strictly adhering to regulatory compliance and quality requirements.

In terms of therapeutic products, the Company has introduced several globally or domestically pioneering interventional pulmonology products for bronchoscopic lung interventions: The InterVapor® thermal vapor ablation system, the world's first thermal vapor energy ablation system for the treatment of chronic obstructive pulmonary disease (COPD), has been approved for marketing in the European Union and China. BroncAblate®, a pulmonary radiofrequency ablation system independently developed by the Company, received marketing approval from the National Medical Products Administration (NMPA) during the reporting period. Additionally, the BroncTarget® Targeted Lung Denervation Radiofrequency Ablation System offers a new interventional treatment option for acute COPD exacerbation management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case 1:

In March 2025, Broncus' pulmonary imaging analysis software, BroncQCT®, officially received approval from the Zhejiang Medical Products Administration for market launch in China. In clinical practice, BroncQCT® significantly enhances physicians' efficiency in interpreting lung CT images, providing robust support for clinical decision-making and driving more efficient and precise diagnosis and treatment processes.

Case 2:

In July 2025, the nation's first post-approval transbronchial pulmonary radiofrequency ablation procedure using BroncAblate® was successfully performed by a team led by Professor Gu Ye from the Endoscopy Center of Shanghai Pulmonary Hospital. The successful market launch and clinical application of BroncAblate® heralds a new era of "ultra-minimally invasive, intelligent, and precise" interventional treatment for lung cancer.

(Intraoperative Scene, Shanghai Pulmonary Hospital)

While continuously advancing key technological breakthroughs and product iterations, Broncus views intellectual property as a vital component of its scientific and technological innovation system and core asset management. Through standardized IP management and risk prevention mechanisms, it provides safeguards for the compliant transformation and commercialization of R&D achievements. The Company strictly complies with domestic laws and regulations such as the *Patent Law of the People's Republic of China*, *Trademark Law of the People's Republic of China*, *Copyright Law of the People's Republic of China*, and *Anti-Unfair Competition Law of the People's Republic of China*, while keeping abreast of IP regulatory requirements in countries and regions where it operates, forming a compliance foundation that matches its global layout.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company established a management policy of "promoting enterprise development through technological innovation and consolidating industry advantages through intellectual property." Referencing the GB/T 29490-2023 *Enterprise Intellectual Property Management Specification*, the Company continuously refines its internal policy system, formulating and implementing the Work Manual for Intellectual Property Management and supporting management documents (including IP risk control procedures, infringement risk mitigation measures, dispute handling plans, etc.). These clarify the full-process management framework, execution requirements, and control procedures from IP acquisition, maintenance, utilization to protection, establishing a risk management mechanism that balances identification, evaluation, prevention, and response. This promotes the synergetic connection between IP management and key segments like R&D project initiation, technical document management, product registration, and market promotion, enhancing the protectability and transformability of innovative achievements.

知识产权合规管理体系认证证书

证书号码：165IP250541R0S

兹证明

杭州堃博生物科技有限公司

统一社会信用代码：91330108MA27WYE03Q

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知识产权合规管理体系符合标准：

GB/T29490-2023

通过认证的范围如下：

资质范围内的中央型一次性内窥镜吸引活检针、外周型一次性内窥镜吸引活检针、一次性使用支气管镜可调弯鞘管、一次性使用支气管镜球囊扩张导管、一次性使用支气管镜导引鞘管、一次性使用肺外科标记物、一次性使用内窥镜雾化微导管、一次性使用经支气管内窥镜热蒸汽治疗导管、一次性使用肺部射频消融导管、肺部射频消融系统、支气管镜气道穿刺手术导航设备、支气管镜放置导航系统的研发、生产、销售，肺部影像处理软件的开发、销售的知识产权管理

注：认证注册范围不包括未获得有效的国家规定的相关行政许可，资质许可的产品/服务范围

初次发证日期：2025年11月21日　　有效期至：2028年11月20日

本证书有效期三年，证书有效性通过年度监督确认保持。证书有效性可通过认证认可监督委员会官方网站www.cnca.gov.cn或中知（北京）认证有限公司官网查询。

签发：

中知认证

本次发证日期：2025年11月21日

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In daily management, the Company strengthens the recording, archiving, and maintenance requirements for R&D and external documents. Standardized processes enhance the accuracy and traceability of technical information, providing support for subsequent patent layout, compliance reviews, and dispute resolution. Meanwhile, the Company emphasizes capability building for IP-related roles and teams, conducting IP awareness advocacy and training based on business needs. This enhances employees' understanding of technology protection, compliant usage, and risk identification, promoting high-quality innovative activities within compliance boundaries.

The Company established a normalized monitoring and evaluation mechanism, regularly focusing on potential IP risks related to products and key technologies and formulating corresponding contingency plans. Upon detecting IP infringement, the Company legally adopts administrative or judicial avenues to safeguard legitimate rights. During the handling process, it comprehensively evaluates the applicability of litigation, arbitration, or settlement to reduce uncertainty and potential losses. During the Reporting Period, the Company had no IP-related litigation cases.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As of the end of the Reporting Period, the Company's intellectual property holdings are as follows:

Type of IPs	2025 Quantity	2024 Quantity
Patent for invention	246	214
Patent for utility model	324	308
Design patent	64	63
Trademark	146	120
Total	780	705

In terms of clinical research management, the Company strictly follows the Declaration of Helsinki, ISO 14155 GCP, and the *National Quality Management Standards for Clinical Trials of Medical Devices*. We have established a relatively sound comprehensive management mechanism around clinical research projects. Through documents like the Project Management Plan, Monitoring Plan, and Clinical Trial Implementation Instructions, we implement standardized management across the entire clinical trial process, covering team formation, process control, data management, adverse event handling, and document archiving. The Company organizes cross-departmental collaboration and external partner participation based on project characteristics, clarifying role responsibilities, project milestones, and communication mechanisms. Regular meetings and progress reports enhance information synchronization and collaboration efficiency, ensuring research advances as planned while maintaining data quality and traceability.

In terms of quality control and compliance supervision, the Company emphasizes integrating quality management concepts throughout the clinical research process. Through internal quality control personnel, professional Clinical Research Associates (CRA), and necessary third-party audits, we monitor and review key nodes to promote early identification and correction of issues. The Company also values professional capability building for clinical research teams, organizing training and experience reviews based on project needs to continuously enhance team members' understanding and consistency regarding protocol execution, data standardization, and compliance requirements, supporting the reliable generation of clinical evidence and subsequent regulatory submission compliance.

Product Accessibility

While ensuring product safety and efficacy, Broncus continuously focuses on the application, promotion, and accessibility enhancement of innovative therapies and devices in real-world clinical scenarios.

Taking the Chronic Obstructive Pulmonary Disease (COPD) treatment product InterVapor® as an example: In China, the treatment procedure has now been implemented in county-level hospitals, helping to lower the threshold for patients to access innovative treatment solutions and improving treatment accessibility.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In terms of global expansion, the company continues to advance product registration and compliance efforts in different countries and regions. As of the end of the reporting period, the company held a total of 94 registration certificates, including 20 NMPA registrations, 4 CE marks, 7 FDA clearances, and 63 registrations in other countries/regions. These achievements provide minimally invasive interventional treatment options for patients in more regions, significantly enhancing the global accessibility of the products.

Case 1:

In December 2025, Broncus' independently developed BroncAblate® Lung Radiofrequency Ablation System officially obtained medical device listing (registration approval) from the Hong Kong Department of Health, marking the official commercialization of the world's first trans-natural orifice radiofrequency ablation interventional device for lung cancer treatment in Hong Kong. During the same period, the FleXNeedleCN® disposable endoscopic aspiration biopsy needle also received medical device listing (registration approval) from the Hong Kong Department of Health. More innovative products from Broncus are entering the precise interventional diagnosis and treatment market for pulmonary diseases in Hong Kong, enriching the regional product portfolio and offering new precision interventional solutions for local patients with lung diseases.

Case 2:

As of the report's release, BroncTru® has successfully obtained approval from the Indonesian Ministry of Health, officially entering the Indonesian market. This achievement represents a new breakthrough in the Southeast Asian market, providing local patients with safer and more efficient product options.

The Company believes that product accessibility is not only about "whether it can be obtained," but also "whether it is usable, whether it can be used in a standardized manner, and whether patients can benefit from it." Therefore, while advancing product commercialization and market access, the Company also promotes clinical knowledge sharing and standardized diagnosis and treatment capacity building, facilitating the landing of advanced technologies in broader regions and more medical institutions, thereby benefiting more patients. Based on the philosophy of "Patient Benefit and Safety First," the Company continuously participates in domestic and international academic conferences and professional forums centered on the cutting-edge progress, standardized operations, and indication management of respiratory interventional diagnosis and treatment. Through cooperation with academic organizations and medical institutions, we carry out medical education and clinical exchanges to promote industry interaction and experience accumulation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the reporting period, the company participated in numerous domestic academic conferences and thematic exchanges focused on various pulmonary interventional diagnostic and therapeutic products, concentrating on key technological pathways such as bronchoscopic interventional therapy. The company engaged in discussions and exchanges with clinical experts on topics including surgical approaches, operational standards, perioperative management, and risk control, thereby promoting the standardized clinical application and experience dissemination of advanced technologies. Concurrently, the company also took part in international academic conferences and overseas professional forums, maintaining communication with global research institutions and clinical teams in the respiratory intervention field. It kept abreast of cutting-edge evidence and regulatory developments to provide input for subsequent product iterations and clinical application support.

To further enhance clinical accessibility and physicians' practical operational skills, the company invited overseas expert teams to domestic operating rooms on multiple occasions throughout the year. Joint training, observation, and exchange activities were conducted in collaboration with top-tier domestic hospitals. Through diverse formats such as "surgical observation, theoretical discussions, and hands-on animal lab training," the company facilitated the transfer of key operational points and safety management expertise. This supports clinical teams in improving their proficiency and standardization in mastering new technologies within a compliant framework. The company remains committed to leveraging medical education and industry capacity building as key initiatives, conducting academic communication and clinical support within a compliant structure, and enabling innovative treatment solutions to serve patients with higher quality and greater accessibility.

Case 1:

The Company held the "Leading the Collection, Breathing Heals the Lung" series of 6 online thematic salons on new respiratory interventional technologies, such as transbronchial lung cancer radiofrequency ablation and transbronchial thermal vapor lung volume reduction, covering major regions nationwide. The series focused on cutting-edge technical points and standardized operations, breaking through spatial and temporal limitations, effectively expanding the accessibility of high-quality academic resources. Together with offline activities, they constructed a three-dimensional, multi-dimensional academic exchange ecosystem, continuously promoting the popularization and enhancement of interventional diagnosis and treatment technologies for lung diseases.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case 2:

Broncus showcased its various products at more than ten overseas academic exchanges, including the 35th European Respiratory Society International Congress (ERS 2025), the 5th International Conference on Sublobar Resections and Bronchoscopic Ablation, the 3rd Global Robotic Bronchoscopy and Associated Technologies Congress in the Netherlands, and the 2025 29th Congress of the Asian Pacific Society of Respirology (APSR).

(Scene from the 35th European Respiratory Society International Congress (ERS 2025))

Other forum activities the company participated in during the reporting period also included (partial list):

Date	Forum Name	Host/Organizer
January 9	5th International Conference on Sublobar Resections and Bronchoscopic Ablation (Paris)	International Association for the Study of Lung Cancer
July 11	8th West China Respiratory Young Physicians Forum	West China Hospital, Sichuan University
July 11	1st Respiratory Endoscopy and Interventional Pulmonology Academic Conference of Guangdong Medical Association & 1st Southern Respiratory Intervention Forum	Guangdong Medical Association

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Date	Forum Name	Host/Organizer
December 5	Academic Annual Meeting of Thoracic Surgery Branch, Chinese Medical Doctor Association	Peking University Cancer Hospital Yunnan, Yunnan Cancer Hospital, The Third Affiliated Hospital of Kunming Medical University

Post-market Supervision

Post-market supervision is a vital part of medical device product responsibility. The Company strictly complies with domestic regulations such as the *Medical Device Adverse Event Monitoring* and *Re-evaluation Management Measures* and the *Medical Device Recall Management Measures*, as well as relevant regulatory requirements of the markets where we operate. We formulated and implemented system processes such as Post-Market Supervision, Adverse Event Reporting, Solution to Complaints, and Advisory Notices and Recalls. We continuously collect, record, and evaluate post-market performance, safety information, and customer feedback, taking corrective actions when necessary to mitigate risk spread and drive continuous improvement. During the Reporting Period, the Company did not experience any recall events caused by product quality or safety issues.

Regarding product recall management, the Company established a systematic recall mechanism. For products needing recall due to performance failure, degradation, or potential health risks, we implement timely and effective corrective actions. We trace and record the recall scope, product flow, defect causes, and improvement measures according to regulations, ensuring the recall work is verifiable, reviewable, and improvable. During the Reporting Period, the Company did not experience any recall events caused by product quality or safety issues.

5. Patient Services

As a medical technology company, Broncus places patient benefit and customer experience at an important position in full lifecycle product management. Centering on "Communication & Response – Privacy Protection – Compliant Marketing," we continuously refine our service system and management requirements for patients and healthcare institution customers, ensuring we fulfill our responsibilities for patient safety, information protection, and compliant communication while providing products and solutions.

Patient and Customer Communication Services

In terms of customer communication and service, the Company maintains communication with customers through visits, training, phone calls, meetings, and exhibitions, continuously collecting feedback and promptly responding to customer demands. When a customer files a complaint, the Company records, evaluates, investigates, and analyzes it according to established procedures, clarifying the responsible department and rectification requirements to promote closed-loop problem resolution. If the complaint is indeed caused by the Company, we proactively explain the situation and take corresponding remedial measures to maintain customer relations and trust. During the Reporting Period, the Company received a total of 5 customer complaints, with a resolution rate of 100%.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responsible Marketing

Broncus upholds the principle of responsible marketing, emphasizing the authenticity, accuracy, and verifiability of product and service information dissemination, avoiding exaggerated promotion or misleading expressions, and practically safeguarding the right to know and independent choice of healthcare institution customers and patients. The Company strictly complies with domestic regulatory requirements such as the *Advertising Law of the People's Republic of China* and the *Interim Measures for the Review and Administration of Advertisements for Drugs, Medical Devices, Health Foods, and Foods for Special Medical Purposes*, while paying attention to relevant regulatory rules and industry norms in overseas business locations. Concurrently, we standardly manage marketing promotions, academic exchanges, and promotional material releases according to the internal "Market Activity Management Policy", clarifying requirements for content review, compliance checks, and trace retention.

Ensuring Information Security

Broncus strictly complies with laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, as well as relevant compliance requirements in the locations of business operations. We construct and continuously refine an information security and privacy protection system covering technology, management, and processes. At the technical and access control level, the Company strengthens network boundary defense and operational control by deploying firewalls, VPNs, and bastion hosts. Based on the "principle of least privilege," we implement tiered authorization and approval management, and conduct classification, encrypted storage, and transmission protection for sensitive data. Meanwhile, we retain operational logs for key systems to support security audits and behavioral traceability, reducing the risk of unauthorized access and data breaches.

In clinical research and related business scenarios, the Company particularly values the compliant processing of subjects' personal information and medical data. The Company requires that clinical trials be conducted on the premise of meeting regulatory requirements, must be reviewed and approved by the Ethics Committee, and subjects can only participate after signing the Informed Consent Form. For the management involving subject data, the Company uses codes to replace direct identity information, and the correspondence table is strictly kept by the research doctor, ensuring that personal medical records are only reviewed by authorized research teams, monitors, auditors, and regulators within the compliance scope. The Company adheres to the "necessity and minimization" principle in collecting and using personal information, legally adopting confidentiality and security management measures to practically safeguard patients' right to know and privacy rights.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6. Supply Chain Management

Broncus highly values the high quality and stability of procured products, striving to build a green and sustainable supply chain to continuously provide customers with trustworthy products. The Company formulated systems such as the "Bidding Management System", "Procurement Management System", and "Procurement Control Procedures". Based on these, we systematically standardize the procurement management process, clarify the division of responsibilities, and categorize procured products into R&D and production, general goods and services, and related party procurement based on different characteristics. Adhering to the principles of integrity and fairness, the Company signs Purchase Contracts and Supply Quality Agreements with selected suppliers, clarifying the rights, responsibilities, and quality standards of both parties. Based on the impact of supplied items on the Company's operations, suppliers are categorized into A, B, and C tiers, and Quality Assurance Agreements are signed to implement differentiated evaluation and monitoring mechanisms. All qualified suppliers are included in the Approved Supplier List (ASL), serving as the foundation for priority selection in subsequent collaborations.

We screen and manage suppliers through a multi-dimensional assessment system, focusing on their compliance capabilities, performance, product risk impact, and strategic importance. We conduct annual supplier performance assessments, covering indicators such as quality, delivery, service, and price. We require rectifications from those who fail to meet standards and revoke cooperation qualifications for those who do not improve. Regarding environmental and social responsibilities, we prioritize suppliers with environmental qualifications (e.g., China Environmental Labeling Product Certification, Energy Saving Product Certification, ISO System Certification). For commissioned processors involving environmental pollution, we mandate certified operations and conduct regular on-site audits based on the Supplier Audit and Inspection Guidelines to drive continuous improvement in their environmental performance.

The Company actively promotes green procurement, prioritizing environmental and energy-saving products, encouraging suppliers to use energy-saving packaging, and collaborating with partners to promote products and services meeting green standards (e.g., energy-saving workstations, monitors), integrating environmental requirements into value chain management.

As of the end of the Reporting Period, the Company has conducted access assessments on all 164 onboarded suppliers. All suppliers have passed the practices for engaging suppliers, and there have been no instances of suppliers being dismissed due to product quality or safety issues.

Number of Suppliers	2025	2024
Total number of suppliers	164	157
By Region		
Chinese mainland	159	154
Overseas	5	3

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. Anti-corruption

Broncus upholds the core business ethics values of integrity, honesty, and fairness, viewing integrity and compliance as the cornerstone of sustainable corporate development. The Company strictly complies with laws and regulations such as the *Anti-Monopoly Law of the People's Republic of China*, *Anti-Unfair Competition Law of the People's Republic of China*, *Anti-Money Laundering Law of the People's Republic of China*, and *Interim Provisions on Prohibition of Commercial Bribery*. Accordingly, we have formulated internal systems such as the "Anti-Corruption Policy" and "Anti-Money Laundering Management Regulations", explicitly prohibiting any form of bribery, corruption, fraud, extortion, and money laundering.

To systematically manage compliance risks, the Company established and implemented the "Risk Prevention Management Policy", constructing a standardized and effective risk control system to safeguard the Company's safe and steady operation and continuously enhance overall risk prevention capabilities.

Improving the Whistle-blowing System

The Company adopts a "zero tolerance" principle for all fraud and corruption acts, explicitly prohibiting various violations including commercial bribery, false reimbursement, and benefit transfer. The Company has established a comprehensive behavioral norms system and clear whistle-blowing and investigation mechanisms, encouraging internal employees and external stakeholders to report issues through multiple channels, including email, hotline, reporting to the legal department, and communication with management. Concurrently, the Company strictly protects the whistleblower's information and rights. All reports are independently and prudently investigated by the legal department, and those involving legal or regulatory violations will be handed over to judicial authorities according to the law. If malicious reporting, framing, or fabricating facts are verified, the Company will process the relevant individuals according to facts, evidence, and internal regulations to maintain a culture of integrity and fairness.

Whistle-blowing hotline: 0086-0571-86595016
Whistle-blowing email: legal@broncuschina.com
Whistle-blowing mail: Room 1508, No. 2299 Yan'an West Road, Changning District, Shanghai, China
Attn: Legal Department

Comprehensive Anti-corruption Training

Through a combination of online and offline methods, Broncus regularly conducts diverse advocacy and training activities themed on anti-corruption to comprehensively popularize anti-corruption knowledge and continuously enhance the risk identification and prevention capabilities of Directors and employees. During the Reporting Period, the Company provided specialized "Anti-Corruption Training for Directors of Listed Companies" for 6 Directors and senior management members, further consolidating the integrity foundation of the management.

Simultaneously, we actively promote the extension of compliance concepts to the value chain, encouraging and expecting all business partners, associates, and suppliers to jointly abide by relevant compliance requirements, synergistically perfect internal control and policy systems, and collaboratively maintain a fair market competition environment, protecting the reputation and legitimate rights of all parties.

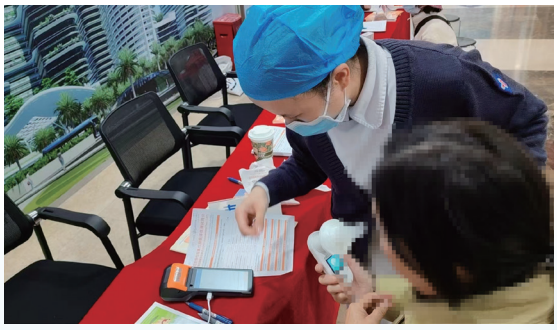
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

8. Promoting Community Development

Broncus regards community health promotion as an important practice direction for corporate social responsibility. Relying on our technological and clinical accumulation in respiratory intervention and lung disease diagnosis and treatment, we continuously promote the popularization of chronic disease prevention knowledge, the enhancement of grassroots screening capabilities, and the dissemination of standardized management concepts. We collaborate with medical institutions and clinical experts to carry out academic exchanges and experience sharing, supporting the extension of high-quality diagnosis and treatment resources to the community end. At the same time, we encourage employees to participate in social public welfare through volunteer services and charitable donations, pooling team strength to care for disadvantaged groups and giving back to society through practical actions.

During the Reporting Period, the Company systematically advanced community health promotion work and practically fulfilled its corporate social responsibility by actively participating in social public welfare activities and cooperating with domestic and overseas experts to conduct specialized training.

The Company organized multiple "COPD Community Public Welfare Clinic" activities across various regions in China. In collaboration with several provincial and municipal hospitals, these initiatives provided disease education, health consultations, and screening services for community residents. The company also offered complimentary portable spirometers and disposable mouthpieces to support these efforts, helping to enhance public awareness of COPD and promote early screening and treatment. These activities aim to advance the sustainable management of chronic respiratory diseases at the community level.



Free Clinic Activity Site at Shenzhen Bao'an People's Hospital

Free Clinic Activity Site at Jiangxi Provincial People's Hospital

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

V. APPENDIX INDEX

Appendix I: Sustainability Data Statements

a. The total number of employees by gender, employment type, age group, and region is as follows:

	2025		2024	
Number of Employees	**Number of Employees**	**Percentage (%)**	**Number of Employees**	**Percentage (%)**
Total number of employees	191	100%	200	100%
By Gender				
Male	95	49.7%	102	51.0%
Female	96	50.3%	98	49%
By Employee Type				
Senior management	2	1.0%	1	0.5%
Middle management	14	7.3%	19	9.5%
Entry-level employees	175	91.6%	180	90.0%
By Age Group				
Under 30 years old	42	22.0%	77	38.5%
30-40 years old	115	60.2%	99	55.0%
Over 40 years old	34	17.8%	24	13.3%
By Category				
Full-time	191	100%	200	100%
Part-time	0	0.0%	0	0.0%
By Region				
Chinese mainland	168	88.0%	177	88.5%
Hong Kong and Taiwan	2	1.0%	1	0.5%
Overseas	21	11.0%	22	11%

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

b. The total number and rate of employee turnover of the Company categorized by gender, age, and geographical region are as follows:

Number of Employees	2025 Turnover Number	2025 Turnover rate[3]
Total number of employees	36	18.4%
By Gender		
Male	20	20.3%
Female	16	16.5%
By Age Group		
Under 30 years old	14	23.1%
30-40 years old	16	15.0%
Over 40 years old	6	20.7%
By Region		
Chinese mainland	33	15.9%
Hong Kong	0	0.0%
Overseas	3	14.0%

Remarks:

3. Turnover rate = Number of lost regular employees/((Number of regular employees at the end of the year + Number of regular employees at the beginning of the period)/2) × 100%. This Report will use a consistent calculation method for the employee turnover rate in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

c. The breakdown of training data by gender and employee type is as follows:

	2025		2024	
Employee Development and Training	**Percentage of employees trained[4]**	**Average training hours per employee (hours)**	**Percentage of employees trained**	**Average training hours per employee (hours)**
By Gender				
Male	48.7%	17.1	50.0%	2.50
Female	50.3%	16.4	50.0%	2.50
By Employee Type				
Senior management	0.0%	64.5	0.5%	2
Middle management	7.4%	17.1	9.5%	2
Entry-level employees	92.6%	16.1	90.0%	2.5

Remarks:

4. Percentage of employees trained in each category = Number of trained employees in that category/Total number of trained employees × 100%.

d. Occupational Health and Safety:

Health and Safety Indicators	**Unit**	**2025**	**2024**	**2023**
Number of work-related fatalities	Person	0	0	0
Rate of work-related fatalities	%	0%	0%	0%
Lost days due to work injury	Days	0	0	0
Number of work injuries	Person	0	0	0

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Appendix II: Content Index Table for the Environmental, Social and Governance Reporting Code of The Stock Exchange of Hong Kong Limited

Primary Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Emissions Management
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity.	Emissions Management – Waste Emissions
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Emissions Management – Waste Emissions
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions Management
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Energy and Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Use of Energy and Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity.	Use of Energy and Resources – Water Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Use of Energy and Resources – Energy Consumption, Green Office
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Energy and Resources – Water Resources, Green Office
KPI A2.5	Total packaging material used for finished products (in tonnes) and per unit produced.	Use of Energy and Resources – Packaging Materials

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Primary Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Climate Change
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Climate Change
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Primary Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Primary Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Product Responsibility

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Primary Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Promoting Community Development
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Promoting Community Development
KPI B8.2	Resources contributed to the focus area (e.g. money or time).	Promoting Community Development
Climate-Related Disclosures		
Climate Change	Require disclosure of contents related to "Governance, Strategy, Risk Management, Metrics and Targets"	Climate Change
Greenhouse Gas Emissions	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and intensity	Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

List of Laws and Regulations

ESG Aspect	Laws and Regulations Complied With
Environmental	• Environmental Protection Law of the People's Republic of China • Energy Conservation Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution • Water Pollution Prevention and Control Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste
Employment	• Labor Law of the People's Republic of China • Labor Contract Law of the People's Republic of China • Social Insurance Law of the People's Republic of China • Law of the People's Republic of China on the Protection of Minors • Provisions on the Prohibition of Using Child Labor • Regulations on Social Insurance Management
Health and Safety	• Labor Law of the People's Republic of China • Work Safety Law of the People's Republic of China • Law of the People's Republic of China on the Prevention and Control of Occupational Diseases
Product Responsibility	• Civil Code of the People's Republic of China • Advertising Law of the People's Republic of China • Personal Information Protection Law of the People's Republic of China • Data Security Law of the People's Republic of China • Trademark Law of the People's Republic of China • Patent Law of the People's Republic of China • Copyright Law of the People's Republic of China
Anti-corruption	• Company Law of the People's Republic of China • Criminal Law of the People's Republic of China • Anti-Money Laundering Law of the People's Republic of China • Anti-Unfair Competition Law of the People's Republic of China • Interim Provisions on Prohibition of Commercial Bribery • Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Criminal Cases of Embezzlement and Misappropriation of Public Funds as Joint Crimes

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Broncus Holding Corporation
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Broncus Holding Corporation (the "Company") and its subsidiaries (the "Group") set out on pages 139 to 223, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") 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") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of purchased items of intellectual property and intangible asset not ready for use	
The Group had items of intellectual property of USD1,997,000 and intangible asset not ready for use ("IPR&D") of USD4,288,000, as disclosed in note 15 to the consolidated financial statements as at 31 December 2025. The Group is required to perform impairment assessment of the items of intellectual property whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. IPR&D are subject to impairment assessment annually, or when there are indicators that IPR&D might be impaired. The recoverable amount of the underlying cash-generating units (the "CGUs") to which the items of intellectual property and IPR&D belong are supported by value-in-use calculation which is based on future discounted cash flows. Management performed impairment assessment and concluded that the items of intellectual property and IPR&D were not impaired as at 31 December 2025. The impairment assessment made by management involved significant estimates and judgements, including sales growth rates, gross profit margin, net profit margin and terminal growth rates used to estimate future cash flows and discount rates applied to these forecasted future cash flows of the underlying CGUs. This impairment assessment was significant to our audit because the process was complex and involved significant judgements and estimates. The Group's disclosures about the impairment assessment of items of intellectual property and IPR&D are included in notes 2.4, 3 and 15 to the consolidated financial statements.	We evaluated management's assessment of impairment indications and management's determination of the CGUs to which the items of intellectual property and IPR&D belong. We obtained management's forecasted cash flows and tested the mathematical accuracy of the underlying value-in-use calculations. We also compared historical actual results to those historical cash flow forecasts to assess the quality of management's forecasts. We assessed the reasonableness of key assumptions used in the value-in-use calculations, comprising sales growth rates, gross profit margin, net profit margin, terminal growth rate and discount rates. When assessing these key assumptions, we discussed with management to understand and evaluate management's basis for determining the assumptions and compared them to the Group's development plans and market data of similar products commercialised in the market. We also involved our valuation specialist to assist us in evaluating the reasonableness of the valuation model and the discount rate applied by management by comparing the discount rates used to entities with similar risk profiles and market information.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Sales returns	
The Group recognised sales returns related to certain medical devices and consumables sold in prior years. This transaction, accounted for as a contract modification, reduced revenue by USD5,893,000 in the consolidated financial statements for the year ended 31 December 2025 (2024: nil). Management has assessed that the original revenue in the prior years was properly recognised, and the returns represent a subsequent contract adjustment appropriately recorded in the current period. These sales returns constitute material, non-recurring transactions that have a significant impact on the consolidated financial statements. The accounting treatment should be based on the underlying substance of the transactions, which requires careful assessment. Relevant disclosures are provided in Notes 2.4 and 5 to the consolidated financial statements.	Our audit procedures related to the sales returns included the following: **1. Review of Independent Assessment Report** The Group engaged an independent consultant (the "Consultant") to assess the sales return transactions. As concluded in the Consultant's assessment report, although the Group did not have any contractual obligations to accept the returns, the Group agreed to do so based on the valid commercial considerations and specific circumstances. We: • Reviewed the assessment report issued by the Consultant; • Evaluated the Consultant's credentials and independence; • Assessed the objectives, scope, and methodology of the assessment; and • Examined the assessment work plan and procedures performed by the Consultant. Throughout the assessment process, we participated in interviews with key management personnel and meetings with the relevant customers, and reviewed the supporting documentation and information obtained by the Consultant.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Key audit matter	How our audit addressed the key audit matter
Sales returns (Continued)	
	2. Review of Sales returns contracts and confirmation with Customers We reviewed the sales returns contracts and obtained direct confirmations from the relevant customers regarding: • The original sales made in prior years; • The returns processed in the current year; and • The outstanding accounts receivable balances related to these customers. **3. Evaluation of Disclosures** We evaluated the adequacy of the Group's disclosures concerning the sales returns in the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the Management Discussion and Analysis of the Annual Report (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Chairman's Statement, the Report of the Directors and the Corporate Governance Report, which are expected to be made available to us after that date.

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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Chairman's Statement, the Report of the Directors and the Corporate Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

INDEPENDENT AUDITOR'S REPORT

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to 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 Lai Chee Kong (practising certificate number: P06108).

Ernst & Young
Certified Public Accountants
Hong Kong
31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 USD'000	2024 USD'000
REVENUE	*5*	**174**	8,131
Cost of sales		**(1,091)**	(1,992)
Gross (loss)/profit		**(917)**	6,139
Other income and gains	*5*	**7,888**	9,345
Selling and distribution expenses		**(7,960)**	(8,490)
Administrative expenses		**(7,381)**	(7,265)
Impairment losses on financial assets, net		**(361)**	(1,401)
Research and development costs		**(7,772)**	(11,471)
Other expenses		**(1,367)**	(2,073)
Finance costs	*7*	**(4)**	(84)
LOSS BEFORE TAX	*6*	**(17,874)**	(15,300)
Income tax expense	*10*	**(1)**	(3)
LOSS FOR THE YEAR		**(17,875)**	(15,303)
Attributable to:			
Owners of the parent		**(17,875)**	(15,303)
Non-controlling interests		**–**	–
		(17,875)	(15,303)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (USD)	*12*	**(0.04)**	(0.03)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 USD'000	2024 USD'000
LOSS FOR THE YEAR	**(17,875)**	(15,303)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**1,270**	(826)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**1,270**	(826)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**(16,605)**	(16,129)
Attributable to:		
Owners of the parent	**(16,605)**	(16,129)
Non-controlling interests	**–**	–
	(16,605)	(16,129)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 USD'000	31 December 2024 USD'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**886**	1,279
Right-of-use assets	*14*	**–**	310
Other intangible assets	*15*	**6,509**	7,706
Financial assets at fair value through profit or loss	*20*	**13,900**	14,670
Finance lease receivables		**–**	19
Prepayments, other receivables and other assets	*19*	**456**	121
Total non-current assets		**21,751**	24,105
CURRENT ASSETS			
Inventories	*16*	**3,865**	3,599
Finance lease receivables		**19**	26
Trade receivables	*17*	**3,180**	7,863
Prepayments, other receivables and other assets	*19*	**2,280**	956
Pledged deposits	*21*	**238**	238
Structured deposits	*21*	**55,789**	40,291
Derivative financial instruments	*18*	**114**	–
Time deposits with original maturity over three months	*21*	**37,197**	52,344
Cash and cash equivalents	*21*	**31,697**	46,473
Total current assets		**134,379**	151,790
CURRENT LIABILITIES			
Trade payables	*22*	**275**	255
Lease liabilities	*14*	**–**	296
Other payables and accruals	*23*	**5,056**	5,089
Bank overdrafts		**16**	22
Derivative financial instruments		**–**	170
Contract liabilities	*24*	**574**	586
Total current liabilities		**5,921**	6,418
NET CURRENT ASSETS		**128,458**	145,372
TOTAL ASSETS LESS CURRENT LIABILITIES		**150,209**	169,477

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	31 December 2025 USD'000	31 December 2024 USD'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**150,209**	169,477
NON-CURRENT LIABILITIES			
Contract liabilities	*24*	**247**	–
Total non-current liabilities		**247**	–
Net assets		**149,962**	169,477
EQUITY			
Equity attributable to owners of the parent			
Share capital	*25*	**12**	12
Treasury shares		**(156)**	–
Reserves	*26*	**150,107**	169,466
		149,963	169,478
Non-controlling interests		**(1)**	(1)
Total equity		**149,962**	169,477

Mr. Hong Xu
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent										
	Share capital USD'000	Treasury shares USD'000	Shares held for share award arrangements* USD'000	Share premium* USD'000	Other reserve* USD'000	Share option reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
At 1 January 2025	12	–	–	593,697	43,808	12,109	(3,576)	(476,572)	169,478	(1)	169,477
Loss for the year	–	–	–	–	–	–	–	(17,875)	(17,875)	–	(17,875)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	1,270	–	1,270	–	1,270
Total comprehensive income for the year	–	–	–	–	–	–	1,270	(17,875)	(16,605)	–	(16,605)
Equity-settled share award arrangements	–	–	–	–	–	962	–	–	962	–	962
Shares repurchased	–	(156)	–	–	–	–	–	–	(156)	–	(156)
Purchase of shares for share award arrangements	–	–	(4,745)	–	–	–	–	–	(4,745)	–	(4,745)
Issue of shares upon the exercise of share award arrangements	–	–	2,221	4,305	–	(5,497)	–	–	1,029	–	1,029
At 31 December 2025	12	(156)	(2,524)	598,002	43,808	7,574	(2,306)	(494,447)	149,963	(1)	149,962

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital USD'000	Share premium* USD'000	Other reserve* USD'000	Share option reserve* USD'000	Exchange fluctuation reserve* USD'000	Accumulated losses* USD'000	Total USD'000	Non-controlling interests USD'000	Total equity USD'000
At 1 January 2024	12	593,574	43,808	12,625	(2,750)	(461,898)	185,371	(1)	185,370
Loss for the year	–	–	–	–	–	(15,303)	(15,303)	–	(15,303)
Exchange differences on translation of foreign operations	–	–	–	–	(826)	–	(826)	–	(826)
Total comprehensive income for the year	–	–	–	–	(826)	(15,303)	(16,129)	–	(16,129)
Equity-settled share award arrangements	–		–	236	–	–	236	–	236
Issue of shares upon the exercise of share award arrangements	–	123	–	(123)	–	–	–	–	–
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	–	(629)	–	629	–	–	–
At 31 December 2024	12	593,697	43,808	12,109	(3,576)	(476,572)	169,478	(1)	169,477

* These reserve accounts comprise the consolidated reserves of USD150,107,000 (2024: USD169,466,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 USD'000	2024 USD'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(17,874)**	(15,300)
Adjustments for:			
Finance costs	*7*	**4**	84
Bank interest income	*5*	**(5,482)**	(6,534)
Loss on disposal of items of property, plant and equipment	*6*	**–**	780
Fair value loss net:			
Financial assets at fair value through profit or loss	*6*	**1,027**	1,089
Fair value adjustments of contingent consideration	*5*	**–**	(900)
Fair value (gain)/loss on derivative financial instruments	*6*	**(284)**	170
Depreciation of property, plant and equipment	*13*	**470**	1,054
Depreciation of right-of-use assets	*14(a)*	**312**	892
Amortisation of intangible assets	*15*	**1,304**	1,265
Gain on termination of leases	*14(c)*	**–**	(129)
Impairment of trade receivables, net	*17*	**361**	1,401
Write-down of inventories to net realisable value	*6*	**768**	49
Impairment of property, plant and equipment	*13*	**–**	78
Equity-settled share award expenses		**962**	236
Foreign exchange differences, net	*6*	**340**	(610)
		(18,092)	(16,375)
(Increase)/decrease in inventories		**(1,034)**	1,061
Decrease in trade receivables		**4,261**	721
Decrease in finance lease receivables		**26**	23
(Increase)/decrease in prepayments, other receivables and other assets		**(860)**	429
Increase/(decrease) in trade payables		**20**	(144)
Decrease in other payables and accruals		**(33)**	(955)
Increase/(decrease) in contract liabilities		**235**	(151)
Cash used in operations		**(15,477)**	(15,391)
Cash used in operations		**(15,477)**	(15,391)
Interest received		**5,494**	5,392
Income tax paid		**(1)**	(3)
Net cash flows used in operating activities		**(9,984)**	(10,002)

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 USD'000	2024 USD'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(33)**	(322)
Proceeds from disposal of items of property, plant and equipment		**6**	15
Addition to other intangible assets		**(102)**	–
Proceeds of structured deposits		**41,147**	–
Placement of structured deposits		**(55,309)**	(40,291)
Loan to a related party		**(384)**	–
Withdrawal of time deposits with original maturity over three months		**13,799**	21,643
Purchases of financial assets at fair value through profit or loss		**–**	(6,955)
Net cash flows used in investing activities		**(876)**	(25,910)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank borrowings		**–**	200
Repayment of bank and other borrowings		**(6)**	(194)
Shares repurchased		**(156)**	–
Purchase of shares for share award arrangements		**(4,745)**	–
Principal portion of lease payments		**(303)**	(947)
Issue of shares upon the exercise of share award arrangements		**614**	–
Interest paid		**(4)**	(84)
Net cash flows used in financing activities		**(4,600)**	(1,025)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(15,460)**	(36,937)
Cash and cash equivalents at beginning of year		**46,473**	83,564
Effect of foreign exchange rate changes, net		**684**	(154)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**31,697**	46,473
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		**29,696**	22,287
Non-pledged time deposits with original maturity of less than three months when acquired		**2,001**	24,186
Cash and cash equivalents as stated in the consolidated statement of financial position	*21*	**31,697**	46,473
Cash and cash equivalents as stated in the consolidated statement of cash flows		**31,697**	46,473

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 30 April 2012. The registered address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The head office and principal place of business in China are located at Room 801, 8/F, Building 8, No. 88 Jiangling Road, Xixing Street, Binjiang District, Hangzhou, Zhejiang Province, People's Republic of China (the "PRC") and Room 1101-4, Building 1, No. 502 Linping Avenue, Linping District Economic and Technological Development Zone, Hangzhou, Zhejiang Province, the PRC.

The Company is an investment holding company. During the year, the Group was principally engaged in research and development, and the manufacture and commercialisation of medical devices and consumables.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 24 September 2021.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Broncus Medical Inc.	United States of America ("USA") 7 May 2012	United States dollar ("USD") 100,000	100%	–	Research and development and commercialisation of medical devices and consumables
Uptake Medical Technology Inc.	USA 19 July 2016	USD100,000	100%	–	Research and development and commercialisation of medical devices and consumables
Uptake Medical B.V.	Netherlands 17 August 2017	Euro ("EUR") 10,000	–	100%	Commercialisation of medical devices
Broncus Medical GmbH	Germany 2 January 2021	EUR25,000	–	100%	No principal activity
Broncus China Holding Corporation ("BCH")	Cayman Islands 18 April 2013	USD100,000	100%	–	Investment holding
Broncus Medical (Hong Kong) Co., Limited	Hong Kong 19 June 2013	Hong Kong dollar ("HKD") 10,000	–	100%	Commercialisation of medical devices

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Broncus Medical Co., Ltd.* ("Hangzhou Broncus") (i)	PRC/ Chinese mainland 24 February 2016	Renminbi ("RMB") 1,200,000,000	–	100%	Research and development and commercialisation of medical devices and consumables
Broncus Medical (China) Co., Ltd.* (i)	PRC/ Chinese mainland 18 December 2012	RMB55,600,000	–	100%	Research and development and commercialisation of medical devices and consumables
Hangzhou Kunpeng Medical Co., Ltd.* (i)	PRC/ Chinese mainland 4 July 2018	RMB1,000,000	–	100%	No principal activity
Fibernova Holding Corporation ("FHC")	Cayman Islands 2 August 2021	USD50,000	–	100%	Investment holding
Fibernova Ltd ("Fibernova")	Israel 31 August 2021	New Israel Shekel ("NIS") 1,000	–	100%	Research and development and commercialisation of medical devices and consumables
Fibernova (Hong Kong) Limited	Hong Kong 8 September 2021	HKD1	–	100%	Investment holding

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

1. CORPORATE AND GROUP INFORMATION (CONTINUED)

Information about subsidiaries (Continued)

Particulars of the Company's subsidiaries are as follows: (Continued)

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hangzhou Dinova Boguang Medical Device Co., Ltd.* (i)	PRC/ Chinese mainland 29 October 2021	RMB100,000	–	100%	Research and development of medical devices and consumables
Hangzhou Kunhua Medical Co., Ltd.* (ii)	PRC/ Chinese mainland 28 February 2023	RMB50,000,000	–	52%	Research and development of medical devices and consumables
Hangzhou Jingliang Science and Technology Co., Ltd* ("Hangzhou Jingliang") (i)	PRC/ Chinese mainland 27 June 2023	RMB20,000,000	–	100%	Research and development and commercialisation of medical devices and consumables

Notes:

(i) These entities are wholly-foreign-owned companies established under PRC law.

(ii) This entity is a limited liability company established under PRC law.

* The English names of these entities registered in the Chinese mainland represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and derivative financial instruments. These consolidated financial statements are presented in USD and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.1 BASIS OF PREPARATION (CONTINUED)

Basis of consolidation (Continued)

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in the consolidated statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026
[2] Effective for annual/reporting periods beginning on or after 1 January 2027
[3] No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. IFRS 19 was amended in 2025 to (i) remove disclosure objectives from IFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to IFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of IFRS 19 and its amendments in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.3 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS (CONTINUED)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's consolidated financial statements.

- IAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures certain financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statement of profit or loss in the period in which it arises.

The intangible assets relate to the in-process development of the fiber optic navigation and imaging system and robot control and driving system platform that are not ready for use and the Group is continuing the research and development work, which are subject to an annual impairment test based on the recoverable amount of the cash-generating unit to which the intangible assets relate to.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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); and

(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 parent of the Group.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Machinery	5 to 10 years
Office equipment	3 to 7 years
Leasehold improvements	3 to 6 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intellectual property

Purchased items of intellectual property are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 12 to 14 years, which are determined by considering the typical product effective lives of the items of intellectual property.

IPR&D

The Group obtained IPR&D through acquisition for the purpose of continuing the research and development work and commercialisation of the products, which are classified as intangible assets not ready for use.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

All research costs are charged to the consolidated statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Warehouses and office premises	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

Group as a lessee (Continued)

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the consolidated statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group accounts for certain investments with significant influence at fair value under IFRS 9, with changes in fair value recognised in profit or loss in the period of change.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and finance lease receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on market historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and finance lease receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals and bank overdrafts.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the consolidated statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the consolidated statement of profit or loss. The net fair value gain or loss recognised in the consolidated statement of profit or loss does not include any interest charged on these financial liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Treasury shares

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of medical devices and consumables

Revenue from the sale of medical devices and consumables is recognised at the point in time when control of the asset is transferred to the customer.

(b) Provision of services

Revenue from the product support services is recognised over the service period on a straight-line basis and revenue from research development support services is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

A contract modification exists when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. Once a contract has been modified, the group determines the appropriate accounting treatment for the modification. Different approaches are used to account for different types of modifications with an overall objective of faithfully depicting an entity's rights and obligations in each modified contract.

Other income

Interest 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 financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share award plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model further details of which are given in note 27 to the consolidated financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Share-based payments (Continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in the Chinese mainland and the United States are required to participate in a central pension scheme operated by the local government. The subsidiaries operating in the Chinese mainland and the United States are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

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

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

These consolidated financial statements are presented in USD, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

2.4 MATERIAL ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries are currencies other than USD. As at the end of the reporting period, the assets and liabilities of these entities are translated into USD at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into USD at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of those subsidiaries are translated into USD at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into USD at the weighted average exchange rates for the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Research and development costs

Research and development costs are expensed in accordance with the accounting policy for research and development costs in note 2.4 to the consolidated financial statements. Determining the amounts to be capitalised or expensed requires management to make assumptions and judgements regarding to technical feasibility of completing the intangible asset, future economic benefits and so forth.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables and finance lease receivables

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

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast of economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customers' actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 17 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

Estimation uncertainty (Continued)

Useful lives of intangible assets

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

Impairment testing of intangible assets not ready for use

Intangible assets not ready for use are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Group obtained IPR&D through acquisition for the purpose of continuing the research and development work and commercialisation of the products, which are classified as intangible assets not ready for use.

An impairment loss is recognised for the amount by which the intangible asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an intangible asset's fair value less costs of disposal and value in use. The carrying amount of IPR&D and further details about the impairment assessment are included in note 15 to the consolidated financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Fair value of unlisted equity investments

The unlisted debt investments have been valued based on guideline company method (valued based on comparable companies) as detailed in note 32 to the consolidated financial statements. These valuations require the Group to make estimates and hence, they are subject to uncertainty. The Group classifies the fair value of these investments as Level 3. Further details are included in note 20 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION

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

Geographical information

(a) Revenue from external customers

	2025 USD'000	2024 USD'000
Chinese mainland	**(2,985)**	3,214
European Union	**2,040**	2,628
Other countries/regions	**1,119**	2,289
Total revenue	**174**	8,131

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

(b) Non-current assets

	2025 USD'000	2024 USD'000
Chinese mainland	**2,848**	3,471
USA	**2,052**	3,329
Israel	**2,500**	2,500
European Union	**4**	9
Other countries/regions	**2**	13
Total non-current assets	**7,406**	9,322

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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4. OPERATING SEGMENT INFORMATION (CONTINUED)

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's revenue (excluding sales return mentioned in note 5) during the year ended 31 December 2025.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 USD'000	2024 USD'000
Revenue from contracts with customers		
Sale of medical devices and consumables		
Revenue recognised during the year	**5,272**	7,571
Sales return *(note a)*	**(5,893)**	–
Provision of services	**795**	560
Total	**174**	8,131

Note:

(a) During the year ended 31 December 2025, two long established customers ("Customer A" and "Customer B") had approached the Group for the return of goods which related to revenue recognised in prior years. The goods returned from Customer A represented imported medical devices with its original sales amounts of RMB33,938,000 (equivalent to approximately USD4,751,000) and the goods returned from Customer B represented consumables with its original sales amounts of RMB8,153,000 (equivalent to approximately USD1,142,000). Both customers did not have any history of returns in the past. Management determined that the respective revenue was appropriately recognised in prior years at the point in time when control was transferred, at the amount of consideration to which the Group was expected to be entitled. Although the Group did not have any contractual obligations to accept the returns, the Group agreed to do so based on the following commercial considerations and specific circumstances for each of Customer A and Customer B.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of revenue is as follows: (Continued)

Note: (continued)

With respect to the acceptance of the return requested by Customer A, it was mainly caused by a change in macro-level policy in the Chinese mainland and ensuing regulation. Starting from 2023, a series of provincial and municipal policies restricting the procurement of imported medical devices were implemented across the Chinese mainland. Subsequently, in late 2024, the Chinese government circulated a draft notice titled "Notice on Implementing Domestic Product Standards and Related Policies in Government Procurement." This notice was officially promulgated and took effect in 2025. Consequently, this change in policy in the Chinese mainland towards domestically manufactured medical devices, challenged the demand for imported medical devices through domestic sales channels. Customer A has served as a strategic partner, handling the sales of the Group's imported medical devices since 2021. It is highly susceptible to the impact of this policy, as substantially all of its end customers are hospitals in the Chinese mainland subject to compliance. Furthermore, the Group is heavily reliant on Customer A's distribution network and has streamlined its own sales team since 2021, making it difficult to build alternative channels in the short term. Having secured regulatory approval for its portfolio of domestically manufactured medical devices, the Group is committed to deepening its partnership with Customer A, which has strong distribution capabilities of hospitals in the Chinese mainland to jointly cultivate the market for its domestic products. Consequently in 2025, the Group designated Customer A as the exclusive onshore distributor for the Group's domestic medical devices. Having considered the demand for the imported devices to be returned continued to exist in offshore jurisdictions where other qualified distributors have been identified, and Customer A will continue to be one of the Group's key sales channels for its domestic device market, the Group made a conscious decision to accept the return of these imported devices from Customer A.

With respect to the return request of consumables from Customer B, the Group's business considerations were premised on Customer B's significant scale and considerable influence within the domestic market, whereby the Group regards sustaining a constructive and cooperative relationship with Customer B as vital to its ongoing commercial and strategic interests. Given the returned consumables are widely used in the market where a constant demand was observed historically as well as Chinese respiratory system clinical pathway directories encompassing the Group's consumables have been implemented at an increasing number of provinces in 2025, the Group accepted the return of consumables from Customer B.

Failure to accept such returns from Customers A and B, the Group also anticipates the risk of disruption to the long-term pricing order of the Group's products should the two customers offload their inventory at discounted prices, which would not be in the Group's interests.

In both cases, the Group believes the request for returns are driven by isolated incidents and unique macro – and micro-level circumstances of the customers, and the decisions to accept the returns are not expected to recur in the future.

Based on the foregoing, the Group undertook an internal approval process, entered into sales return agreements with Customer A and Customer B respectively. Management has consequently assessed these returns as constituting a contract modification under IFRS 15, resulting in a reduction of both the scope and the transaction price of the original contracts. As the performance obligations under the original contracts were satisfied in prior years, the financial effect of this modification was recognised as a reduction of revenue in the year ended 31 December 2025.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 USD'000	2024 USD'000
Timing of revenue recognition		
Goods transferred at a point in time	**(621)**	7,571
Services transferred over time	**795**	560
Total	**174**	8,131

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 USD'000	2024 USD'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of medical devices and consumables	**60**	281
Provision of services	**391**	269
Total	**451**	550

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sale of medical devices and consumables

Revenue from the sale of medical devices and consumables is recognised at the point in time when control of the asset is transferred to the customer.

Provision of services

Revenue from the product support services is recognised over the service period on a straight-line basis and revenue from research development support services is recognised over time using an input method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2025	2024
	USD'000	USD'000
Amounts expected to be recognised as revenue:		
Within one year	**574**	452
After one year	**247**	134
Total	**821**	586

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to provision of services, of which the performance obligations are to be satisfied within eight years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

5. REVENUE, OTHER INCOME AND GAINS (CONTINUED)

An analysis of other income and gains is as follows:

	2025 USD'000	2024 USD'000
Other income		
Bank interest income	**5,482**	6,534
Government grants *(note a)*	**2,086**	1,296
Others	**36**	5
Total other income	**7,604**	7,835
Gains		
Gain on derivative instruments at fair value through profit or loss	**284**	–
Foreign exchange gains, net	**–**	610
Fair value adjustments of contingent consideration	**–**	900
Total gains	**284**	1,510
Total other income and gains	**7,888**	9,345

Note:

(a) The government grants mainly represent incentives received from the local governments for the purpose of compensation for expenditure arising from research activities and clinical trial activities and awards for new product development and compensation for expenditure incurred on certain projects. There were no unfulfilled conditions or contingencies attached to these grants.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

6. LOSS BEFORE TAX

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

	Notes	2025 USD'000	2024 USD'000
Cost of inventories sold		**1,382**	1,921
Cost of inventories returned		**(1,072)**	–
Cost of services provided		**13**	22
Research and development costs*		**7,772**	11,471
Depreciation of property, plant and equipment	*13*	**470**	1,054
Depreciation of right-of-use assets	*14(a)*	**312**	892
Amortisation of intangible assets**	*15*	**1,304**	1,265
Impairment of trade receivables, net	*17*	**361**	1,401
Write-down of inventories to net realisable value***		**768**	49
Government grants	*5*	**(2,086)**	(1,296)
Bank interest income	*5*	**(5,482)**	(6,534)
Loss on disposal of items of property, plant and equipment		**–**	780
Lease payments not included in the measurement of lease liabilities	*14(c)*	**518**	377
Auditor's remuneration		**483**	288
Fair value adjustment:			
Financial assets at fair value through profit or loss	*20*	**1,027**	1,089
Fair value adjustments of contingent consideration	*5*	**–**	(900)
Fair value (gain)/loss on derivative financial instruments		**(284)**	170
Foreign exchange differences, net		**340**	(610)
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**9,362**	11,215
Pension scheme contributions****		**1,092**	1,137
Staff welfare expenses		**1,325**	1,755
Equity-settled share award expenses		**167**	179
Total		**11,946**	14,286

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

6. LOSS BEFORE TAX (CONTINUED)

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

* The research and development costs include USD3,844,000 (2024: USD5,773,000) relating to employee benefit expense.

** The amortisation of intangible assets for the year is included in "Research and development costs" in the consolidated statement of profit or loss.

*** The write-down of inventories to net realisable value for the year is included in "Cost of sales" in the consolidated statement of profit or loss.

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 USD'000	2024 USD'000
Interest on lease liabilities *(note 14(b))*	**4**	84

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 USD'000	2024 USD'000
Fees	**156**	148
Other emoluments:		
Salaries, allowances and benefits in kind	**199**	291
Equity-settled share award expenses	**795**	57
Pension scheme contributions	**7**	6
Subtotal	**1,001**	354
Total	**1,157**	502

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 USD'000	2024 USD'000
Dr. Pok Man Kam	**52**	52
Professor Joseph Wan Yee Lau*	**–**	8
Ms. Yee Sin Wong	**52**	52
Dr. David Scott Lim*	**52**	36
Total	**156**	148

* Professor Joseph Wan Yee Lau passed away on 7 February 2024 and Dr. David Scott Lim was appointed as an independent non-executive director on 19 April 2024.

There were no other emoluments payable to the independent non-executive directors during the year (2024: nil).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (CONTINUED)

(b) Executive director, non-executive directors and the chief executive

	Salaries, allowances and remunebenefits in kind USD'000	Pension scheme contributions USD'000	Equity-settled share award expenses USD'000	Total remune-ration USD'000
2025				
Executive directors:				
Mr. Hong Xu (chief executive)	**199**	**7**	**795**	**1,001**
Non-executive directors:				
Ms. Yanhong Kuang	**–**	**–**	**–**	**–**
Mr. Ao Zhang	**–**	**–**	**–**	**–**
Subtotal	**–**	**–**	**–**	**–**
Total	**199**	**7**	**795**	**1,001**
2024				
Executive directors:				
Mr. Hong Xu (chief executive)	232	6	57	295
Non-executive directors:				
Ms. Yanhong Kuang***	–	–	–	–
Mr. Ao Zhang	–	–	–	–
Mr. Guowei Zhan**	35	–	–	35
Mr. Michael Yi Wei Zhao**	24	–	–	24
Mr. Zhenjun Zi*	–	–	–	–
Subtotal	59	–	–	59
Total	291	6	57	354

* Mr. Zhenjun Zi resigned as a non-executive director on 1 March 2024.

** Mr. Michael Yi Wei Zhao and Mr. Guowei Zhan resigned as non-executive directors on 19 April 2024.

*** Ms. Yanhong Kuang was appointed as a non-executive director on 19 April 2024.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included a director (2024: one), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025	2024
	USD'000	USD'000
Salaries, allowances and benefits in kind	995	946
Pension scheme contributions	44	54
Equity-settled share award expenses	14	26
Total	1,053	1,026

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

	Number of employees	
	2025	2024
HKD1,500,001 to HKD2,000,000	2	3
HKD2,000,001 to HKD2,500,000	1	1
HKD2,500,001 to HKD3,000,000	1	–
Total	4	4

During the year and in prior years, share awards were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 27 to the consolidated financial statements. The fair value of such options and restricted stock units, which has been recognised in the consolidated statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the consolidated financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

There were no RSU grants made to any of the five highest paid individuals of the Company during the year ended 31 December 2025.

Save Mr. Xu Hong (executive Director, chief executive officer and chairman of the Board), there were no RSU grants made to any of the five highest paid individuals of the Company during the year ended 31 December 2024.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in the Chinese mainland were entitled to a preferential income tax rate of 5% (2024: 5%) for small and micro enterprises except that Hangzhou Broncus was subject to CIT at a rate of 25% (2024: 25%) on the taxable income.

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of up to 21% (2024: 21%) on the taxable income arising in the USA during the year.

Netherlands

The subsidiary incorporated in Netherlands was subject to income tax at the rate of 19% (2024: 19%) on the estimated assessable profits arising in Netherlands during the year.

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gains. In addition, upon payments of dividends by the Company to its shareholders, no Cayman Islands withholding tax is imposed.

Hong Kong

The subsidiary incorporated in Hong Kong was subject to income tax at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Israel

The subsidiary incorporated in Israel was subject to income tax at the rate of 23% (2024: 23%) on the estimated assessable profits arising in Israel during the year.

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

	2025 USD'000	2024 USD'000
Current – USA		
Charge for the year	1	3

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. INCOME TAX (CONTINUED)

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

	2025 USD'000	2024 USD'000
Loss before tax	**(17,874)**	(15,300)
Tax at the statutory tax rate	**(5,177)**	(4,698)
Preferential tax rates enacted by local authority	**104**	387
Expenses not deductible for tax	**25**	120
Additional deductible allowance for research and development costs	**(1,187)**	(1,662)
Temporary differences and tax losses not recognised	**6,236**	5,856
Tax charge at the Group's effective tax rate	**1**	3

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

	2025 USD'000	2024 USD'000
Tax losses	**254,094**	230,407
Deductible temporary differences	**9,371**	8,246
Total	**263,465**	238,653

The Group had tax losses arising in the Chinese mainland of RMB990,190,000 (equivalent to USD140,904,000) (2024: RMB884,637,000 (equivalent to USD123,053,000)) that will expire in one to ten years (2024: one to ten years) for offsetting against taxable profits.

The Group had tax losses arising in the USA of USD37,454,000 (2024: USD37,454,000) that will expire in seven to twelve years (2024: eight to thirteen years) for offsetting against taxable profits. The Group had tax losses arising in the USA of USD70,024,000 (2024: USD64,664,000) for offsetting against taxable profits indefinitely.

The Group had tax losses arising in the Netherlands of USD3,412,000 (2024: USD2,996,000) that will expire in one to six years (2024: one to six years) for offsetting against taxable profits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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10. INCOME TAX (CONTINUED)

The Group had tax losses arising in Israel of USD2,300,000 (2024: USD2,240,000) for offsetting against taxable profits indefinitely.

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

11. DIVIDEND

No dividend has been paid or declared by the Company during the year (2024: nil).

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

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 483,759,463 (2024: 488,860,643) outstanding during the year, as adjusted to reflect the shares held for share award arrangements and shares repurchased during the year.

The calculation of basic loss per share is based on:

	2025	2024
	USD'000	USD'000
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	**(17,875)**	(15,303)

	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**483,759,463**	488,860,643

As the Group incurred losses, no adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the equity-settled share award arrangements had an anti-dilutive effect on the basic loss per share amounts presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements USD'000	Machinery USD'000	Office equipment USD'000	Total USD'000
31 December 2025				
At 1 January 2025:				
Cost	2,079	2,182	1,188	5,449
Accumulated depreciation and impairment	(1,926)	(1,213)	(1,031)	(4,170)
Net carrying amount	153	969	157	1,279
At 1 January 2025, net of accumulated depreciation and impairment	153	969	157	1,279
Additions	–	7	26	33
Disposals	–	(3)	(3)	(6)
Depreciation provided during the year *(note 6)*	(154)	(223)	(93)	(470)
Exchange realignment	1	47	2	50
At 31 December 2025, net of accumulated depreciation and impairment	–	797	89	886
At 31 December 2025:				
Cost	2,119	2,227	1,211	5,557
Accumulated depreciation and impairment	(2,119)	(1,430)	(1,122)	(4,671)
Net carrying amount	–	797	89	886

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements USD'000	Machinery USD'000	Office equipment USD'000	Total USD'000
31 December 2024				
At 1 January 2024:				
Cost	2,958	1,681	1,225	5,864
Accumulated depreciation	(1,717)	(910)	(839)	(3,466)
Net carrying amount	1,241	771	386	2,398
At 1 January 2024, net of accumulated depreciation	1,241	771	386	2,398
Additions	278	539	18	835
Disposals	(772)	(5)	(18)	(795)
Depreciation provided during the year *(note 6)*	(586)	(278)	(190)	(1,054)
Impairment	–	(42)	(36)	(78)
Exchange realignment	(8)	(16)	(3)	(27)
At 31 December 2024, net of accumulated depreciation and impairment	153	969	157	1,279
At 31 December 2024:				
Cost	2,079	2,182	1,188	5,449
Accumulated depreciation and impairment	(1,926)	(1,213)	(1,031)	(4,170)
Net carrying amount	153	969	157	1,279

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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14. LEASES

The Group as a lessee

The Group has lease contracts for warehouses and office premises used in its operations. Leases of warehouses and office premises generally have lease terms between 1 and 5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are no lease contracts that include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	2025 USD'000	2024 USD'000
As at 1 January	**310**	2,157
Additions	**–**	197
Reduction as a result of termination of leases	**–**	(1,129)
Depreciation charge *(note 6)*	**(312)**	(892)
Exchange realignment	**2**	(23)
As at 31 December	**–**	310

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are as follows:

	2025 USD'000	2024 USD'000
Carrying amount at 1 January	**296**	2,339
New leases	**–**	197
Accretion of interest recognised during the year *(note 7)*	**4**	84
Reduction as a result of termination of leases	**–**	(1,258)
Exchange realignment	**7**	(35)
Payments	**(307)**	(1,031)
Carrying amount at 31 December	**–**	296
Analysed into:		
Current portion	**–**	296
Non-current portion	**–**	–

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

14. LEASES (CONTINUED)

The Group as a lessee (Continued)

(b) *Lease liabilities (Continued)*

The maturity analysis of lease liabilities is disclosed in note 33 to the consolidated financial statements.

(c) The amounts recognised in the consolidated statement of profit or loss in relation to leases are as follows:

	2025 USD'000	2024 USD'000
Interest on lease liabilities	**4**	84
Depreciation charge of right-of-use assets	**312**	892
Gain on termination of leases	**–**	(129)
Expense relating to short-term leases (included in selling expenses, administrative expenses and research and development costs) *(note 6)*	**518**	377
Total amount recognised in profit or loss	**834**	1,224

(d) The total cash outflow for leases is disclosed in note 29(c) to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

15. OTHER INTANGIBLE ASSETS

	Software USD'000	Intellectual property USD'000	IPR&D USD'000	Total USD'000
31 December 2025				
At 1 January 2025:				
Cost	303	16,340	4,288	20,931
Accumulated amortisation	(118)	(13,107)	–	(13,225)
Net carrying amount	185	3,233	4,288	7,706
Cost at 1 January 2025, net of accumulated amortisation	185	3,233	4,288	7,706
Additions	102	–	–	102
Amortisation provided during the year *(note 6)*	(68)	(1,236)	–	(1,304)
Exchange realignment	5	–	–	5
At 31 December 2025, net of accumulated amortisation	224	1,997	4,288	6,509
At 31 December 2025:				
Cost	413	16,340	4,288	21,041
Accumulated amortisation	(189)	(14,343)	–	(14,532)
Net carrying amount	224	1,997	4,288	6,509

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

15. OTHER INTANGIBLE ASSETS (CONTINUED)

	Software USD'000	Intellectual property USD'000	IPR&D USD'000	Total USD'000
31 December 2024				
At 1 January 2024:				
Cost	303	16,340	4,288	20,931
Accumulated amortisation	(93)	(11,868)	–	(11,961)
Net carrying amount	210	4,472	4,288	8,970
Cost at 1 January 2024, net of accumulated amortisation	210	4,472	4,288	8,970
Amortisation provided during the year *(note 6)*	(26)	(1,239)	–	(1,265)
Exchange realignment	1	–	–	1
At 31 December 2024, net of accumulated amortisation	185	3,233	4,288	7,706
At 31 December 2024:				
Cost	303	16,340	4,288	20,931
Accumulated amortisation	(118)	(13,107)	–	(13,225)
Net carrying amount	185	3,233	4,288	7,706

Impairment testing of IPR&D

The intangible assets of the Group include IPR&D which are acquired through acquisition of subsidiaries, identified as the fiber optic navigation and imaging system and the robot control and driving system. The IPR&D which are not ready for use have not been amortised yet, because the Group is still continuing the research and development work. As at 31 December 2025, IPR&D were tested for impairment.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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15. OTHER INTANGIBLE ASSETS (CONTINUED)

Impairment testing of IPR&D (Continued)

The recoverable amounts of IPR&D have been determined based on a value in use calculation using cash flow projections which are based on financial forecast approved by senior management. Assumptions were used in the value in use calculation of IPR&D as at 31 December 2025.

Key assumptions used in the calculation are as follows:

	2025	2024
Revenue (% compound growth rate)	**7.59/8.23**	2.03/6.03
Gross margin rate (%)	**42.37-51.39**	41.15-52.85
Pre-tax discount rate (%)	**19.84/23.87**	20.15/23.79

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of IPR&D:

Revenue – The basis used to determine the budgeted revenue is based on management's expectation of when to launch products and also expectation of the future market. The compound growth rate of revenue was estimated based on information available at the time of assessment, disregarding information that became available after the assessment. Such information includes current industry overview and estimated market development of related products.

Gross margin – The basis used to determine the value assigned to the budgeted gross margin is the average gross margin expected to achieve in the year when to launch products, increased for expected efficiency improvements and expected market development.

Pre-tax discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions are consistent with historical experience of the Group and external information sources.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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16. INVENTORIES

	2025 USD'000	2024 USD'000
Raw materials	**1,588**	2,006
Work in progress	**440**	259
Finished goods	**1,837**	1,334
Total	**3,865**	3,599

17. TRADE RECEIVABLES

	2025 USD'000	2024 USD'000
Trade receivables	**6,083**	10,344
Impairment	**(2,903)**	(2,481)
Net carrying amount	**3,180**	7,863

Certain of the Group's trading terms with its customers are on credit. The credit period is generally three to six months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 USD'000	2024 USD'000
Within 3 months	**1,726**	1,630
3 to 6 months	**283**	64
6 to 12 months	**27**	1,785
1 to 2 years	**324**	4,384
2 to 3 years	**820**	–
Total	**3,180**	7,863

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17. TRADE RECEIVABLES (CONTINUED)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 USD'000	2024 USD'000
At beginning of year	**2,481**	1,106
Impairment losses, net *(note 6)*	**361**	1,401
Exchange realignment	**61**	(26)
At end of year	**2,903**	2,481

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2025

	Gross carrying amount USD'000	Expected credit loss rate	Expected credit loss USD'000
Collectively assessed:			
Less than 1 year	**2,080**	**2.12%**	**44**
1 to 2 years	**461**	**29.72%**	**137**
2 to 3 years	**3,138**	**73.87%**	**2,318**
Over 3 years	**404**	**100.00%**	**404**
Total	**6,083**		**2,903**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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17. TRADE RECEIVABLES (CONTINUED)

As at 31 December 2024

	Gross carrying amount USD'000	Expected credit loss rate	Expected credit loss USD'000
Collectively assessed:			
Less than 1 year	3,574	2.66%	95
1 to 2 years	6,375	31.23%	1,991
2 to 3 years	8	100.00%	8
Over 3 years	387	100.00%	387
Total	10,344		2,481

18. DERIVATIVE FINANCIAL INSTRUMENTS

	2025	
	Assets USD'000	**Liabilities USD'000**
Foreign currency swaps	**114**	**–**

The Group has entered into foreign currency contracts, to manage its exchange rate exposures, which are measured at fair value through profit or loss.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 USD'000	2024 USD'000
Current		
Prepayments	774	556
Deposits and other receivables*	661	220
Value-added tax recoverable	845	180
Subtotal	2,280	956
Non-current		
Loan to a director**	384	–
Deposits and other receivables	61	94
Prepayments	11	27
Subtotal	456	121
Total	2,736	1,077

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

* During the year, a director and certain employees exercised a total of 12,835,724 restricted stock units ("RSUs") at the subscription price of HKD0.264 per share, resulting in a total cash consideration of HKD3,389,000 (equivalent to approximately USD436,000). The cash consideration was approved by the board to be settled upon receipt of the proceeds from disposal (including sale and other approved methods) of these RSUs. As at 31 December 2025, the total outstanding balance was USD415,000, which included an amount due from a director of USD352,000. The balance was unsecured, interest-free and non-trade in nature.

** In September 2025, Hangzhou Broncus made a loan to a director in the amount of RMB2,700,000 (equivalent to approximately USD384,000), for the purpose of paying individual income tax arising from the vesting of restricted stock units granted to him in December 2024. The loan has a term of three years and bears an annual interest rate of 1.5%. The interest for the year was fully settled and there was no balance of interest receivable as at 31 December 2025.

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 USD'000	2024 USD'000
Unlisted debt investments, at fair value	13,900	14,670

The above unlisted debt investments were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

The movements of the financial assets at fair value through profit or loss are as follows:

	2025 USD'000	2024 USD'000
At beginning of year	**14,670**	8,878
Addition	**–**	6,955
Fair value change	**(1,027)**	(1,089)
Exchange realignment	**257**	(74)
At end of year	**13,900**	14,670

The Group has invested in Unicorn Holding Partners LP and Hangzhou Yingzhiqin I Equity Investment Partnership (Limited Partnership), which were measured at fair value.

21. CASH AND CASH EQUIVALENTS AND DEPOSITS

	2025 USD'000	2024 USD'000
Cash and bank balances	**29,721**	22,312
Time deposits	**95,200**	117,034
Total	**124,921**	139,346
Less:		
Pledged for bank overdraft facilities	**(25)**	(25)
Pledged for service and rent deposits	**(213)**	(213)
Structured deposits*	**(55,789)**	(40,291)
Time deposits with original maturity over three months	**(37,197)**	(52,344)
Cash and cash equivalents	**31,697**	46,473

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

21. CASH AND CASH EQUIVALENTS AND DEPOSITS (CONTINUED)

	2025 USD'000	2024 USD'000
Denominated in:		
USD	**25,982**	32,933
RMB	**4,776**	12,191
HKD	**867**	1,225
EUR	**72**	124
Total cash and cash equivalents	**31,697**	46,473

* Structured deposits mainly represents deposits made to Agricultural Bank of China, Industrial Bank Co., Ltd. Hong Kong Branch and other commercial banks for foreign currency swaps, which cannot be withdrawn until maturity.

The RMB is not freely convertible into other currencies, however, under the Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 USD'000	2024 USD'000
Within 3 months	**267**	253
3 to 6 months	**–**	–
6 to 12 months	**–**	–
Over 1 year	**8**	2
Total	**275**	255

The trade payables are non-interest-bearing and are normally settled on 30-day terms.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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23. OTHER PAYABLES AND ACCRUALS

	2025 USD'000	2024 USD'000
Other payables	**1,613**	1,421
Accrued expenses	**443**	598
Accrued payroll	**2,894**	3,007
Taxes payable other than corporate income tax	**106**	63
Total	**5,056**	5,089

Other payables are non-interest-bearing and repayable on demand.

24. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	2025 USD'000	2024 USD'000
Current		
Sale of medical devices and consumables	**243**	195
Service fee	**331**	391
Subtotal	**574**	586
Non-current		
Service fee	**247**	–
Total contract liabilities	**821**	586

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

25. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 30 April 2012 with an initial authorised share capital of USD50,000 with a par value of USD1 each. On 22 May 2014, the then authorised share capital was sub-divided into 500,000,000 shares with a par value of USD0.0001 each. On 7 September 2021, the then authorised and issued share capital was sub-divided into four shares with a par value of USD0.000025 each (the "Share Subdivision").

	2025 USD'000	2024 USD'000
Authorised:		
2,000,000,000 (2024: 2,000,000,000) ordinary shares of USD0.000025 (2024: USD0.000025) each	**50**	50
Issued and fully paid:		
500,640,730 (2024: 489,076,574) ordinary shares of USD0.000025 (2024: USD0.000025) each	**12**	12
Issued but not paid:		
27,596,354 (2024: 38,121,502) ordinary shares of USD0.000025 (2024: USD0.000025) each	**1**	1
Total	**13**	13

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital USD'000
At 1 January 2024, 31 December 2024 and 1 January 2025	527,198,076	12
Share options exercised during the year *(note)*	1,039,008	–
At 31 December 2025	528,237,084	12

Note:

The subscription rights attaching to 1,039,008 share options were exercised at the subscription price of HKD1.34 per share during the year, resulting in the issue of 1,039,008 ordinary shares of the Company for a total cash consideration of HKD1,392,000 (equivalent to approximately USD178,000).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

25. SHARE CAPITAL (CONTINUED)

The Company purchased 1,658,000 of its shares on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") at a total consideration of USD156,000. As at 31 December 2025, the Group had 1,658,000 (2024: Nil) purchased shares classified as treasury shares.

The Company appointed a trust to purchase 22,051,000 of the Company's shares on the Hong Kong Stock Exchange at a total cash consideration of USD4,745,000 for share award arrangements. A total of 12,835,724 shares were vested during the year. As at 31 December 2025, the trust had 9,215,276 shares held for share award arrangements.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

Other reserve

The Group's other reserve includes:

(1) The capital reserve of the Group represents the paid-up capital and share premium of the companies comprising the Group, details of the movements in the capital reserve are set out in the consolidated statement of changes in equity, and

(2) The excess of consideration for purchasing the shares of its subsidiary held by a non-controlling shareholder over the proportion of the carrying amounts of the subsidiary's net assets acquired.

Share option reserve

Share option reserve of the Group represents the share-based compensation reserve from equity-settled share award.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currencies are not USD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE-BASED PAYMENTS

The Company operates share-based payment schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the schemes include the Company's directors and the Group's employees.

The share options have vesting terms in schedule from the grant date and there is no performance target required except that the eligible participant remains in service for the Group during the vesting period. The exercise price of the share options vary with each person and share plan.

In addition, RSUs granted by the Group during the year are as follows:

Date of grant	Grantor	Type	Number	Vesting period (months)	Exercise price (USD)
July 2025	Company	RSUs	352,683	3	–

Movements in the number of share options granted under the schemes in total and their related weighted average exercise price are as below:

	2025		2024	
	Weighted average exercise price USD/share	Number of options	Weighted average exercise price USD/share	Number of options
Outstanding at beginning of the year	0.28	5,135,968	0.31	6,451,016
Forfeited or expired during the year	–	–	0.17	(1,315,048)
Exercised during the year	0.17	(1,039,008)	–	–
Outstanding at end of the year	0.38	4,096,960	0.28	5,135,968

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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27. SHARE-BASED PAYMENTS (CONTINUED)

Movements in the number of RSUs granted under the Company's schemes and their related weighted average exercise price are as below:

	2025		2024	
	Weighted average exercise price USD/share	Number of RSUs	Weighted average exercise price USD/share	Number of RSUs
Outstanding at beginning of the year	0.07	58,396,749	0.08	21,698,081
Granted during the year	–	352,683	0.06	37,101,106
Forfeited during the year	0.23	(1,560,000)	–	–
Lapsed during the year	0.26	(4,320,000)	–	–
Exercised during the year	0.04	(23,360,872)	–	(402,438)
Outstanding at end of the year	0.05	29,508,560	0.07	58,396,749

During the year, share-based expenses of USD962,000 (2024: USD236,000) were charged to the consolidated statement of profit or loss.

The fair values of RSUs granted during the year ended 31 December 2025 were estimated based on the share price as of the date of grant.

The fair values of RSUs granted during the year ended 31 December 2024 were estimated based on the share price as of the date of grant using binomial model, taking into account the terms and conditions upon which the RSUs were granted. The following table lists the key assumptions that the model used:

	2024 RSUs
Expected volatility (%)	39.90
Risk-free interest rate (%)	3.50
Expected life (year)	10
Weighted average share price (USD)	0.08

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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28. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 USD'000	2024 USD'000
Capital contribution payable to purchase limited partnership interests	**5,336**	5,216

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of nil (2024: USD197,000) and nil (2024: USD197,000), respectively, in respect of lease arrangements for warehouses and office premises.

During the year, the Group had non-cash reductions to right-of-use assets and lease liabilities of nil (2024: USD1,129,000) and nil (2024: USD1,258,000), respectively, in respect of termination of leases for warehouses and office premises.

(b) Changes in liabilities arising from financing activities

	Lease liabilities USD'000	Bank overdrafts USD'000
At 1 January 2025	**296**	**22**
Changes from financing cash flows	**(307)**	**(6)**
Interest expense	**4**	**–**
Foreign exchange difference	**7**	**–**
At 31 December 2025	**–**	**16**

	Lease liabilities USD'000	Bank overdrafts USD'000
At 1 January 2024	2,339	16
Changes from financing cash flows	(1,031)	6
Interest expense	84	–
New leases	197	–
Reduction as a result of termination of leases	(1,258)	–
Foreign exchange difference	(35)	–
At 31 December 2024	296	22

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 USD'000	2024 USD'000
Within operating activities	**518**	377
Within financing activities	**307**	1,031
Total	**825**	1,408

30. RELATED PARTY TRANSACTIONS

Name	Relationship
Mr. Hong Xu	Director

(a) The Group had the following transactions with a related party during the year:

	2025 USD'000	2024 USD'000
Loan to a director:		
Mr. Hong Xu *(note)*	**384**	–

Note:

In September 2025, a loan was provided by a subsidiary, Hangzhou Broncus, to a director in the amount of RMB2,700,000 (equivalent to approximately USD384,000), for the purpose of paying individual income tax arising from the vesting of restricted stock units granted to the director in December 2024. The loan has a term of three years and bears an annual interest rate of 1.5%. As at 31 December 2025, the balance is USD384,000 and included in other receivables. The interest for the year was fully settled and there was no balance of interest receivable as at 31 December 2025.

Other transactions with related parties:

During the year, a director exercised 10,543,961 RSUs at the subscription price of HKD0.264 per share, resulting in a total cash consideration of HKD2,784,000 (equivalent to approximately USD352,000). The cash consideration was approved by the board to be settled upon receipt of the proceeds from disposal (including sale and other approved methods) of these RSUs. As at 31 December 2025, the outstanding balance was USD352,000 and was included in other receivables. It was unsecured, interest-free and non-trade in nature.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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30. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Outstanding balance with a related party:

	2025 USD'000	2024 USD'000
Due from a director:		
Mr. Hong Xu	**736**	–

The balance was non-trade in nature. Further details please refer to above note (a) and note 19.

(c) Compensation of key management personnel of the Group:

	2025 USD'000	2024 USD'000
Salaries, allowances and benefit in kind	**199**	291
Pension scheme contributions	**7**	6
Equity-settled share award expenses	**795**	57
Total compensation paid to key management personnel	**1,001**	354

Further details of directors' remuneration are included in note 8 to the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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31. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2025

Financial assets

	Financial assets at fair value through profit or loss USD'000	Financial assets at amortised cost USD'000
Trade receivables	–	3,180
Finance lease receivables	–	19
Financial assets included in prepayments, other receivables and other assets	–	1,106
Financial assets at fair value through profit or loss	13,900	–
Derivative financial instruments	114	–
Pledged deposits	–	238
Structured deposits	–	55,789
Cash and cash equivalents	–	31,697
Time deposits with original maturity over three months	–	37,197
Total	14,014	129,226

Financial liabilities

	Financial liabilities at amortised cost USD'000
Trade payables	275
Financial liabilities included in other payables and accruals	1,613
Bank overdrafts	16
Total	1,904

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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31. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows: (Continued)

2024

Financial assets

	Financial assets at fair value through profit or loss USD'000	Financial assets at amortised cost USD'000
Trade receivables	–	7,863
Finance lease receivables	–	45
Financial assets included in prepayments, other receivables and other assets	–	314
Financial assets at fair value through profit or loss	14,670	–
Pledged deposits	–	238
Structured deposits	–	40,291
Cash and cash equivalents	–	46,473
Time deposits with original maturity over three months	–	52,344
Total	14,670	147,568

Financial liabilities

	Financial liabilities at fair value through profit or loss USD'000	Financial liabilities at amortised cost USD'000
Trade payables	–	255
Derivative financial instruments	170	–
Financial liabilities included in other payables and accruals	–	1,421
Bank overdrafts	–	22
Total	170	1,698

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits with original maturity over three months, pledged deposits, structured deposits, financial assets included in prepayments, other receivables and other assets, trade receivables, finance lease receivables, trade payables, bank overdrafts and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. All the carrying amounts of the Group's non-current financial assets and financial liabilities approximate to their fair value.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At the end of the reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of finance lease receivables and financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of financial assets at fair value through profit or loss have been estimated using the guideline company method.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments, including foreign currency swap, forward currency contracts and foreign currency option, are measured using valuation techniques similar to swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of risk-free rate, foreign exchange spot and forward rates. The carrying amounts of foreign currency swaps are the same as their fair values.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Below is a summary of significant unobservable input to the valuation of financial instrument together with a quantitative sensitivity analysis as at 31 December 2025:

	Valuation technique	Significant unobservable inputs	Weighted average rate	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	**Market approach**	**Discount for lack of marketability**	**25%**	**1% increase/ decrease in discount would result in decrease/ increase in fair value by US$956,000**

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
Derivative financial instruments	–	114	–	114
Financial assets at fair value through profit or loss	–	–	13,900	13,900
	–	114	13,900	14,014

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Assets measured at fair value: (Continued)

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
Financial assets at fair value through profit or loss	–	14,670	–	14,670

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 USD'000
Financial assets at fair value through profit or loss	
At 1 January	–
Transfer from level 2	14,670
Total gains recognised in profit or loss	(1,027)
Exchange realignment	257
At 31 December	13,900

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

32. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

The Group did not have any financial liabilities measured at fair value as at 31 December 2025.

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) USD'000	Significant observable inputs (Level 2) USD'000	Significant unobservable inputs (Level 3) USD'000	Total USD'000
Derivative financial instruments	–	170	–	170

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 for both financial assets and financial liabilities (2024: Nil).

During the year ended 31 December 2025, there were transfers into Level 3 for financial assets and no transfers into or out of Level 3 for financial liabilities. During the year ended 31 December 2024, there were no transfers into or out of Level 3 for both financial assets and financial liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits with original maturity over three months. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between USD and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity as at the end of the reporting period to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax (arising from foreign currencies denominated financial instruments) and the Group's equity.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax USD'000	(Increase)/ decrease in equity USD'000
31 December 2025			
If USD weakens against RMB	**5**	**1,530**	**1,647**
If USD strengthens against RMB	**(5)**	**(1,530)**	**(1,647)**
If USD weakens against HKD	**5**	**(2,119)**	**(2,119)**
If USD strengthens against HKD	**(5)**	**2,119**	**2,119**
If USD weakens against EUR	**5**	**(40)**	**(40)**
If USD strengthens against EUR	**(5)**	**40**	**40**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Foreign currency risk (Continued)

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax USD'000	(Increase)/ decrease in equity USD'000
31 December 2024			
If USD weakens against RMB	5	1,000	1,182
If USD strengthens against RMB	(5)	(1,000)	(1,182)
If USD weakens against HKD	5	(2,139)	(2,139)
If USD strengthens against HKD	(5)	2,139	2,139
If USD weakens against EUR	5	(15)	(15)
If USD strengthens against EUR	(5)	15	15

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, time deposits with maturity over three months, pledged deposits, structured deposits, finance lease receivables, trade receivables and financial assets included in prepayments, other receivables and other assets. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (Continued)

As at 31 December 2025

	12-month ECLs		Lifetime ECLs		
	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Simplified approach USD'000	Total USD'000
Trade receivables*	–	–	–	6,083	6,083
Finance lease receivables	–	–	–	19	19
Financial assets included in prepayments, other receivables and other assets – Normal**	1,106	–	–	–	1,106
Pledged deposits – Not yet past due	238	–	–	–	238
Structured deposits	55,789	–	–	–	55,789
Cash and cash equivalents – Not yet past due	31,697	–	–	–	31,697
Time deposits with maturity over three months – Not yet past due	37,197	–	–	–	37,197
Total	126,027	–	–	6,102	132,129

As at 31 December 2024

	12-month ECLs		Lifetime ECLs		
	Stage 1 USD'000	Stage 2 USD'000	Stage 3 USD'000	Simplified approach USD'000	Total USD'000
Trade receivables*	–	–	–	10,344	10,344
Finance lease receivables	–	–	–	45	45
Financial assets included in prepayments, other receivables and other assets – Normal**	314	–	–	–	314
Pledged deposits – Not yet past due	238	–	–	–	238
Structured deposits	40,291	–	–	–	40,291
Cash and cash equivalents – Not yet past due	46,473	–	–	–	46,473
Time deposits with maturity over three months – Not yet past due	52,344	–	–	–	52,344
Total	139,660	–	–	10,389	150,049

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Maximum exposure and year-end staging (Continued)

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 17 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 17 to the consolidated financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. At the end of the reporting period, the Group had certain concentrations of credit risk as 46.1% (2024: 56.4%) and 70.8% (2024: 87.9%) of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2025				
	On demand USD'000	Less than 3 months USD'000	3 to 12 months USD'000	1 to 5 years USD'000	Total USD'000
Trade payables	275	–	–	–	275
Financial liabilities included in other payables and accruals	1,613	–	–	–	1,613
Bank overdrafts	16	–	–	–	16
Total	1,904	–	–	–	1,904

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows: (Continued)

	As at 31 December 2024				
	On demand USD'000	Less than 3 months USD'000	3 to 12 months USD'000	1 to 5 years USD'000	Total USD'000
Trade payables	255	–	–	–	255
Financial liabilities included in other payables and accruals	1,421	–	–	–	1,421
Lease liabilities	–	136	169	–	305
Bank overdrafts	22	–	–	–	22
Total	1,698	136	169	–	2,003

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group monitors capital (including share capital and preferred shares on an as-converted basis) by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 USD'000	2024 USD'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**300,695**	284,824
Financial assets at fair value through profit or loss	**2,733**	2,956
Prepayments, other receivables and other assets	**11**	20
Total non-current assets	**303,439**	287,800
CURRENT ASSETS		
Due from subsidiaries	**12,014**	11,014
Prepayments, other receivables and other assets	**616**	203
Derivative financial instruments	**114**	–
Cash and cash equivalents	**22,529**	27,682
Structured deposits	**55,717**	40,291
Time deposits with original maturity over three months	**5,119**	32,130
Total current assets	**96,109**	111,320
CURRENT LIABILITIES		
Other payables and accruals	**428**	182
Derivative financial instruments	**–**	170
Total current liabilities	**428**	352
NET CURRENT ASSETS	**95,681**	110,968
TOTAL ASSETS LESS CURRENT LIABILITIES	**399,120**	398,768
Net assets	**399,120**	398,768
EQUITY		
Share capital	**13**	12
Treasury shares	**(156)**	–
Reserves *(note)*	**399,263**	398,756
Total equity	**399,120**	398,768

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Information about the statement of financial position of the Company at the end of the reporting period is as follows: (Continued)

Note:

A summary of the Company's reserves is as follows:

	Shares held for share award arrangements USD'000	Share premium USD'000	Other reserve USD'000	Share option reserve USD'000	Accumulated losses USD'000	Total USD'000
At January 2025	**–**	**593,697**	**59,042**	**12,392**	**(266,375)**	**398,756**
Total comprehensive income for the year	–	–	–	–	3,261	3,261
Equity-settled share award arrangements	–	–	–	962	–	962
Purchase of shares for share award arrangements	(4,745)	–	–	–	–	(4,745)
Issue of shares upon the exercise of share award arrangements	2,221	4,305	–	(5,497)	–	1,029
At 31 December 2025	**(2,524)**	**598,002**	**59,042**	**7,857**	**(263,114)**	**399,263**

	Share premium USD'000	Other reserve USD'000	Share option reserve USD'000	Accumulated losses USD'000	Total USD'000
At January 2024	593,574	59,042	12,908	(270,396)	395,128
Total comprehensive income for the year	–	–	–	4,021	4,021
Equity-settled share award arrangements	–	–	236	–	236
Issue of shares upon the exercise of share award arrangements	123	–	(123)	–	–
Transfer of share option reserve upon the forfeiture or expiry of share options	–	–	(629)	–	(629)
At 31 December 2024	593,697	59,042	12,392	(266,375)	398,756

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

35. EVENTS AFTER THE REPORTING PERIOD

On 29 December 2025, BCH, a wholly-owned subsidiary of the Company, and Venus Medtech (Hong Kong) Limited ("the Seller") entered into a share transfer agreement, pursuant to which the Seller has conditionally agreed to sell and BCH has conditionally agreed to purchase 1.05% of the outstanding shares of Valgen Holding Corporation ("Valgen") on a fully diluted and as converted basis as of 29 December 2025, at an aggregate consideration of US$15,000,000 (the "Previous Acquisition"). For details of the Previous Acquisition, please refer to the Company's announcements of 29 December 2025 and 13 March 2026.

On March 21, 2026, BCH and Max Grand Limited (the "Max Grand"), entered into a share transfer agreement, pursuant to which Max Grand has conditionally agreed to sell, and BCH has conditionally agreed to purchase, 579,866 series B preferred shares of Valgen of par value US$0.001 each, representing 3.85% of the outstanding shares of Valgen on a fully diluted and as converted basis, at an aggregate consideration of US$55,120,192 (the "Further Acquisition"). The Further Acquisition is subject to satisfaction of the closing conditions and may or may not be completed. For details of the Further Acquisition, please refer to the Company's announcement dated 21 March 2026.

36. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

FINANCIAL SUMMARY

	For the year ended December 31				
	2025	2024	2023	2022	2021
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	**174**	8,131	10,255	9,413	10,891
Gross profit/(loss)	**(917)**	6,139	7,227	7,315	8,742
Loss before tax	**(17,874)**	(15,300)	(28,089)	(28,033)	(236,175)
Loss for the year	**(17,875)**	(15,303)	(28,092)	(28,036)	(236,178)
Loss attributable to:					
Owners of the parent	**(17,875)**	(15,303)	(28,091)	(28,036)	(235,784)
Non-IFRS adjusted net loss for the year[1]	**(16,913)**	(15,067)	(27,536)	(26,913)	(23,654)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (US$)	**(0.04)**	(0.03)	(0.06)	(0.06)	(0.79)

	As at December 31				
	2025	2024	2023	2022	2021
	US$'000	US$'000	US$'000	US$'000	US$'000
Total non-current assets	**21,751**	24,105	23,153	19,076	14,089
Total current assets	**134,379**	151,790	172,652	202,866	238,717
Total current liabilities	**5,921**	6,418	9,158	7,417	8,964
Total non-current liabilities	**247**	–	1,277	1,067	1,424
Non-controlling interests	**(1)**	(1)	(1)	–	–
Total equity	**149,962**	169,477	185,370	213,458	242,418

(1) Please refer to the section headed "Non-IFRS Measures" in this annual report for more details.

DEFINITIONS

"2024 Annual Results Announcement"	the Company's annual results announcement dated March 31, 2025
"AGM"	the annual general meeting of the Company to be held on May 14, 2026
"Archimedes System"	LungPoint ATV System, also known as LungPro in China or the Archimedes System outside of China
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of Directors of the Company
"BroncAblate®"	BroncAblate® Transbronchial Radiofrequency Ablation System
"Broncus Hangzhou"	Hangzhou Broncus Medical Co., Ltd.* (杭州堃博生物科技有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
"Broncus Medical"	Broncus Medical Inc., a corporation established in accordance with the laws of the State of California, the United States and one of our Company's subsidiaries
"BSI"	the BSI Group, The Netherlands B.V., a notified body designated by the competent authorities to conduct conformity assessment of medical devices under the EU regulations
"BTPNA"	Bronchoscopic Trans-Parenchymal Nodule Access
"CEO"	the chief executive officer of the Company
"CG Code"	Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"Company"	Broncus Holding Corporation (堃博医疗控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on April 30, 2012, whose Shares were listed and traded on the Stock Exchange
"COPD"	chronic obstructive pulmonary disease
"CTO"	the chief technology officer of the Company
"Dinova Healthcare"	Dinova Healthcare Holding Corporation, a company incorporated in the Cayman Islands

DEFINITIONS

"Director(s)"	member(s) of our Board, including all executive, non-executive and independent non-executive directors
"EU"	the European Union
"FDA"	The United States Food and Drug Administration, a federal agency of the Department of Health and Human Services
"Fibernova"	Fibernova Holding Corporation, a company incorporated in the Cayman Islands
"General Mandate"	the general mandate granted to the Directors at the annual general meeting of the Company held on May 16, 2025 to allot, issue or otherwise deal with additional shares in the capital of the Company
"Global Offering"	the global offering of the Shares, comprising the Hong Kong public offering of 8,935,500 Shares and the international offering of 80,419,500 Shares
"Group" or "our Group" or "we" or "us"	the Company and our subsidiaries (or the Company and any one or more of our subsidiaries, as the context may require)
"Hangzhou Dinova"	Hangzhou Dinova Ruihan Medical Technology Co., Ltd.* (杭州德諾睿瀚醫療科技有限公司), a company established in the PRC
"Hangzhou Jingliang"	Hangzhou Jingliang Science and Technology Co., Ltd.* (杭州精量科學技術有限公司), a company established in the PRC
"HK$" or "HK dollars" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"InterVapor®"	InterVapor® System, the world's first and only thermal vapor energy ablation system to treat lung diseases including COPD and lung cancer
"ISI"	Intuitive Surgical Operations, Inc., a company incorporated in Delaware, United States
"Latest Practicable Date"	April 14, 2026, being the latest practicable date for ascertaining the contents set out in this report
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time

DEFINITIONS

"Memorandum and Articles of Association"	the tenth amended and restated memorandum and articles of association of the Company adopted by a special resolution passed on May 20, 2024, as may be amended and/or restated from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"Nomination Committee"	the nomination committee of the Board
"PRC" or "China" or the "People's Republic of China"	the People's Republic of China, which for the purpose of this report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Chinese Taiwan
"Prospectus"	the prospectus of the Company dated September 13, 2021
"R&D"	Research and development
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	12 months ended December 31, 2025
"RF-II"	RF Generator + RF Ablation Catheter, a radiofrequency ablation system used in conjunction with a disposable lung radiofrequency ablation catheter and the only radiofrequency ablation system that specifically targets lung cancer
"RSU"	restricted share unit(s)
"RSU Scheme"	the restricted share unit scheme of the Company adopted on May 9, 2021 and amended and restated on July 5, 2021 and further amended and restated on October 25, 2023
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Plan"	the share incentive plan of the Company adopted on May 9, 2021

DEFINITIONS

"Shares"	ordinary share(s) in the share capital of the Company
"Shareholders"	holders of Shares
"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"treasury share(s)"	has the meaning ascribed to it under the Listing Rules
"Trustee-held Shares"	the 9,877,197 Shares allotted by the Company to the trustee under the RSU Scheme on September 7, 2021 for the purpose of satisfying future grants thereunder
"U.S." or "United States"	the United States of America
"US$" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"%"	per cent

* *for identification purposes only.*