



杭州启明医疗器械股份有限公司
Venus Medtech (Hangzhou) Inc.

(A joint stock company incorporated in
the People's Republic of China with limited liability)

Stock Code: 2500

2025 ANNUAL REPORT



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Corporate Information

Name in Chinese:	杭州啓明醫療器械股份有限公司
Name in English:	Venus Medtech (Hangzhou) Inc.
Legal representative:	Mr. Lim Hou-Sen (Lin Haosheng)
Chairman:	Mr. Ting Yuk Anthony Wu
Registered capital:	RMB441,011,443
Headquarters in the PRC:	
Registered and office address	Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, PRC
Company website	http://www.venusmedtech.com/
E-mail	inquiry@venusmedtech.com
Principal place of business in Hong Kong:	40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong
Board of Directors:	
Executive Directors	Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma and Ms. Meirong Liu
Non-executive Directors	Mr. Ao Zhang and Mr. Wei Wang
Independent non-executive Directors	Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen and Mr. John Junhua Gu
Supervisors:	Mr. Changxi Zhang, Mr. Yixiang Xu and Mr. Jianmin Tao ¹
Audit Committee:	Mr. Chi Wai Suen (Chairman), Mr. Ting Yuk Anthony Wu and Mr. John Junhua Gu
Remuneration and Assessment Committee:	Mr. Ting Yuk Anthony Wu (Chairman), Mr. Chi Wai Suen and Mr. John Junhua Gu

Corporate Information

Nomination Committee:	Mr. John Junhua Gu (Chairman), Mr. Chi Wai Suen, Mr. Ting Yuk Anthony Wu and Ms. Meirong Liu ²
Company Secretary:	Mr. Wong Wai Chiu, CTP, CPA (Aust.), FCG (CS, CGP), FCS (CS, CGP)
Authorized Representatives:	Mr. Wong Wai Chiu and Ms. Liu Meirong
Legal Adviser to Hong Kong Law:	Davis Polk & Wardwell 10th Floor, The Hong Kong Club Building 3A Chater Road, Hong Kong
Auditor engaged by the Company:	ZHONGHUI ANDA CPA Limited <i>Certified Public Accountants and Registered Public Interest Entity Auditor</i>

- 1 Ms. Xiaojuan Li and Mr. Wei Chen, the Shareholders' representative Supervisors of the second session of the Supervisory Committee, have retired upon the approval of the appointment of the proposed Shareholders' representative Supervisors at the annual general meeting of the Company held on June 27, 2025 due to other business commitments. Mr. Yixiang Xu and Mr. Jianmin Tao have been appointed as Shareholders' representative Supervisors of the third session of the Supervisory Committee with effect from the same date.
- 2 Ms. Meirong Liu has been appointed as a member of the Nomination Committee with effect from June 27, 2025.

Chairman's Statement

Dear shareholders, partners, medical professionals, and all staff members,

The year of 2025 marked a pivotal year in the history of Venus Medtech. During the year, we not only confronted the dual challenges of intensified industry policies and fiercer market competition, but also reached a milestone in fully meeting the resumption guidance and returning to the capital market. On March 13, the Company officially resumed trading. This represents not only a critical step in addressing market concerns, but also a new starting point for us to rebuild industry confidence and embark on high-quality development with a renewed outlook. Amid the complex external environment, all members of Venus Medtech have stood together, adhering to the philosophy of “long-termism, lean operation and global breakthroughs”, adjusting under pressure and striving for excellence amid transformation. Thanks to such resilience, our operational quality has improved steadily and our development robustness has continued to strengthen, laying a solid foundation for sustainable growth.

STRATEGIC FOCUS AND RESTORED FINANCIAL HEALTH

Over the past year, we have squarely addressed the cyclical pressures in the domestic market and resolved development challenges through targeted strategic adjustments. Amid short-term revenue volatility driven by deepened centralized procurement policies and intensifying market competition, the Company has unwaveringly adhered to the core strategy of “cost control, efficiency enhancement, and core business focus”. By divesting non-core assets, optimizing resource allocation, and streamlining operational processes, we achieved a substantial narrowing of losses. During the Reporting Period, the Company recorded operating revenue of RMB307 million. Loss attributable to owners of the parent stood at RMB408 million, representing a 42.9% significant year-on-year reduction compared to the same period in 2024. Non-IFRS EBITDA loss amounted to RMB290 million, a 53.4% sharp year-on-year decrease. Notably, administrative expenses, selling expenses, and R&D expenses fell by 33.7%, 20.2%, and 21.6% year-on-year respectively, demonstrating remarkable results in cost control and operational optimization. Meanwhile, the successful transformation of the commercial sales model has significantly improved accounts receivable turnover efficiency and effectively eased cash flow pressure, laying a solid foundation for the Company's steady operations.

UPHOLDING INNOVATION AND BUILDING CORE BARRIERS

Over the past year, as a pioneer in the field of structural heart disease, we have remained committed to clinical-driven innovation and focused on our “four-valve integrated” product pipeline. During the Reporting Period, the Cardiovalve Tricuspid Valve Replacement System successfully completed its pivotal clinical study in Europe and formally submitted an application for CE marking; patient enrollment in the domestic clinical trial of Venus-PowerX, our next-generation dry valve TAVR product, progressed steadily; and the U.S. IDE clinical trial for the VenusP-Valve pulmonary valve replacement product advanced smoothly. The Company has continuously strengthened its global intellectual property portfolio. As of year-end, it held a total of 939 valid patents and patent applications, including 372 overseas granted patents. Through proactive legal measures, we have safeguarded our core innovative achievements and further consolidated our technological moat.

GLOBAL BREAKTHROUGHS DRIVING GROWTH LEAP

In 2025, our global strategy achieved a substantial upgrade and has emerged as a vital growth engine for the Company. During the Reporting Period, overseas revenue reached RMB98.30 million, representing a year-on-year increase of 19.17%, with its share of total revenue rising to 32.05%. Commercial profit from overseas operations amounted to RMB24.87 million, up 48% year on year. Our products now cover nearly 70 countries and regions worldwide and approximately 270 overseas hospital centers, with five new commercial markets penetrated throughout the year, and overseas implant volumes growing steadily. We have continued to deepen cooperation with top clinical experts and medical institutions globally, amplified our academic influence on major international academic platforms, and established a solid academic and commercial foundation for long-term global expansion.

Chairman's Statement

OUTLOOK

Looking ahead to the new year, we will continue to deepen our presence in the structural heart disease sector and uphold the philosophy of long-term development. In the domestic market, we will refine our operations, expand channel coverage, and consolidate and strengthen our leading position in structural heart disease sector. Overseas, we will accelerate breakthroughs and achieve full market penetration, driving the commercialization of core products in more countries and regions. We will further optimize our R&D pipeline, expedite clinical progress for key core products, and build higher competitive barriers through differentiated innovation. We will deepen lean operations, steadily advance toward the break-even point, and pursue a dynamic balance between profitability and market expansion with more resilient operations.

The path ahead is arduous and long, yet progress brings promise; with unremitting effort, the future holds boundless potential. 2026 will be a year where opportunities and challenges coexist, and hope is forged through diligence. I firmly believe that, with the strong support of our shareholders, the close partnership of our collaborators, and the relentless dedication of all Venus Medtech employees, the Company will ride the tides and forge ahead steadily. We will write a remarkable chapter of Chinese innovation in the global structural heart disease field, and reward all trust and support with more sound and solid performance.

Mr. Ting Yuk Anthony Wu
Chairman of the Board

Hangzhou, People's Republic of China, April 22, 2026

Financial Summary

	For the year ended December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
REVENUE	306,786	470,833	491,373	406,461	415,862
Gross profit	211,832	367,746	389,205	313,998	324,344
LOSS BEFORE TAX	(404,886)	(740,713)	(735,340)	(1,156,344)	(377,555)
LOSS FOR THE YEAR	(407,693)	(717,373)	(729,056)	(1,122,042)	(371,394)
Loss attributable to: Owners of the parent	(407,693)	(714,307)	(703,754)	(1,057,699)	(373,636)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted (RMB)	(0.93)	(1.63)	(1.61)	(2.42)	(0.85)

	As of December 31,				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Total non-current assets	1,852,496	2,447,290	2,805,647	2,813,865	1,669,835
Total current assets	666,996	802,480	1,608,067	2,468,970	3,439,622
Total current liabilities	240,603	361,749	805,168	492,104	208,534
Total non-current liabilities	516,211	676,922	689,200	1,159,420	269,079
Non-controlling interests	–	–	(1,302)	23,447	86,214
Total equity	1,762,678	2,211,099	2,919,346	3,631,311	4,631,844

Management Discussion and Analysis

I. BUSINESS REVIEW

Overview

Founded in 2009, we have grown into a global platform company engaged in innovative medical devices that integrate R&D, clinical development, manufacturing and commercialization. Our vision is to become a global leader in the field of structural heart diseases, seeking effective treatment options for major diseases that seriously threaten human health.

We have developed a product portfolio covering the interventional devices for valvular heart diseases including transcatheter aortic valve replacement (TAVR), transcatheter pulmonary valve replacement (TPVR), transcatheter mitral valve replacement (TMVR), transcatheter tricuspid valve replacement (TTVR) and other procedural accessories, allowing us to provide overall solutions for physicians and patients. In the future, the Company will continue to focus on the field of structural heart, and continue to iterate and update by applying new technologies and materials to introduce innovative products that meet needs of physicians and patients.

During the Reporting Period, the Company has maintained a deep commitment to the structural heart disease sector, focused on its core product pipeline, and steadily advanced pivotal clinical trials. In particular, the Company's tricuspid valve replacement product, Cardiovalve, has achieved smooth progress in its pivotal clinical trial in Europe, with all 150 patients enrolled and the CE MDR application submitted; which is currently in the post-operative follow-up period. Interim clinical data for Cardiovalve were formally presented at the PCR London Valves 2025, earning positive feedback from international experts and scholars. Meanwhile, enrollment for the pivotal clinical trial of the Group's next-generation TAVR product, Venus-PowerX, is also progressing steadily; patient enrollment for the U.S. IDE pivotal clinical trial of the transcatheter pulmonary valve replacement product, VenusP-Valve, is also on track. Leveraging its differentiated product portfolio and robust clinical development capabilities, the Group will continue to commit to the implementation of globally innovative valve therapy solutions, bringing benefits to more patients at an early date.

During the Reporting Period, capitalizing on its solid global patent portfolio, the Group achieved major progress in key intellectual property legal proceedings. With respect to the patent validity of Cardiovalve, the United States Court of Appeals for the Federal Circuit formally issued a judgment order affirming the prior final decision by the Patent Trial and Appeal Board of the United States Patent and Trademark Office in favor of the Group. Such ruling effectively safeguards the intellectual property foundation of the Group's core products and demonstrates the Group's strong barriers in technological innovation and intellectual property protection.

During the Reporting Period, the Company continued to advance the disposal and divestment of non-core assets, further concentrating its resources on the research and development, clinical trials and commercialization of its core valve pipeline. As of the date of this annual report, the Group has completed the divestment of minority equity investments in Venus Medical Life Sciences Industrial Park and Valgen Holding Corporation, among others, and has recovered the majority of cash proceeds in respect of such projects.

During the Reporting Period, the Company has substantially completed the strategic transformation of its sales model from direct sales-like to platform-based distribution, which has significantly improved the turnover efficiency of accounts receivable. During the year, the Company continued to optimize its distributor network, strengthen the professional capacity building of its sales force, actively unlock the commercial value of core products, and strive to provide high-quality treatment solutions for a broad base of patients. Throughout 2025, the Company completed a total of nearly 3,600 units of terminal implantations in domestic market. As of December 31, 2025, our total coverage of hospital had cumulatively reached nearly 700 nationwide.

In terms of overseas operations, the Company continues to expand into international markets in Europe, South America, Asia Pacific and the Middle East. Leveraging the differentiated product positioning of VenusP-Valve, our market share has achieved steady growth as supported by long-term safety and effective clinical data. Throughout 2025, our overseas revenues, primarily driven by the VenusP-Valve product, reached RMB98.3 million, representing a year-on-year growth of 19.2%. The products now covers nearly 70 countries and regions across Europe, North America, the Middle East, Southeast Asia, and Latin America. The continuous improvement of direct sales and distribution models in overseas market lays a solid foundation for the Company to achieve sustainable and stable growth for its existing products and expansion into overseas market for its future products.

Management Discussion and Analysis

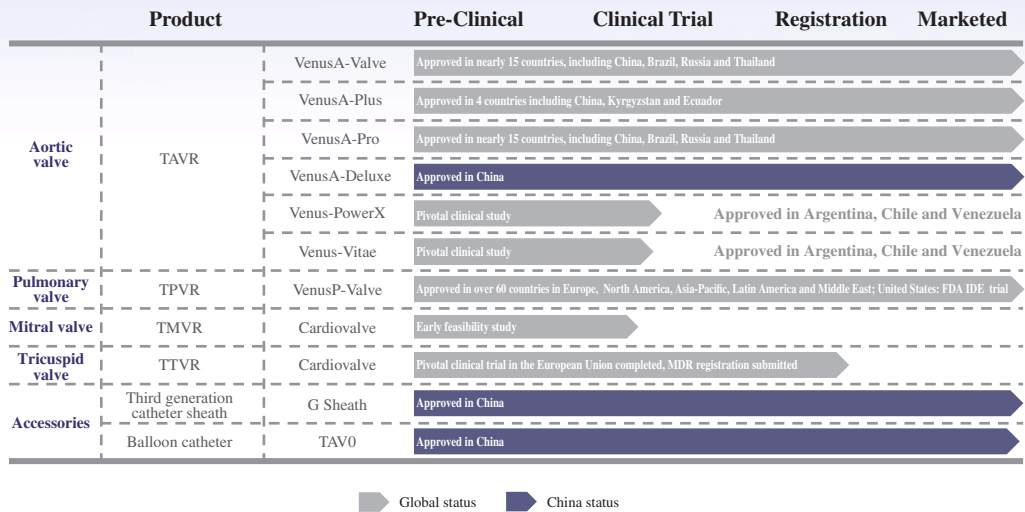
To achieve the Company's strategic objectives, we are committed to enhancing operational efficiency by actively improving internal production systems, refining processes, enhancing quality, and lowering costs. This bolstered the cost competitive advantage of our products. In addition, we continuously strengthened budget management, reduced costs, enhanced efficiency, controlled expenses and adopted other approaches to manage spending, lower costs, and reduce losses. Throughout 2025, the losses attributable to the parent decreased by 42.9% year on year.

Our Products and Product Pipeline

As of the date of this annual report, the Company has successfully established a product pipeline consisting of ten innovative medical devices, covering the fields of heart valve diseases.

The Company has established a product pipeline underpinned by the "Four-Valve Integrated" layout, comprising six transcatheter aortic valve replacement (TAVR) products, namely VenusA-Valve, VenusA-Plus, VenusA-Pro, VenusA-Deluxe, Venus Vitae and Venus-PowerX; one transcatheter pulmonary valve replacement (TPVR) product, namely VenusP-Valve; two surgical accessories including the dilatable guiding sheath G Sheath and TAV0 balloon dilation catheter; as well as Cardiovalve, an innovative device designed for both transcatheter mitral valve replacement (TMVR) and transcatheter tricuspid valve replacement (TTVR).

The following chart summarizes the development status of our products and product candidates as of the date of this annual report:



We currently have six marketed TAVR products at home and abroad, namely, VenusA-Valve, VenusA-Plus, VenusA-Pro, VenusA-Deluxe, Venus-PowerX and Venus-Vitae. VenusA-Valve received approval for registration from the NMPA in April 2017, which marked the first transcatheter aortic valve replacement (TAVR) product approved by NMPA for commercialization in China. VenusA-Plus received approval for registration from the NMPA in November 2020, which was the first retrievable TAVR product approved in China. While maintaining the strong radial force of the first generation valve, VenusA-Plus introduces the functions of retrievability and repositioning, which may reduce the complexity of procedures and significantly shorten the learning curve of physicians.

VenusA-Pro received approval for registration from the NMPA in May 2022, as an upgraded version of VenusA-Plus. It ensures radial force while providing improved cross-aortic arch performance with its capsule head made of super-elastic material, therefore enhancing the operability in procedures. VenusA-Deluxe received approval for registration from the NMPA in November 2024, as the latest generation TAVR product. It builds on previous products by further optimizing and upgrading the delivery system, and applies the stepwise compression of the valve, which effectively reduces the incidence of folding during the valve loading phase. The unique axial imaging markers for Commissural Allignment provides full protection for the coronary arteries, and parts of the material structure of the delivery system is fully optimized, making the overall delivery and release process more stable and safe. Our extensive product pipeline offers more comprehensive and better treatment options to physicians and patients, and meets the needs of different patients.

Management Discussion and Analysis

For VenusA-Valve, as the first TAVR product launched in China, the Company has constantly advanced its registered clinical long-term follow-up study for VenusA-Valve, for which the 10-year follow-up results have been published. As the only TAVR product in China with 10-year long-term follow-up data, key outcomes demonstrate that the cardiac mortality rate was only 17.5%; peak velocity, mean transvalvular gradient and left ventricular ejection fraction remained stable within normal ranges over the long term with sound stability; and more than 90% of patients had no/trivial/mild paravalvular leakage after implantation. The longest-followed patient has completed 13 years of post-procedure monitoring with normal valve function, fully validating the long-term safety, efficacy and durability of VenusA-Valve.

At the 11th China Valve (Hangzhou) 2025 Conference, the Company released the 5-year follow-up results of VenusA-Plus, with impressive data performance: no new cardiac death cases occurred during the follow-up period, and the incidence of valve thrombosis was 0%; valve function remained excellent, and core indicators such as valve orifice area, transvalvular gradient and flow velocity all validated that patients continued to benefit from the treatment. In addition, subgroup analysis results showed that the optional “retrievable” function did not bring additional long-term safety risks, and the long-term follow-up results of VenusA-Plus in patients with bicuspid and tricuspid valves were both excellent, fully demonstrating its outstanding clinical safety and broad applicability.

VenusP-Valve Series – TPVR Product

VenusP-Valve, our independently developed transcatheter pulmonary valve system, obtained the CE MDR approval for registration in April 2022 and was approved for commercialization. The product is designed to treat patients suffering moderate to severe pulmonary regurgitation with or without RVOT stenosis. It is the first self-expanding TPVR product approved in Europe, and also the first Class III implantable cardiovascular device approved under CE MDR regulations. VenusP-Valve was approved for registration by the NMPA in July 2022 for the treatment of patients with severe pulmonary regurgitation with native RVOT. As the first TPVR product approved in China, VenusP-Valve filled the gap in clinical demands in China.

With its excellent clinical performance, the safety and effectiveness of VenusP-Valve have been highly recognized by experts and physicians worldwide. In 2025, the Company released the 10-year follow-up results from the China registration clinical trial of VenusP-Valve. The data demonstrated a 10-year cumulative mortality rate of merely 3.64% (2 cases), with no additional deaths reported from the first to the tenth year post-procedure. Regarding long-term efficacy, no less than 80% of patients exhibited no more than mild pulmonary regurgitation throughout the 1-10 year follow-up period, marking a substantial improvement in pulmonary valve function. The patient with the longest follow-up has completed 12 years of post-implantation monitoring and remains in good health. These outcomes fully validate the long-term safety and efficacy of VenusP-Valve, underscoring its robust stability in clinical practice and the pivotal clinical value it delivers for the long-term prognosis of patients.

We are steadily expediting US IDE (PROTEUS) pivotal clinical study on VenusP-Valve. This study is a prospective, multi-centered clinical trial targeting patients with RVOTD combined with severe pulmonary valve regurgitation, and is expected to enroll a total of 60 subjects. Previously, the clinical trial gained approval from the Centers for Medicare & Medicaid Services (CMS) for inclusion in the medical insurance program. This means that clinical treatment expenses for patients eligible for the CMS medical insurance plan can be reimbursed through insurance claims, accelerating the progress of clinical trial in various centers. We will actively expedite the approval of VenusP-Valve in the U.S. market.

Management Discussion and Analysis

Venus-PowerX – New Generation TAVR Product

Venus-PowerX, our first self-developed self-expanding dry-tissue TAVR product, is in global pivotal clinical trial.

Venus-PowerX is our new generation pre-loaded dry-tissue valve product. It adopts the Venus-Endura dry-tissue technology, which leverages advanced anti-calcification technology to improve the durability of the valve, without glutaraldehyde for preservation. While enhancing safety, Venus-PowerX also boasts convenience for clinical application, preservation and transportation. It is also equipped with the world's first adaptive active anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt, thereby effectively reducing paravalvular leakage. Its pre-loaded dry tissue technology can significantly reduce operation preparation time. The combination of wire-controlled technology and a unique valve frame design can eliminate the stress on the valve during deployment, ensuring a more stable and precise release. It can still be 100% fully retrieved after complete release, offering greater safety compared to existing retrievable valves. Additionally, the valve frame employs a unique design with three large V-shaped openings, coordinated with the direction of entry of the delivery system, effectively preserving coronary access in the later stage. The delivery system, compared to previous generations, features a unique multi-layer waveguide design, offering superior flexibility and pushability. Venus-PowerX was approved for marketing and successfully completed commercial sales in Argentina, Chile and Venezuela. We will further promote the clinical research of Venus-PowerX to strive for its early approval in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-POWERX SUCCESSFULLY (EXCEPT FOR ARGENTINA, CHILE AND VENEZUELA).

Venus-Vitae – New Generation TAVR Product

The Venus-Vitae, our first self-developed balloon-expandable dry-tissue TAVR product, is in the global pivotal clinical trial.

Venus-Vitae adopted Venus-Endura dry tissue technology, which leverages advanced anti-calcification technology on the valve to improve the durability of the valve, and three-dimensional force controlled dehydration technology without glutaraldehyde for preservation. While enhancing safety, Venus-Vitae also boasts convenience for clinical application, preservation and transportation. In addition, its delivery system is uniquely designed with the patented wire-lock technology, thus locking the valve during transporting and balloon expanding. The wire-lock technology, steerable function, balloon coaxial rotation function and axial fine adjustment function maximize the controllability for physicians, and fill in the gap in the market where similar products are not equipped with a coronary alignment delivery system. It is also equipped with the world's first adaptive, active, anti-PVL skirt Seadapt with high compression ratio, self-expansion and high resilience, which can adjust the skirt thickness adaptively to fill the perivalvular space and promote the combination of vascular tissue and skirt. Venus-Vitae was approved for marketing and successfully completed commercial sales in Argentina, Chile and Venezuela. We will promote the clinical research of Venus-Vitae, striving for its early approval for marketing in the global market.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET VENUS-VITAE SUCCESSFULLY (EXCEPT FOR ARGENTINA, CHILE AND VENEZUELA).

Cardiovalve – TMVR/TTVR Product

The transcatheter mitral and tricuspid valve replacement products independently developed by Cardiovalve, a wholly-owned subsidiary of the Company, are in the pre-commercialization R&D stage. To date, the product for tricuspid regurgitation has completed patient enrollment of 150 cases in the European pivotal clinical trial, and the application for CE MDR has been submitted. The product for mitral regurgitation is in the feasibility study stage.

Compared with similar products, its transfemoral approach significantly improves the safety of treatment and its annular, up to 55 mm, is suitable for about 95% of the patient population. Meanwhile, its unique short frame design lowers the risk of ventricular obstruction. Cardiovalve is easy to operate, safe, highly repeatable, and can be completed in three steps: positioning, anchoring and release.

Management Discussion and Analysis

In November 2025, at the PCR London Valves 2025 conference, the Company announced the interim clinical data from the TARGET study of the Cardiovalve tricuspid valve replacement system. The data demonstrated that the Cardiovalve TTVR system exhibited favorable safety and clinical efficacy in patients with severe tricuspid regurgitation, further validating the clinical potential of Cardiovalve. The interim clinical data of the TARGET study included 125 patients across 25 clinical centers in Germany, Spain, Italy, Canada and the United Kingdom, with a mean age of 77 years. Clinical results of the TARGET study were as follows: (1) The mean device procedure time was 58 ± 29 minutes, with the shortest device procedure time being only 16 minutes; and (2) The overall intra-procedural success rate was 88% in accordance with the Tricuspid Valve Academic Research Consortium (TVARC) criteria. The success rate in the device implantation group reached 95%. Efficacy results showed: In terms of improvement in tricuspid regurgitation severity, the 6-month follow-up revealed that 100% of patients had no more than mild regurgitation, and this efficacy remained stable through the 12-month follow-up period. Regarding cardiac function improvement measured by the New York Heart Association (NYHA) functional classification, 88% of patients achieved NYHA Class I/II at 6 months post-procedure, and this proportion increased to 90% at 12 months. No patients with NYHA Class IV were observed during the 6-month follow-up, and this outcome remained stable at 12 months. In terms of quality of life, the mean Kansas City Cardiomyopathy Questionnaire score improved by 20 points at 6 months, and this benefit was maintained through the 12-month follow-up. The 6-minute walk distance increased by a mean of 44 meters and 32 meters at the 6-month and 12-month follow-ups, respectively. Safety results demonstrated excellent safety of the product with a low incidence of adverse events. The all-cause mortality rate was only 6.4%, and the heart failure rehospitalization rate was 1.6%. The incidences of cardiac tamponade, disabling stroke, and acute kidney injury requiring renal replacement therapy were all low. No myocardial infarction or device-related non-embolism events occurred. The preliminary clinical data verified the favorable safety profile of Cardiovalve. The announcement of these results highlighted the clinical potential of Cardiovalve's innovative design in the field of tricuspid valve therapy. In December 2025, the Company formally submitted an application for CE MDR to a European Notified Body. The Company will continue to fully advance subsequent clinical work, striving to launch the product at an early date to benefit numerous patients with tricuspid regurgitation worldwide who are in urgent need of effective treatment, and to create significant commercial value.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET CARDIOVALVE SUCCESSFULLY.

R&D Innovation

The structural heart disease market has immense potential. Focusing on its core strategy of “innovation driven by clinical demand”, the Company continues to increase its R&D investment to further cement its leading role in the field of heart valve interventions while making forward-looking arrangements for next-generation growth curve such as mitral valve and tricuspid valve. In 2025, the Company’s R&D pipelines continued to progress. In terms of aortic valves, the Company’s new generation of dry-tissue TAVR products, Venus-PowerX and Venus-Vitae, advanced smoothly in clinical trials. Both products adopt advanced anti-calcification technology, which significantly improves valve durability while simplifying surgical procedures, and are expected to provide a more durable solution for patients with aortic valve disease. In the field of pulmonary valve, the IDE pivotal clinical trial for VenusP-Valve in the U.S. is advancing steadily, marking the first instance of Chinese heart valve products undergoing clinical trial in the U.S. Meanwhile, the Company continued to iterate and update its pulmonary valve product, and further optimized the delivery system and valve design, thus consolidating the depth and lifecycle of the Company’s products in this market segment. Furthermore, the Company has strategically positioned our globally leading Cardiovalve valve replacement product for interventional treatment of mitral and tricuspid valves, with rapid progress in clinical trials and enrollment progress ahead of schedule. Early data demonstrate high operation success rates and significant improvement in postoperative reflux. It is poised to offer high-quality solutions for patients worldwide.

Management Discussion and Analysis

Innovation is the core driving force of the Company. The Company consistently adheres to a clinical demand-oriented approach, continuously advancing the iterative upgrading of interventional heart valve products lines through fully integrating internal independent innovation capabilities and deep collaboration with universities, research institutions, as well as internal innovation synergy, while actively exploring platform-based technologies for future valve optimization. The Company relies on its three R&D centers located in Hangzhou, China, Tel Aviv, Israel and Irvine, California, USA, fully leveraging the advantages of each region to form an efficient and collaborative global R&D network, providing strong technical support for the update and expansion of the product line. To further enhance innovation efficiency, the Company has optimized and upgraded its innovation strategy, transitioning from internal innovation to internal and external collaborative innovation. The Company actively expanded cooperation with third parties in the field of interventional treatment for structural heart diseases. Through various models such as commercialization cooperation, channel cooperation, and product acquisition, the Company accelerates the introduction of innovative technologies and products, further enriching its product pipeline and enhancing market competitiveness. During the Reporting Period, several of the Company's innovative products were successfully selected for inclusion in the "2025 Hangzhou Quality Product Recommendation Catalogue" (2025 年杭州市優質產品推薦目錄) published by the Hangzhou Municipal Bureau of Economy and Information Technology. This is a consecutive number of times the Company has received this recommendation, once again confirming the recognition of the Company's product strength.

For the years ended December 31, 2025 and 2024, our R&D costs were RMB267.4 million and RMB341.2 million, accounting for 87.2% and 72.5% of the Company's operating income in the corresponding period respectively.

Intellectual Properties

The Company attaches great importance to intellectual property of our products and protection of patents. Leveraging its strong R&D capability, as of December 31, 2025, the Company had a total of 939 patents and patents under applications, including 531 authorized invention patents. We had 433 patents under application and authorized in the PRC, including 307 authorized patents, and 488 patents under application and authorized overseas, including 372 authorized patents. We had 18 PCT applications. Our global intellectual properties portfolio mainly covers China, the U.S. and Europe, as well as other countries and regions.

The Company continues to improve its intellectual property management system, strengthen scientific and technological innovation, and make use of high-quality technology to accumulate high-quality intellectual property results, bringing good news to patients with structural heart disease around the world. During the Reporting Period, the Company was successfully selected as one of the outstanding Chinese invention patent case projects in countries and regions participating in the “Belt and Road”. The selection was guided by the China National Intellectual Property Administration and aims to commend outstanding corporations that promote international cooperation and development through intellectual property innovation under the “Belt and Road” Initiative. A total of 10 outstanding case projects from different fields were selected nationwide. The Company was honoured to be the only selected enterprise in the national biopharmaceutical industry. This is an authoritative recognition of the Company’s persistence in innovation and deep cultivation in the field of intellectual property rights.

In July 2025, the Company officially won the lawsuit filed by Edwards Lifesciences Corporation (愛德華生命科學公司) and Edwards Lifesciences LLC (愛德華生命科學有限責任公司) (collectively referred to as “Edwards Lifesciences”) regarding the validity of the patent rights owned by its wholly-owned subsidiary Cardiovalve Ltd. (“Cardiovalve”). On July 16, 2025, the U.S. Court of Appeals for the Federal Circuit formally issued, according to the applicable legal procedures, an order enforcing the judgment in the appeal case (Case: 23-1515) filed by Edwards Lifesciences against Cardiovalve’s patent since Edwards Lifesciences did not file an appeal within the specified timeframe, upholding the final ruling made by the Patent Trial and Appeal Board of the U.S. Patent and Trademark Office in December 2022 in favor of Cardiovalve. This ruling marks Venus Medtech’s successful defense for the validity of Cardiovalve’s key patents, strengthening its global intellectual property barriers and playing a crucial role in consolidating its competitive advantage in the field of structural heart disease, particularly the advantage in its “Four-Valve Integration” strategy for its core valve business.

Management Discussion and Analysis

As of the date of this annual report, Cardiovalve, the Company's wholly-owned subsidiary, has filed a patent infringement lawsuit against Edwards Lifesciences in the United States District Court for the District of Delaware. Further announcement will be made by the Company regarding any substantive progress as and when appropriate.

Manufacturing

We have a clean production zone of approximately 3,500 square meters in Hangzhou for manufacturing our heart valve products and product candidates. Our manufacturing facilities comply with the GMP requirements in the U.S., the EU and the PRC and follow rigorous manufacturing and quality control standards to ensure high product quality and safety standards.

Quality system

The Company has established an international quality management system in accordance with ISO13485, GMP of NMPA in China, QSR of the FDA in the U.S., MDR of the EU, RDC of ANVISA in Brazil, MDSAP, ISO/IEC17025 and other regulations and standards. As of the date of this annual report, the Company has obtained an ISO13485 system certificate, an MDR system certificate of the EU, an MDSAP quality system certificate (covering the regulatory requirements of quality systems of the U.S., Japan, Canada, Australia and Brazil), a China production license, a Brazil BGMP certificate, a CNAS laboratory accreditation certificate, and is also a training base unit for medical device inspectors in Hangzhou. Leveraging the establishment and maintenance of a high-standard and strict quality management system, the Company imposes quality control on products throughout the life cycle, from R&D to marketing and sales, so as to ensure the quality of products. In addition, the Company has also established a digital and refined quality management system through proactively participating in and completing the safety intelligence supervision "black box" project of Zhejiang Medical Products Administration, the management intelligence supervision platform of Hangzhou Market Supervision Administration, and the key transcatheter replacement system for the "14th Five-year" period and other intelligence regulation projects. Currently, information systems such as PLM (Product Lifecycle Management System), EBS (Enterprise Business Suite), WMS (Warehouse Management System), LIMS (Laboratory Information Management System), MES (Manufacturing Execution System), and ECS (Supplier/Customer Management) have been established.

Commercialization

For commercialization in China, the Company has established a professional sales and marketing team to continue to explore potential marketing channels, continuously expand the sales network in China, and provide professional and comprehensive medical solutions for doctors and patients. Through academic promotion activities and product education, we have established a good brand image in the market. We took an active part in international and domestic academic conferences to strengthen communication and exchange with hospitals, doctors and opinion leaders in the industry, continuously consolidate product brand awareness and influence in the industry, and establish a positive and professional brand image and competitive advantage. Throughout 2025, the Company participated in nearly 100 third-party meetings, covering nearly 10,000 experts with cumulative online views exceeding 100,000. As the only company in the domestic market with four TAVR products and one TPVR product, our rich product pipeline provides physicians and patients with more and better choices of treatment, enhances the brand influence of the Company and helps to consolidate our leading position in China.

Meanwhile, for international business, the Company has always insisted on promoting the development of innovative products in the international business market and continuously increasing its overseas market promotion efforts. Throughout 2025, the Company has achieved overseas revenue of RMB98.3 million, a year-on-year increase of 19.2%, and its proportion in the Company's revenue increased to 32.0%. The Company also actively promotes global cooperation with regional industry-leading customers, continues to promote market access and promotion of TPVR and TAVR products in Europe, Latin America, Asia Pacific, the Middle East and other countries, and actively promotes pre-market clinical trials of products in the U.S. and Japan. As of the end of the Reporting Period, the Company sells our products to over 300 medical centers in 70 countries and regions in Europe, the Middle East, Asia-Pacific, North America and Latin America. Throughout 2025, the Company expanded into 5 new commercialized countries and regions, including New Zealand, India and Hong Kong of the PRC. The Company continues to improve the international market influence of its products, and participated in several reputable international academic conferences in the cardiovascular interventional medicine industry, such as Catheter Interventions in Congenital, Structural and Valvular Heart Disease (CSI), EuroPCR, Association for European Paediatric and Congenital Cardiology (AEPC) Annual Meeting, 2025 Annual Scientific Meeting of the Latin American Society of Interventional Cardiology (SOLACI SOCIME 2025), 37th Transcatheter Cardiovascular Therapeutics Annual Scientific Session (TCT 2025) and PCR London Valves 2025, and attracted cardiovascular experts from different countries around the world, enhanced the recognition of our products among overseas doctors, and continuously strengthened the Company's international brand awareness and influence. We also gradually established contact with physicians and hospitals through distributors to continuously expand sales and our brand influence, thus providing more options for unmet clinical needs worldwide and benefiting more patients.

Management Discussion and Analysis

II. FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, all of our revenue was generated from sales of medical devices. The six TAVR products we currently offer in the domestic and overseas market, namely VenusA-Valve, VenusA-Plus, VenusA-Pro, VenusA-Deluxe, Venus-PowerX and Venus-Vitae, represent the principal portion of our revenue, and are expected to account for a substantial portion of our sales in the near future. VenusP-Valve, a TPVR product, received the CE MDR Marking in the EU on April 8, 2022, and was approved by the NMPA for marketing on July 11, 2022 which has constituted the principal portion of our overseas revenue since its commercialization.

The Group's revenue for the year ended December 31, 2025 was RMB306.8 million, representing a decrease of 34.8% compared to RMB470.8 million for the year ended December 31, 2024. The fluctuation in revenue was due to the decline in the unit price and sales volume of products as a result of fiercely competitive domestic market environment.

The following table sets forth a breakdown of our revenue by product:

Revenue	Year ended December 31, 2025		Year ended December 31, 2024	
	RMB'000	Proportion	RMB'000	Proportion
TAVR products	210,316	68.56%	383,433	81.44%
TPVR products	96,394	31.42%	87,159	18.51%
Others	76	0.02%	241	0.05%
Total	306,786	100%	470,833	100%

Cost of Sales

The cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the year ended December 31, 2025 was RMB95.0 million, representing a decrease of 7.9% compared to RMB103.1 million for the year ended December 31, 2024. The decrease is consistent with the trend of change in sales revenue for the same period. The Group will further enhance profitability by continuously optimizing the cost structure and improving production efficiency.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group decreased by 42.4% from RMB367.7 million for the year ended December 31, 2024 to RMB211.8 million for the year ended December 31, 2025. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 78.1% for the year ended December 31, 2024 to 69.0% for the year ended December 31, 2025, primarily attributable to the decline in unit price of products.

Other Income and Gains

The Group's other income and gains for the year ended December 31, 2025 was RMB47.6 million, representing an increase of 23.6% compared to RMB38.5 million for the year ended December 31, 2024, primarily relating to the fair value adjustment on the contingent consideration payable in relation to the acquisition of Cardiovalve.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended December 31, 2025 was RMB195.5 million, representing a decrease of 20.2% compared to RMB245.1 million for the year ended December 31, 2024. The decrease was in line with the trend of movement in sales income during the same period.

R&D Costs

The Group's R&D costs for the year ended December 31, 2025 was RMB267.4 million, representing a decrease of 21.6% compared to RMB341.2 million for the year ended December 31, 2024. The change was mainly due to the Group's optimization of production line layout to reduce costs and improve efficiency.

Management Discussion and Analysis

The following table sets forth a breakdown of R&D costs:

	Year ended December 31, 2025 (RMB'000)	Year ended December 31, 2024 (RMB'000)
Staff costs	71,183	112,631
Raw material costs	31,834	56,379
R&D service expenses	36,311	32,151
Intellectual property expenses	10,417	12,990
Clinical trial expenses	33,347	28,547
Depreciation and amortization	71,162	84,668
Others	13,150	13,819
	267,404	341,185

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2025 was RMB96.8 million, representing a decrease of 33.7% compared to RMB146.0 million for the year ended December 31, 2024. The change mainly reflected a decrease in expenses relating to forensic investigations in connection with the trading suspension and resumption of trading during the Reporting Period.

Other Expenses

The Group's other expenses for the year ended December 31, 2025 was RMB86.2 million, representing a decrease of 76.9% compared to RMB372.4 million for the year ended December 31, 2024, primarily because impairment losses on certain long-term assets were recognized in the previous year, and no such significant expenses were incurred in the current year.

Reversal of Impairment Losses/(Impairment Losses) on Financial Assets, Net

The Group's reversal of impairment losses on financial assets, net, for the year ended December 31, 2025 was RMB1.7 million, representing a decrease of 107.9% compared to the impairment losses accrued on financial assets, net, of RMB21.4 million, for the year ended December 31, 2024. The change was primarily attributable to a decrease in impairment provisions individually recognized for other receivables with a low possibility of recovery.

Finance Costs

The Group's finance costs for the year ended December 31, 2025 was RMB18.0 million, representing an increase of 8.4% compared to RMB16.6 million for the year ended December 31, 2024. The increase was primarily attributable to other financial liabilities – convertible bond bridge loans newly incurred during the Reporting Period, resulting in an increase in finance costs.

Share of Loss in Investments in Associates and Joint Ventures Accounted for Using the Equity Method

For the year ended December 31, 2025, the Group's share of loss in investments in associates and joint ventures accounted for using the equity method was RMB2.1 million, representing a decrease of 50.0% from share of loss of RMB4.2 million for the year ended December 31, 2024. The change was related to the fluctuations in losses incurred by the companies in which we invested during the Reporting Period.

Income Tax

The Group's income tax expense for the year ended December 31, 2025 was RMB2.8 million, representing an increase of 112.0% compared to the income tax credit of RMB23.3 million for the year ended December 31, 2024. The change was related to the income tax arising from the disposal of shares in an investee company during the Reporting Period. For details regarding the disposal of equity interest, please refer to the Company's announcement dated December 29, 2025 headed "Discloseable Transaction in Relation to Disposal of Shares of an Investee Company".

Management Discussion and Analysis

Non-IFRS Measures

To supplement the Group's consolidated financial statements which are presented in accordance with IFRS, the Company has provided commercialization profit, commercialization profit margin, EBITDA and adjusted EBITDA as non-IFRS measures, which are not required by, or presented in accordance with IFRS. The Company believes that the non-IFRS adjusted financial measures provide useful information to investors and others in understanding and evaluating the Group's consolidated statements of profit or loss in the same manner as they helped the Company's management, and that the Company's management and investors may benefit from referring to these non-IFRS adjusted financial measures in assessing the Group's operating performance from period to period by eliminating impacts of items that the Group does not consider indicative of the Group's operating performance. However, the presentation of these non-IFRS financial measures is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with the IFRS. You should not view the non-IFRS adjusted results on a stand-alone basis or as a substitute for results under IFRS.

The following table sets out a reconciliation of non-IFRS commercialization profit to gross profit for the periods indicated:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Revenue	306,786	470,833
Cost of sales	(94,954)	(103,087)
Gross profit	211,832	367,746
Add/(less):		
Selling and distribution expenses	(195,485)	(245,066)
Other expenses		
Including: charitable donations	(14,942)	(25,010)
Non-IFRS commercialization profit¹	1,405	97,670
Non-IFRS commercialization profit margin²	0.5%	20.7%

¹ Non-IFRS commercialization profit represents gross profit after deducting (i) selling and distribution expenses; and (ii) charitable donations.

² Non-IFRS commercialization profit margin represents commercialization profit divided by revenue, which is used to measure the Company's commercialization capability.

Management Discussion and Analysis

The following table sets out a reconciliation of non-IFRS EBITDA to loss before tax for the periods indicated:

	For the year ended December 31,	
	2025 RMB'000	2024 RMB'000
Loss before tax	(404,886)	(740,713)
Finance costs	17,996	16,647
Depreciation and amortization	97,327	102,307
Non-IFRS EBITDA¹	(289,563)	(621,759)
Non-recurring gains and losses²:		
Impairment on financial assets	–	73,645
Impairment on intangible assets and goodwill	–	62,026
Loss on disposal of financial assets	19,643	–
Changes in the fair value of financial assets and contingent liabilities	(3,997)	40,135
Disposal/impairment of Qiming Healthcare Life Science Industrial Park (啓明醫療生命健康產業園) (the “Industrial Park”)	10,188	152,718
Share of loss in investments in associates and joint ventures accounted for using the equity method	2,104	4,154
Expenses related to, among others, litigation, investigation, resumption of trading and asset disposal	11,163	35,410
Adjusted non-IFRS EBITDA³	(250,462)	(253,671)

¹ Non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization.

² The non-recurring gains and losses recorded during the year are income or losses generated outside of normal business activities, characterized by their incidental and non-continuous nature, and are expected not to have a lasting impact on the performance of future years.

³ Adjusted non-IFRS EBITDA represents earnings/(loss) before interest, tax, depreciation and amortization and non-recurring gains and losses.

Management Discussion and Analysis

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents as at December 31, 2025 were RMB158.3 million, representing a decrease of 46.9% compared to RMB298.0 million for the year ended December 31, 2024.

We rely on capital contributions by the Shareholders and bank loans as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

Borrowings and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2025 were RMB159.2 million (December 31, 2024: RMB283.0 million). The Group's interest-bearing bank borrowings are mainly carried at floating interest rates, while other financial liabilities – convertible bond bridge loan are subject to a fixed annual interest rate of 10%. For a breakdown of the interest-bearing bank borrowings of the Group, please refer to the Note 29 to the Financial Statements in this annual report. Details of the convertible bonds are set out in the Company's announcements dated March 20, 2025 and November 14, 2025.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2025 was 12.3% (December 31, 2024: 16.7%).

Net Current Assets

The Group's net current assets, as at December 31, 2025 were RMB426.4 million, representing a decrease of 3.2% compared to net current assets of RMB440.7 million as at December 31, 2024.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, other receivables, other financial assets, other payables and other financial liabilities are denominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Significant Investments

As at December 31, 2025, we did not hold any significant investment (including any investment in an investee company) with a value of 5% or more of the Group's total assets.

Material Acquisitions and Disposals

On November 11, 2025 (after trading hours), the Company entered into a disposal agreement with Hangzhou Binjiang Urban Construction Development Co., Ltd. (杭州濱江城建發展有限公司), pursuant to which, among others, the Company has agreed to sell, and Hangzhou Binjiang Urban Construction Development Co., Ltd. has agreed to acquire the property (comprising the construction in progress in relation to Qiming Healthcare Life Science Industrial Park (啓明醫療生命健康產業園), together with the associated land use rights) at a total consideration of RMB374,563,969. Such disposal has been approved by the Shareholders at the extraordinary general meeting held on November 28, 2025 and completed in January 2026, from which the Group recorded a net loss of approximately RMB10.2 million. For details, please refer to the announcement of the Company dated November 11, 2025 and the circular of the Company dated November 12, 2025.

On December 29, 2025 (after trading hours), the Company and Broncus China Holding Corporation entered into a share transfer agreement, pursuant to which, the Company has agreed to sell and Broncus China Holding Corporation has agreed to purchase 157,800 series B preferred shares of Valgen Holding Corporation at the consideration of US\$15,000,000. Upon completion of the disposal, the Company will cease to hold any shares of Valgen Holding Corporation. For details, please refer to the announcement of the Company dated December 29, 2025.

Management Discussion and Analysis

Save as disclosed above, we did not have any other material acquisitions or disposals of subsidiaries, associates and joint ventures of the Company for the year ended December 31, 2025.

Capital Expenditure

For the year ended December 31, 2025, the Group's total capital expenditure amounted to approximately RMB10.8 million, which was used in (i) purchase of items of property, plant and equipment; and (ii) purchase of other intangible assets.

Indebtedness and Charge on Assets

As of December 31, 2025, other financial liabilities of the Group – convertible bond bridge loan amounted to RMB154.2 million (as at 31 December 2024: Nil). Such convertible bond bridge loan is secured by our pledged assets, namely the Venus-PowerX patents, for which the relevant registration of charge has been completed. Details of the convertible bonds are set out in the section headed "Proposed Issue of Convertible Bonds" in this annual report and the Company's announcements dated March 20, 2025 and November 14, 2025. As at December 31, 2024, certain borrowings of the Group in the amount of RMB265.5 million were secured by mortgages or pledges over our assets, which consisted of leasehold land. As of the date of this report, such borrowings have been fully repaid, and the corresponding charges on the mortgaged and pledged assets have been released.

Saved as disclosed above, (i) the Company had no other secured or pledged bank loans, convertible loans and borrowings nor did the Company issue any bonds; and (ii) there was no other pledge of the Group's assets as at December 31, 2025.

Contingent Liabilities

As at December 31, 2025, except for the fair value of contingent consideration payable for acquisition of a subsidiary of the total amount of RMB341.2 million (for details, please refer to the announcement of the Company headed "Discloseable Transaction-Acquisition of Equity Interests in Mitraltech (formerly known as "Cardiovalve") and Subscription of Convertible Loan" dated December 8, 2021), we did not have any contingent liabilities.

Employees and Remuneration Policies

As of December 31, 2025, we had 560 employees in total (December 31, 2024: 691).

Among the 560 employees, 493 of our employees are stationed in China, and 67 of our employees are stationed overseas primarily in Israel, the U.S. and Europe. During the year ended December 31, 2025, the total employee benefit expenses of the Group amounted to approximately RMB249.5 million (for the year ended December 31, 2024: RMB285.0 million), comprising (i) wages, salaries and bonuses; (ii) social security costs and housing benefits; (iii) employee welfare and (iv) share-based compensation expenses. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three to five years.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and share incentive schemes to our employees, especially for key employees.

Future Investment Plans and Expected Funding

The Group will continue to expand its heart valve business in markets domestically and globally through organic growth, mergers and acquisitions, with the aim of maximizing shareholder value. To finance relevant capital expenditures, we will fully utilize a combination of financing channels, including but not limited to our own funds, debt financing and equity financing.

Other Significant Events

(1) Further Information in respect of the unauthorized loans and pledged deposits

Reference is made to (i) sections 3 and 4 headed “Unauthorized loans to Jiangsu Wuzhong” and “Unauthorized guarantees to Hangzhou Kuntai” in the announcement of the Company dated February 23, 2024; (ii) the announcement of the Company dated April 16, 2024; (iii) the 2023 Annual Report; (iv) the announcement of the Company dated May 23, 2024; (v) the announcement of the Company dated August 23, 2024; (vi) the announcement of the Company dated November 22, 2024; (vii) the announcement of the Company dated January 13, 2025; and (viii) the announcement of the Company dated March 12, 2025.

Since the obtaining of the arbitration award in favor of the Company’s requests from Hangzhou Arbitration Commission on March 26, 2025, the Company has initiated enforcement procedures in respect of the award in the PRC, Hong Kong and Cayman Islands.

Xin Nuo Tong, the party controlled by Mr. Zi, has opposed enforcement in each of the jurisdictions to set aside the arbitration award, or to stay its enforcement, as applicable. Relatedly, Mr. Zi, Xin Nuo Tong, and Hangzhou Kuntai has initiated a court action in Hong Kong against the Company, Venus Hong Kong, and Hangzhou Qijin (“Venus Parties”), seeking to dispute the amounts he owed to the Company relating to the Unauthorized Transactions. The writ of summons has not yet been served on any of the Venus Parties.

The Company believes that Xin Nuo Tong’s applications to resist enforcement of the award and the court action are without merit. The Company received a civil ruling issued by the Hangzhou Intermediate People’s Court in February 2026, dismissing the applications for revocation of the arbitration award filed by Ma Haiyue and Xin Nuo Tong. The Company will contest Xin Nuo Tong’s action in all jurisdictions to vigorously pursue timely enforcement of the arbitration award, and will defend the frivolous Hong Kong action brought by Mr. Zi, Xin Nuo Tong, and Hangzhou Kuntai.

As of the date of this annual report, the unauthorized loan of RMB80,000,000 to Jiangsu Wuzhong has not been repaid.

(2) Proposed issue of convertible bonds

On March 20, 2025, the Company entered into the subscription agreement and the convertible bonds framework agreement with Hangzhou Yingzhiqin No. 2 Venture Capital Partnership (Limited Partnership)* (杭州盈智勤貳號創業投資合夥企業(有限合夥)) (“Subscriber”) regarding the issuance of convertible bonds with an aggregate principal amount not exceeding RMB200,000,000, which may be converted into the Company’s H shares upon maturity. On November 14, 2025, the Company entered into supplemental agreements with the subscriber to amend certain terms and conditions of the subscription agreement and the framework agreement.

The completion of issuance and subscription of the convertible bonds are subject to the fulfillment and/or waiver of the conditions precedent set forth in the subscription agreement. As of the date of this annual report, the conditions precedent set forth in the subscription agreement have not yet been fulfilled.

For further details, please refer to the announcements of the Company dated March 20, 2025 and November 14, 2025.

III. PROSPECTS

The Company is an innovative medical device corporation focusing on the field of interventional treatment for structural heart diseases. We are committed to promoting technological advancement of innovative medical devices in China to better meet the medical needs of patients.

We strive to develop and expand our product pipeline by fully leveraging our internal innovation capabilities coupled with in-depth industry-university-research collaboration. In 2026, we will continue to systematically advance the clinical progress of our first self-expanding dry valve TAVR product Venus-PowerX, balloon-expandable dry valve TAVR product Venus-Vitae, pulmonary valve VenusP-Valve, and tricuspid valve replacement product Cardiovalve, aiming to reach the next milestone at the earliest opportunity. We expect to complete all IDE clinical enrollment of VenusP-Valve in the United States and clinical enrollment of Venus-PowerX in China in 2026, and will endeavor to accelerate the regulatory approval process.

We are committed to deepening our marketing and commercialization strategies and proactively addressing the challenges in the domestic market. We will enhance the capabilities of our commercial team through internal training and recruitment of professionals with relevant expertise. We will explore market channels, expand into the secondary market, increase market penetration across all tiers, and drive product sales. Leveraging our commercial team's professional knowledge and in-depth understanding of the domestic market environment, we will seek a balanced approach between commercial profitability and market share through various initiatives.

With respect to our internationalization strategy, we are pleased to witness sustained growth in overseas revenue, which has generated substantial commercial profits. We will further increase resource deployment in overseas markets. While strengthening our presence in Europe, we will expand into new emerging markets and continuously optimize our global marketing network. We will maintain the momentum of global expansion and steadily enhance the professionalism of our overseas sales force. We will continue to seek strategic partners worldwide and explore product globalization models through collaborations, licensing agreements or joint ventures, thereby further accelerating our global footprint.



Management Discussion and Analysis

In 2026, the Group will continue to flexibly deploy diversified financing channels including equity financing and debt financing, actively enhance its cash flow position, and strive to achieve its financing objectives as soon as practicable. Concurrently, the Group will continue to advance the disposal of non-valve non-core assets, and reallocate capital to the research and development and clinical advancement of its core valve business, so as to further focus on its principal business and improve resource utilization efficiency.

Leveraging our leading R&D pipeline, increasingly mature global commercialization system, and clear, executable internationalization path, we are confident in bringing safer and more effective treatment options to patients with structural heart diseases worldwide.

IV. RISK MANAGEMENT

Principal Risks and Uncertainties facing the Company

The principal risks and uncertainties that may cause the Group's financial conditions or results to materially deviate from the expected or historical results can be categorized into the following areas: (A) risks relating to our business, comprising (i) risks relating to the development of our product candidates, (ii) risks relating to extensive government regulations, (iii) risks relating to the commercialization and distribution of our products, (iv) risks relating to the manufacture and supply of our products, (v) risks relating to our intellectual property rights, and (vi) risks relating to our reliance on third parties; (B) risks relating to our financial position and need for additional capital; (C) risks relating to our operations; and (D) risks relating to doing business in China, as described below:

Risks relating to Our Business

Risks relating to the Development of Our Product Candidates

- We have incurred net losses since our inception, and may incur net losses for the foreseeable future, and potential investors may lose substantially all their investments in us given the high risks involved in the medical device business.
- Our future growth depends substantially on the success of our product candidates. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our product candidates, or experience significant delays in doing so, our business will be materially harmed.
- If we do not introduce new products in a timely manner, our products may become obsolete and our operating results may suffer.
- If we encounter difficulties enrolling patients in our clinical trials, our clinical development activities could be delayed or otherwise adversely affected.
- 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 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.

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, we will not be able to commercialize our product candidates, 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, limit the commercial profile of an approved label or result in significant negative consequences following any regulatory approval.
- Our products and any future products will be subject to ongoing regulatory obligations and continued regulatory review, which may result in significant additional expenses, and we may be subject to penalties if we fail to comply with regulatory requirements or experience unanticipated problems with our products and/or product candidates.
- If our current and new products are not produced in compliance with the quality standards required under applicable laws, our business and reputation could be harmed, and our revenue and profitability could be materially and adversely affected.
- The recently enacted and future legislation may increase the difficulty and cost for us to obtain regulatory approval of, and commercialize, our product candidates and affect the prices we may obtain.

Management Discussion and Analysis

Risks relating to the Commercialization and Distribution of Our Products

- 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 a good reputation necessary for our cardiovascular products and any future products would have a material adverse impact on our results of operations and profitability.
- We rely on our in-house marketing force to promote our products.
- There is no guarantee that we will succeed in expanding our sales network to cover new hospitals.
- If we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected.
- If we experience delays in collecting payments from our distributors, our cash flows and operations could be adversely affected.
- We face substantial competition, which may result in others discovering, developing or commercializing competing products before or more successfully than we do.
- Our sales may be affected by the level of medical insurance reimbursement patients receive for TAVR procedures using our products.

Risks relating to the Manufacture and Supply of Our Products

- Delays in completing and receiving 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 as planned, 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 encounter manufacturing, logistics, or quality problems, including as a result of natural disasters, our business could suffer.
- Fluctuations in prices of raw materials may have a material adverse effect on us.
- We may experience supply interruptions that could harm our ability to manufacture products.
- We rely on a supply from a limited number of suppliers, which may severely harm our operations if the supplier loses its qualification or eligibility because of its failure to comply with regulatory requirements or ceases its supply due to contractual disputes.
- Failure to maintain and predict inventory levels in line with the level of demand for our products could cause us to lose sales or face excess inventory risks and holding costs, either of which could have a material adverse effect on our business, financial condition and results of operations.

Management Discussion and Analysis

Risks relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.
- We may not be able to protect our intellectual property rights.
- We may become involved in lawsuits to protect or enforce our intellectual property, which could be expensive, time-consuming and unsuccessful. Our patent rights relating to our products and product candidates could be found invalid or unenforceable if being challenged in court or before the CNIPA or courts or related intellectual property agencies in other jurisdictions.
- If we are sued for infringing intellectual property rights of third parties, such litigation could be costly and time consuming and could prevent or delay us from developing or commercializing our product candidates.
- Obtaining and maintaining our patent protection depends on compliance with various procedural, document submission, fee payment, and other requirements imposed by the governmental patent agencies, and our patent protection could be reduced or eliminated for non-compliance with these requirements.
- Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.
- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Risks relating to Our Reliance on Third Parties

- If the third parties with which we contract for pre-clinical research and clinical trials do not perform in an acceptable manner, or if we suffer setbacks in these pre-clinical studies or clinical trials, we may be unable to develop and commercialize our product candidates as anticipated.
- We rely upon strong relationships with certain key physicians and leading hospitals in the clinical development and marketing of our products.
- We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.
- Our cross-border transfer of data may be limited or restricted.

Risks relating to Our Financial Position and Need for Additional Capital

- Goodwill represented a significant portion of our total assets. If we determine our goodwill to be impaired, our results of operations and financial condition may be adversely affected.
- If we determine our intangible assets (other than goodwill) to be impaired, our results of operations and financial condition may be adversely affected.
- We have historically received government grants and subsidies for our R&D activities and we may not receive such grants or subsidies in the future.
- Raising additional capital may cause dilution to our Shareholders, restrict our operations or require us to relinquish rights to our technologies or product candidates.
- Share-based payment may cause shareholding dilution to our existing Shareholders and have a material adverse effect on our financial performance.

Management Discussion and Analysis

Risks relating to Our Operations

- Our future success depends on our ability to retain key personnel in our R&D team, sales and marketing team and executives and to attract, retain and motivate qualified personnel.
- We have significantly increased the size and capabilities of our organization, and we may experience difficulties in managing our growth.
- If we engage in acquisitions or strategic partnerships, this may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities and subject us to other risks.
- If we fail to successfully integrate our recently acquired subsidiary or any future targets into our own operations, our post-acquisition performance and business prospects may be adversely affected.
- Product liability claims or lawsuits could cause us to incur substantial liabilities.
- If we become subject to litigation, legal or contractual disputes, governmental investigations or administrative proceedings, our management's attention may be diverted and we may incur substantial costs and liabilities.
- We may be subject, directly or indirectly, to applicable anti-kickback, false claims laws, physician payment transparency laws, fraud and abuse laws or similar healthcare and security laws and regulations in China and other jurisdictions, which could expose us to criminal sanctions, civil penalties, contractual damages, reputational harm and diminished profits and future earnings.
- If we fail to comply with applicable anti-bribery laws, our reputation may be harmed and we could be subject to penalties and significant expenses that have a material adverse effect on our business, financial condition and results of operations.



Management Discussion and Analysis

- If we fail to comply with environmental, health and safety laws and regulations, we could become subject to fines or penalties or incur costs that could have a material adverse effect on the success of our business.
- Our internal computer systems may fail or suffer security breaches.
- If we or parties on whom we rely fail to maintain the necessary licenses for the development, production, sales and distribution of our products, our ability to conduct our business could be materially impaired.
- Business disruptions could seriously harm our future revenue and financial condition and increase our costs and expenses.
- Our insurance coverage may not completely cover the risks related to our business and operations.
- Negative publicity and allegations involving us, our Shareholders, Directors, officers, employees and business partners may affect our reputation and, as a result, our business, financial condition and results of operations may be negatively affected.

Management Discussion and Analysis

Risks relating to Doing Business in China

- The medical device industry in China is highly regulated and such regulations are subject to change which may affect approval and commercialization of our product candidates.
- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.
- There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.
- Potential investors may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.
- We are a PRC enterprise and we are subject to PRC tax on our global income, and the dividends payable to investors and gains on the sale of our Shares by our investors are subject to PRC tax. Under the Enterprise Income Tax Law of the PRC, our offshore subsidiaries may therefore be subject to PRC income tax on their worldwide taxable income.
- Payment of dividends is subject to restrictions under PRC law and regulations.
- Any failure to comply with PRC regulations regarding our Employee Incentive Scheme or the mandatory social insurance may subject the PRC plan participants or us to fines and other legal or administrative sanctions.
- Restrictions on currency exchange may limit our ability to utilize our revenue effectively.
- Our business benefits from certain financial incentives and discretionary policies granted by local governments. Expiration of, or changes to, these incentives or policies would have an adverse effect on our results of operations.
- Regulations relating to offshore investment activities by PRC residents may subject us to fines or sanctions imposed by the PRC government, including restrictions on our PRC subsidiary's abilities to pay dividends or make distributions to us and our ability to increase our investment in our PRC subsidiary.
- The political relations between China and other countries may affect our business operations.

Key Principles of Risk Management

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. 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.

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 ongoing basis. The Audit Committee and ultimately the Board 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, mitigated and rectified by our Group and reported to the Board.

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

- The 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.

Management Discussion and Analysis

- The Company has established a reorganized and enhanced internal audit and compliance department to supervise the compliance and implementation of the internal controls of the Group, with direct reporting lines to the Audit Committee. An internal audit and compliance senior manager has been appointed to:
 - (i) supervise the compliance and implementation of the internal controls of the Group;
 - (ii) conduct financial, operational and compliance audits of the Group;
 - (iii) report to the audit committee of the Board in respect of internal audit matters; and
 - (iv) plan and execute other internal audit activities.
- The Company has established a management committee (the “Management Committee”) comprising three Directors to oversee the Group’s internal control functions:

For certain significant and infrequent operational activities such as all loans/ guarantees/pledges and investments, connected parties’ transactions, any external operational payments and disposal of assets with a single transaction amount exceeding RMB10 million, which are initiated and approved by the executives of the Company, these matters (should they occur) will then pass to the Management Committee as an additional layer of oversight to ensure compliance with internal policies and governance frameworks.

- The relevant departments in our Company, including the finance department, the legal department, the human resources department and the compliance 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.

Management Discussion and Analysis

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 and analysis 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 implemented in 2018, during the product development phase, our intellectual property department assesses the potential legal issues surrounding the product being developed, such as making or obtaining necessary government filings or approvals, the feasibility of obtaining such approvals, potential intellectual property risks and third-party licenses required. The intellectual property department then administers the execution process of obtaining the necessary filings, approvals, and/or licenses. Other than some standard contracts which have been reviewed and adopted by the legal department, all the contracts of our Company are required to be reviewed and approved by our legal department prior to execution.

Directors, Supervisors and Senior Management

As of the Latest Practicable Date, the biographical details of the Directors, Supervisors and senior management of the Company are set as follows.

DIRECTORS

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇), aged 52, is an executive Director of our Company since December 15, 2023 and general manager of our Company since November 20, 2023. Mr. Lim joined the Group in December 2016 as the chief technology officer. Mr. Lim served as an executive Director of the Company from November 2018 to January 2023 and as the chief executive officer of the Company with effect from September 22, 2023 until November 20, 2023.

Mr. Lim has more than 20 years of industry experience. Prior to joining our Group, Mr. Lim was the managing director and chief technology officer of Transcatheter Technologies GmbH, a medical device company incorporated in Germany which primarily focuses on heart valve implantation and aortic therapy solutions, from January 2009 to October 2016. From September 2005 to December 2008, Mr. Lim was the founder and served as the chief executive officer of EndoCor Pte. Ltd., a company incorporated in Singapore which develops minimally invasive heart valve and medical devices in the structural heart space. From March 2003 to December 2008, Mr. Lim was a managing director in a biomedical company named Embryon, Inc., which primarily engages in research and experimental development on biotechnology, life and medical science.

Mr. Lim received a bachelor's degree in mechanical engineering from Nanyang Technological University in Singapore in July 1999 and a master's degree of engineering from Nanyang Technological University in Singapore in June 2002.

Directors, Supervisors and Senior Management

Mr. Liqiao Ma (馬力喬), aged 41, is an executive Director of our Company since December 15, 2023 and served as the vice president of clinical medicine of the Company from 2019 to February 2026.

Mr. Ma served as a clinical research manager at Medtronic plc from 2013 to 2019, a project manager at CCRF (Beijing) Inc. from 2011 to 2013, and an assistant to clinical pharmacist at Beijing United Family Hospital from 2009 to 2011.

Mr. Ma has over fifteen years of experience in the medical industry with focus on medical affairs, clinical research and clinical development in the cardiovascular medical device field, including over two years of frontline medical service experience and over twelve years of dedicated work experience in medical devices. He has led the formulation and implementation of clinical strategies for multiple innovative products and successfully completed clinical trials and obtained market approval in various countries and regions including the PRC, Europe, and the United States. Mr. Ma is also a member of the Digital Healthcare Professional Committee of the China Association for Promotion of Health Science and Technology (中國人體健康科技促進會數字醫療專業委員會).

Mr. Ma obtained a bachelor's degree in pharmaceutical engineering from Nanjing University of Chinese Medicine in June 2008.

Ms. Meirong Liu (柳美榮), aged 50, is an executive Director and the vice president of our Company, and the chief operation officer of the Company since January 2024. Before joining our Company in November 2017, Ms. Liu was a medical affairs manager and acting director of NAMSA (Shanghai) Medical Device Technology Consulting Company (能盛(上海)醫療器械科技諮詢公司) between November 2015 and November 2017 and was a regulatory affairs director of Cook (China) Medical Trading Co., Ltd. (庫克(中國)醫療貿易有限公司) between September 2011 and November 2015. She served as a high commissioner for regulatory affairs and quality control at C.R. Bard Medical Device (Beijing) Co., Ltd. (巴德醫療器械(北京)有限公司) from February 2008 to August 2011 and a manager of regulatory and quality department at Dahe Kangye Technology Development (Beijing) Co., Ltd. (大河康業科技發展(北京)有限公司) from April 2007 to January 2008. Between April 2001 and March 2007, Ms. Liu was the head of the medical products department at Youyan Yijin New Material Co., Ltd. (有研億金新材料股份有限公司).

Ms. Liu obtained a bachelor's degree in metal pressure processing from Chongqing University (重慶大學) in Chongqing, China in July 1998 and a master's degree in material science and engineering from Beihang University (北京航空航天大學) in Beijing, China in March 2001. Ms. Liu is a member of Subcommittee on Cardiovascular Implants of National Technical Committee 110 on Implants for Surgery and orthopedic Devices of Standardization Administration of China (全國外科植入物和矯形器械標準化技術委員會心血管植入物分技術委員會).

Directors, Supervisors and Senior Management

Mr. Ao Zhang (張奧), aged 41, is a non-executive Director of our Company. Mr. Zhang has around 10 years of experience in healthcare investments. Mr. Zhang has worked at Qiming Weichuang Chuangye Investment Management (Shanghai) Ltd. Co. since January 2015 and is currently a Principal. 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. Mr. Zhang was appointed as a director of Broncus Holding Corporation (堃博醫療控股有限公司) (a company whose shares are listed on the Stock Exchange with stock code: 2216) on April 29, 2021 and redesignated as a non-executive director on May 6, 2021. He is primarily responsible for participating in formulating Broncus Holding Corporation's corporate and business strategies.

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, United Kingdom in December 2008 and a master of science degree in risk management and financial engineering from Imperial College London in London, United Kingdom in November 2009.

Directors, Supervisors and Senior Management

Mr. Wei Wang (王璋), aged 43, is a non-executive Director of our Company. Mr. Wang was appointed as a Shareholders' representative Supervisor on November 26, 2018 and resigned effective November 30, 2023. He was appointed as a non-executive Director of our Company on November 30, 2023.

Mr. Wang joined the Group on November 26, 2018. Mr. Wang has served as a managing director of DCP Capital since 2017, focusing on private equity transactions in the Greater China region. Prior to that, Mr. Wang served as an executive director at Kohlberg Kravis Roberts & Co. L.P. from 2011 to 2016, a senior investment manager of Orchid Asia Group from 2007 to 2011, and a business analysis consultant of Mckinsey & Company from 2005 to 2007.

For more than a decade of his direct investment career, Mr. Wang has been in charge of investment business in consumer and healthcare industries, and has led investments in the Company, Tonghua Dongbao Pharmaceutical Co., Ltd. (stock code: 600867.SH), Haier Group (stock code: 600690.SH), China Cord Blood Corporation (NYSE: CO), Broncus Holding Corporation (stock code: 2216), Shanghai Meihua Medical Investment Management Co., Ltd., Rosino Financial Leasing Co., Ltd, Shanghai Jiuyue Medical Investment Management Co., Ltd., Ascendum Capital Co., Ltd., Huicheng International Holdings Limited (formerly known as China Outfitters Holdings Limited) (stock code: 1146), Sino-Ocean Group Holding Limited (stock code: 3377) and other projects.

Currently, Mr. Wang has served as a non-executive director of Huicheng International Holdings Limited (formerly known as China Outfitters Holdings Limited) (stock code: 1146) since May 2012, a director of Sinopharm Holding (China) Finance Leasing Co., Ltd. since September 2019, the chairman of Shanghai Meihua Medical Investment Management Co., Ltd. since February 2021, and a director of Tonghua Dongbao Pharmaceutical Co., Ltd. (stock code: 600867.SH) since December 2020.

Mr. Wang received a bachelor's degree in international economics and trade from Shanghai Jiaotong University in the PRC in July 2005. Mr. Wang is also a life member of the Hong Kong Independent Non-Executive Director Association (HKINED).

Directors, Supervisors and Senior Management

Mr. Ting Yuk Anthony Wu (胡定旭), aged 72, was appointed as a Director in November 2018 and was redesignated as an independent non-executive Director in July 2019. Mr. Wu is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management. Mr. Wu has been appointed as the chairman of the Board with effective from conclusion of the 2023 fourth extraordinary general meeting of the Company held on December 15, 2023.

Mr. Wu is a leader in the healthcare industry and has extensive management experience in the medical system. He joined the Hong Kong Hospital Authority in 1999 and was its chairman from 2004 to 2013. He is the longest-serving chairman of the Hospital Authority. He led the team of the Hospital Authority to manage all public hospitals and public clinics in Hong Kong and implement the public health policy of the Hong Kong Government. He also actively promoted a number of public and private medical co-operation projects during his tenure. Mr. Wu is currently an advisor to the Public Policy Advisory Committee of the National Health Commission of, and the principal advisor for international cooperation to the State Administration of Traditional Chinese Medicine of the People's Republic of China, as well as a member of the Chinese Medicine Reform and Development Advisory Committee. He was a member of the State Council's Medical Reform Leadership Advisory Committee.

Other important public positions that Mr. Wu has served include being a member of the 9th, 10th and 11th of, and a standing committee member of the 12th and 13th of the National Committee of the Chinese People's Political Consultative Conference, and a member of the Chief Executive's Council of Advisers on Innovation and Strategic Development and the Task Force on Land Supply of the Hong Kong SAR, and has been awarded Gold Bauhinia Star and Justice of the Peace by the government of Hong Kong SAR. Mr. Wu was a member of the General Committee of the Hong Kong General Chamber of Commerce from 2000 to 2017, served as its chairman from 2010 to 2012, and is currently a member of its Council. Mr. Wu was a director of the Fidelity Funds from 2011 to 2014 and was the chairman of Bauhinia Foundation Research Centre from 2007 to 2012. Mr. Wu was a partner of Ernst & Young ("EY") from 1985 to 2005, and served as chairman of the EY's Far East Region from 2000 to 2005. He was also the chief advisor to MUFG Bank, Ltd., the chairman of The Board of Trustees of China Oxford Scholarship Fund, an honorary professor of the Faculty of Medicine of the Chinese University of Hong Kong and the Peking Union Medical College Hospital, and an honorary fellow of the Hong Kong College of Community Medicine. Mr. Wu has served as a director of the West Kowloon Cultural District Authority since October 23, 2024.

Directors, Supervisors and Senior Management

Mr. Wu holds directorships in certain Hong Kong listed companies. He is an independent non-executive director of China Resources Medical Holdings Company Limited (Stock Code: 1515), an independent non-executive director of Ocumension Therapeutics (Stock Code: 1477), an independent non-executive director of Sing Tao News Corporation Limited (Stock Code: 1105) and an independent non-executive director of Hui Xian Real Estate Investment Trust (Stock Code: 87001). He was an independent non-executive director of Agricultural Bank of China Limited (Stock Code: 1288) from January 2009 to June 2015, Guangdong Investment Limited (Stock Code:270) from August 2012 to June 2022, China Taiping Insurance Holdings Company Limited (Stock Code: 966) from August 2013 to December 2024, Power Assets Holdings Limited (Stock Code: 6) from June 2014 to January 2026, and CStone Pharmaceuticals (Stock Code: 2616) from February 2019 to January 2026. He was an executive director of Sincere Watch (Hong Kong) Limited (Stock Code: 444) from March 2015 to August 2018 and the chairman and a non-executive director of Clarity Medical Group Holding Limited (Stock Code: 1406) from March 2019 to January 2026.

Mr. Wu completed a foundation course in accountancy at the then Teesside Polytechnic in the United Kingdom in July 1975. Mr. Wu is a fellow of Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Institute of Chartered Accountants in England and Wales (“ICAEW”), and the honorary chairman of the Institute of Certified Management Accountants (Australia) Hong Kong Branch.

On December 24, 2013, the Disciplinary Committee of the HKICPA found Mr. Wu’s failure to observe, maintain or otherwise apply the requirements of the HKICPA in preserving the appearance of independence by acting as an independent financial advisor on behalf of EY to a non-listed company whilst also being a senior partner of EY, who acted as auditors of such company in respect of the financial years ended December 31, 1995 to December 31, 1997, and is therefore a deemed auditor of that company under the Companies Ordinance, to be a professional misconduct (the “Incident”). Mr. Wu was ordered to pay a penalty of HK\$250,000, had his name removed from the register for a period of two years from July 23, 2014, and together with the other respondents, was ordered to pay the costs of HK\$2 million to the HKICPA. The Incident was then referred to the ICAEW by the HKICPA in 2014, and was dismissed by the ICAEW in 2017.

Directors, Supervisors and Senior Management

Mr. Chi Wai Suen (孫志偉), aged 61, was appointed as an independent non-executive Director in July 2019, with effect from the Listing Date. Mr. Suen is primarily responsible for participating in the decision-making for our Company's significant events and advising on issues relating to corporate governance, audit and the remuneration and assessment of our Directors, Supervisors and senior management.

Mr. Suen is a practicing solicitor in Hong Kong. Mr. Suen was a partner of Withers from February 2018 until his retirement in March 2023 and currently, he is a consultant of Withers. He has more than 25 years of experience in corporate finance and with areas of practice principally in initial public offerings on the Hong Kong Stock Exchange, mergers and acquisitions, corporate reorganizations and Listing Rules compliance, and he has advised clients from various industries such as clean energy, pharmaceutical, medical, retails, manufacturing, entertainment and biological. Prior to joining Withers, Mr. Suen was an associate and later a partner of DLA Piper Hong Kong from June 2007 to May 2012 and May 2012 to February 2018, respectively, and served as a manager in the investment products department of the Securities and Futures Commission of Hong Kong from October 2005 to July 2006, responsible for reviewing applications of collective investment schemes and monitoring continuing compliance of authorized schemes. Mr. Suen was an assistant solicitor at Woo Kwan Lee & Lo from September 2000 to March 2005.

Mr. Suen holds directorships in certain Hong Kong listed companies. Mr. Suen has served as an independent non-executive director of Da Yu Financial Holdings Limited (Stock Code: 1073) since July 2019 and BoardWare Intelligence Technology Limited (Stock Code: 1204) since June 2022. He was an independent non-executive director of Xin Yuan Enterprises Group Limited (Stock Code: 1748) from September 2018 to December 2024.

Mr. Suen received bachelor of science degree from the University of East Anglia in the United Kingdom in July 1987 and a postgraduate certificate in laws from the University of Hong Kong in June 1998. Mr. Suen was admitted as a solicitor in Hong Kong in October 2000 and in England and Wales in December 2003. Mr. Suen has also been a fellow member of the Association of Chartered Certified Accountants since May 1998 and a certified public accountant of the HKICPA since April 1993.

Directors, Supervisors and Senior Management

Mr. John Junhua Gu (formerly known as Junhua Gu) (古軍華), aged 62, was appointed as an independent non-executive Director on December 5, 2024. Mr. Gu has over 20 years of experience in advising clients on M&A structuring and tax-related matters. Mr. Gu worked at KPMG in China between October 2008 and September 2024 as a Partner in the following roles during different periods: National Head of Inbound M&A Tax, National Head of M&A Tax, National Head of Private Equity Sector and Head of Family Office.

Mr. Gu has advised a diversified group of clients ranging from financial institutions, multi-national corporations, private equity firms, property companies to private entrepreneurs on commercial and tax issues across China and overseas, and has also recently advised private entrepreneurs on issues such as family business succession, corporate governance issues and tax planning. He has acted as an adviser for tax structuring and due diligence of transactions across various sectors in China, and has been retained by several top global and local private equity firms in China as a key tax adviser for their investment fund structures, investments and M&A transactions.

Mr. Gu obtained a Bachelor of Business degree majoring in accountancy in December 1994, and a Master of Finance degree in August 1997, each from the Royal Melbourne Institute of Technology in Australia. He has been a member of the Institute of Chartered Accountants of Australia since June 1997, and a member of the Hong Kong Institute of Certified Public Accountants since December 1999.

SUPERVISORS

Mr. Changxi Zhang (張昌喜), aged 41, was elected as an employee representative Supervisor at employee representatives' meeting of the Company on August 30, 2024. Mr. Zhang has over 16 years of experience in audit and compliance. He serves as the internal audit and compliance senior manager of the Company since May 2024. Prior to joining the Group, he has successively served as a manager of the compliance department of Xiamen Innovax BIOTECH Co., Ltd. (廈門萬泰滄海生物技術有限公司) from December 2020 to April 2024, an officer of internal audit department of Asclepis Biological Technology (Hangzhou) Co., Ltd. (歌禮生物科技(杭州)有限公司) from December 2018 to November 2020 and a senior audit manager of Nongfu Spring Co., Ltd. (農夫山泉股份有限公司) from April 2011 to November 2018. Before that, he was an associate at Zhejiang Xinhua Accountant Firm Co., Ltd. (浙江新華會計師事務所有限公司) and Zhejiang Tongfang Accountant Firm Co., Ltd. (浙江同方會計師事務所有限公司) from July 2009 to March 2011 and July 2008 to June 2009, respectively.

Mr. Zhang obtained a bachelor's degree in management from China Jiliang University in 2008, and was accredited the International Certified Internal Auditors' Certificate in 2019.

Mr. Yixiang Xu (徐毅祥), aged 38, was appointed as a Shareholders' representative Supervisor at the annual general meeting of the Company held on June 27, 2025. Mr. Xu has over 13 years of experience in quality management. Mr. Xu joined the Group in January 2019 and served as the manager of the quality department from January 2019 to December 2021, and has served as the director of the quality department since January 2022 and concurrently served as the management representative of the Company since May 2022. Prior to joining the Group, Mr. Xu served as the manager of the quality registration department of Zhejiang Yiliankang Medical Technology Co., Ltd. (浙江億聯康醫療科技有限公司) from December 2016 to December 2018. From November 2011 to November 2016, Mr. Xu served as the chief engineer of the quality department of Terumo Medical Products (Hangzhou) Co., Ltd. (泰爾茂醫療產品(杭州)有限公司).

Mr. Xu obtained a bachelor's degree in management from China Jiliang University in June 2012.

Directors, Supervisors and Senior Management

Mr. Jianmin Tao (陶劍敏), aged 49, was appointed as a Shareholders' representative Supervisor at the annual general meeting of the Company held on June 27, 2025. He has over 20 years of experience in human resources management. Mr. Tao joined the Group in November 2023 and has served as the director of human resources department ever since. Prior to joining the Group, Mr. Tao worked as the director of human resources department in Derma Technology Group Co., Ltd. (德馬科技集團股份有限公司) from August 2020 to November 2023. From September 2018 to March 2020, Mr. Tao worked as the factory human resources director of Jiangsu Sailin Automobile Technology Co., Ltd. (江蘇賽麟汽車科技有限公司). From August 2015 to July 2018, Mr. Tao successively worked as the senior manager of human resources business partner of the headquarters and the head of the human resources department of the global styling and design center of Zhejiang Geely Holding Group (浙江吉利控股集團有限公司). Before that, Mr. Tao worked as the personnel manager of China region of EGAC Group (依工(中國) 汽車零部件集團) from June 2011 to July 2015. From May 2008 to May 2011, Mr. Tao worked as the personnel and administrative manager of Riello Thermal Equipment (Shanghai) Co. (利雅路熱能設備(上海)有限公司) under United Technologies.

Mr. Tao graduated from Fudan University with a bachelor's degree in administrative management in 2005.

SENIOR MANAGEMENT

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇) is an executive Director and general manager of our Company. For details of his biography, see “DIRECTORS” in this section.

Ms. Meirong Liu (柳美榮), is an executive Director and deputy general manager of our Company. For details of her biography, see “DIRECTORS” in this section.

Mr. Bing Zhu (朱秉), aged 61, was appointed as the chief financial officer effective September 9, 2024. Mr. Zhu has over 30 years of experience in business and finance management, especially deep knowledge and experience in the full supply chain of the China biotech industry in recent ten years. Prior to joining the Company, Mr. Zhu served as the chief financial officer of Zhejiang Innoforce Pharmaceuticals Co., Ltd. from March 2020 to December 2022, the chief financial officer of Gmax Biopharm International Ltd. from May 2018 to February 2020 and the chief financial officer and chief operating officer of Crown Bioscience International (Taipei Exchange: 6554) from November 2013 to August 2017. Before that, he successively served as the chief strategy officer of LDK Solar Company Ltd. (NYSE: LDK), the director and chief financial officer of Chemspec International Ltd. (NYSE: CPC), and the director and chief financial officer of Canadian Solar Inc (NASDAQ: CSIQ).

Mr. Zhu received a bachelor’s degree in business administration from Zhejiang University of Technology in 1986 and a master’s degree in Business Administration from China-Europe International Business School in 1993.

Ms. Yan Xiao (肖燕), aged 44, was appointed as the Secretary to the Board of Directors with effect from March 28, 2024. Ms. Xiao joined the Group in December 2014. She served as an employee representative supervisor from November 23, 2018 to August 2022, and acted as finance manager prior to her appointment as chairperson of the supervisory committee and employee representative supervisor. Prior to joining the Group, Ms. Xiao served as accounting supervisor at Welform (Hangzhou) Precision Machining Co., Ltd. from October 2009 to October 2014, and general ledger accountant at Dewo Packaging Machinery (Hangzhou) Co., Ltd. from September 2007 to September 2009.

Ms. Xiao obtained the bachelor degree of business administration from Hangzhou Dianzi University, China in June 2004. In December 2008, she was granted the Accounting Professional Certificate of the People’s Republic of China by the Department of Finance of Zhejiang Province.

Directors, Supervisors and Senior Management

Mr. Renzheng Ma (馬仁政), aged 50, has served as vice president and chief technology officer successively since September 2021. He once served as the chief operation officer of the Company from 2022 to 2023. Mr. Ma has over 20 years of experience in R&D and management in the medical device industry. Prior to joining our Company, from June 2016 to August 2021, he served as director of innovation and strategic market for Greater China and R&D director for Greater China and Asia Pacific at Becton Dickinson (New York Stock Exchange ticker symbol: BDX). From April 2009 to May 2016, he served as senior project manager and senior R&D engineer at Medtronic (New York Stock Exchange ticker symbol: MDT). From April 2007 to April 2009, he served as senior hardware engineer at Philips Healthcare. From June 2004 to March 2007, he was head of electronics development at Honeywell Technology Solutions. From March 2002 to April 2004, he served as R&D engineer at Shanghai Automation Instrumentation Co., Ltd. In addition, Mr. Ma is the project leader of the key R&D program of the National “13th Five-Year” Plan, “Development and Application of Transcatheter Self-Expandable Pulmonary Valve Replacement System”.

Mr. Ma obtained his bachelor’s degree in Automation and Control from Shandong University in 1999 and his master’s degree in Automation and Control from Fuzhou University in 2002.



Directors' Report

The Board presents this directors' report in the Group's annual report for the year ended December 31, 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company are development and commercialization of transcatheter solutions for structural heart diseases. Further details of our business operations are set out in "Management Discussion and Analysis – I. Business Overview" of this annual report.

There were no significant changes in the nature of the Group's principal activities during the year ended December 31, 2025.

BUSINESS REVIEW

Overview and Performance of the Year

A review of the business of the Group during the year, a discussion and analysis on the Group's future business development and the financial and operational key performance indicators employed by the Directors in measuring the performance of the Group's business are set out in "Financial Summary" and "Management Discussion and Analysis" of this annual report.

Environmental Policies and Performance

It is our corporate and social responsibility to promote a sustainable and eco-friendly environment. In this respect, we strive to minimize our environmental impact by reducing our carbon footprint and to build our corporation in a sustainable way.

We are subject to various environmental protection laws and regulations. Our operations involve the use of hazardous and flammable chemical materials. Our operations also produce such hazardous waste. We generally contract with third parties for the disposal of these materials and wastes. During the Reporting Period and up to the Latest Practicable Date, we complied with the relevant environmental laws and regulations and we did not have any incidents or complaints which had a material adverse effect on our business, financial condition or results of operations during the Reporting Period.

For more details, please refer to ESG Report in respect of environmental protection, social and governance during the year separately published on the websites of the Company and the Stock Exchange at the same date of publication of this annual report.

Directors' Report

Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings in the ordinary course of business from time to time. During the Reporting Period and up to the Latest Practicable Date, save as disclosed in this annual report, the Group has complied with the laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the Corporate Governance Code for, among other things, the disclosure of information and corporate governance. During the Reporting Period and up to the date of the report, none of the Group and the Directors, Supervisors and senior management of the Company were subject to any investigation initiated or administrative penalties imposed by the China Securities Regulatory Commission (CSRC), banned from entering the market, identified as inappropriate candidates, publicly condemned by stock exchanges, subject to mandatory measures, transferred to judicial organs or held criminally responsible, and none of them were involved in any other litigation, arbitration or administrative proceedings which would have a material adverse impact on our business, financial condition or results of operations.

Key Relationships with Stakeholders

We recognize that various stakeholders, including employees, medical experts, distributors, and other business associates, are key to the Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

The Group believes that it is vital to attract, recruit and retain quality employees. To maintain the quality, knowledge and skill levels of the Group's workforce and to remain competitive in the labor market, we provide various incentives and benefits to our employees and invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, packages and stock incentive plans for our employees, especially for key employees.

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in the PRC through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

To increase awareness of our products and technologies, we organize educational symposia and provide training to physicians, hospital executives and researchers in the field. Our highly trained sales and marketing team focuses on interacting with physicians to educate them about, and train them in the use of, our products. Such interaction is fostered through regular visits to and communications with physicians, on-site demonstration of our products to physicians, our sponsorship of conferences, seminars and physician education programs and other activities.

We have taken an active role in the key cardiology conferences in China, which serve as good opportunities to educate and train physicians in respect of TAVR and TPVR procedures and a platform for us to present innovative and advantageous features of our products. Thanks to our advanced technology and our first-mover experience in China, our products have been among the central topics of academic discussions and examples for training, and our R&D experts and management have been invited as speakers to introduce their practices in this field. We have sponsored conferences that gathered leading international transcatheter heart valve replacement experts, interventional cardiologists and vascular surgeons.

Our existing relationships with hospitals also help promote our products among physicians and hospitals through on-site education and training. In our marketing efforts, we primarily target large Class III Grade A hospitals, which have more resources to perform interventional heart valve procedures than smaller hospitals.

We depend on KOLs to introduce and recommend our products to physicians and hospitals. KOLs have academic incentives in learning the latest disease treatment options available in China within their therapeutic areas, as well as introducing cutting-edge technologies and products that they believe have clinical benefits to other doctors.

We sell products directly to hospitals or medical centers and through distributors. In line with market practice, we sell a significant portion of our products to distributors who resell our products to hospitals. The Group selects the distributors based on their qualifications, reputation, market coverage and sales experience.



Directors' Report

Key Risks and Uncertainties and Risk Management

Details of the key risks and uncertainties faced by the Company and our risk management are set out in "Management Discussion and Analysis – IV. Risk Management" of this annual report.

Events after the Reporting Period

Save as disclosed in this annual report, there has been no other material subsequent events following the end of the Reporting Period up to the Latest Practicable Date.

DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND EMPLOYEES

List of Directors and Supervisors

The Directors during the Reporting Period and up to the date of this directors' report were as follows.

Directors

Executive Directors

Mr. Lim Hou-Sen (Lin Haosheng) (林浩昇) (*General Manager*)

Ms. Meirong Liu (柳美榮)

Mr. Liqiao Ma (馬力喬)

Non-executive Directors

Mr. Ao Zhang (張奧)

Mr. Wei Wang (王瑋)

Independent Non-executive Directors

Mr. Ting Yuk Anthony Wu (胡定旭) (*Chairman of the Board*)

Mr. Chi Wai Suen (孫志偉)

Mr. John Junhua Gu (古軍華)

Supervisors

Mr. Zhang Changxi (張昌喜) (*Chairman of the Supervisory Committee*)

Ms. Xiaojuan Li (李孝娟) (*retired on June 27, 2025*)

Mr. Wei Chen (陳瑋) (*retired on June 27, 2025*)

Mr. Yixiang Xu (徐毅祥) (*appointed on June 27, 2025*)

Mr. Jianmin Tao (陶劍敏) (*appointed on June 27, 2025*)

Directors' Report

Biographies of Directors, Supervisors and Senior Management

The biographical details of the Directors, Supervisors and senior management of the Company are set out in "Directors, Supervisors and Senior Management" of this annual report. Save as disclosed herein, there is no financial, business, family or other material/relevant relationship between Board members or between the chairman of the Board and the chief executive.

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

Changes in Directors, Supervisors and Senior Management

(i) Change in Directors and Composition of Board Committees

Ms. Meirong Liu has been appointed as a member of the Nomination Committee with effect from June 27, 2025.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, there were no changes in Directors and composition of Board committees.

(ii) Change in Supervisors

Ms. Xiaojuan Li and Mr. Wei Chen, the Shareholders' representative Supervisors of the second session of the Supervisory Committee, have retired upon the approval of the appointment of the proposed Shareholders' representative Supervisors at the annual general meeting of the Company held on June 27, 2025 due to other business commitments. Mr. Yixiang Xu and Mr. Jianmin Tao have been appointed as Shareholders' representative Supervisors of the third session of the Supervisory Committee with effect from the same date.

Save as disclosed above, during the Reporting Period and as of the Latest Practicable Date, there were no other changes in Supervisors.

(iii) Change in Senior Management and Company Secretary

Mr. Lim Hou-Sen (Lin Haosheng), Ms. Meirong Liu, Mr. Bing Zhu, Ms. Yan Xiao and Mr. Renzheng Ma have been appointed as senior management of the Company, with effect from August 28, 2025. For details of their biographies, please refer to the section headed "Directors, Supervisors and Senior Management".

Save as disclosed above, there were no other changes in senior management and company secretary during the Reporting Period and as of the Latest Practicable Date.

(iv) Change in Authorized Representatives

There were no changes in authorized representatives during the Reporting Period and as of the Latest Practicable Date.

Directors' Report

Service Contracts of Directors, Supervisors and Senior Management

Our Directors entered into service contracts with the Company for a term commencing from June 2025 and ending on the expiry of the term of the third session of the Board. Our Directors may offer themselves for re-election and re-appointment subject to the Shareholders' approval and their service contracts may be renewed pursuant to the Articles of Association and applicable regulations. Our executive Directors and non-executive Directors will not receive any remuneration from the Company for his/her position as a Director and his/her remuneration shall be determined based on the current position held by him/her and in accordance with his/her service contract entered into with the Company (if any). Pursuant to the Articles of Association, each of these Directors will be subject to re-election upon the expiry of his/her term of office.

Our Supervisors, Mr. Zhang Changxi, Mr. Yixiang Xu and Mr. Jianmin Tao, entered into a letter of appointment with the Company on the date of their respective appointment. Each letter of appointment contains provisions relating to compliance with relevant laws and regulations, observation of our Articles of Association and resolution of disputes by means of arbitration. None of them is entitled to remuneration for their position as a Supervisor.

Save as disclosed above, the Company had not entered, and did not propose to enter, into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (other than contracts that are expiring or determinable by the employer within one year without any payment of compensation (other than statutory compensation)).

Remuneration of Directors, Supervisors and Five Highest-Paid Individuals

The Company offers competitive remuneration packages to our Directors, and the Directors' remuneration is determined by our Board based on the recommendation of the Remuneration and Assessment Committee. Details of the remuneration of the Directors, Supervisors and the five highest paid individuals in the Group are set out in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" and "Notes to the Consolidated Financial Statements – 10. Five Highest Paid Employees" of this annual report.

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

Directors' Retirement Benefits

Save as the pension scheme contributions disclosed in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" in this annual report, none of the Directors received or will receive any retirement benefits during the years ended December 31, 2025 and 2024. The Group's contributions to the pension scheme vested fully and immediately with the employees. Accordingly, as disclosed in "Notes to the Consolidated Financial Statements – 7. Loss Before Tax", (i) for the year ended December 31, 2025, there was no forfeiture of contributions under the pension scheme; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the pension scheme as at December 31, 2025.

Consideration Provided to Third Parties for Making Available Directors' Services

During the years ended December 31, 2025 and 2024, the Group did not pay consideration to any third parties for making available directors' services.

Information About Loans, Quasi-Loans and Other Dealings in Favour of Directors, Bodies Corporate Controlled by or Entities Connected with Directors

There were no loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors during the year ended December 31, 2025.

Directors' Report

Employees and Remuneration Policies

A review of the employees and remuneration policies of the Group during the year is set out in "Management Discussion and Analysis – II. Financial Review – Employees and Remuneration Policies" of this annual report.

Confirmation of Independence from the Independent Non-Executive Directors

The Company has received the annual confirmations of independence from all independent non-executive Directors, namely, Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen, and Mr. John Junhua Gu. The Company has duly reviewed their respective confirmations of independence, and considers that all independent non-executive Directors have been independent for the year ended December 31, 2025 and remain so as of the Latest Practicable Date.

Directors' Interests in Competing Businesses

Save as disclosed in the "Directors, Supervisors and Senior Management" of this annual report, during the Reporting Period and up to the Latest Practicable Date, none of the Directors (excluding independent non-executive Directors) 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.

Directors' and Supervisors' Interests in Transactions, Arrangements and Contracts of Significance

No transactions, arrangements or contracts of significance to which the Company or its subsidiaries was a party and in which a Director or Supervisor or its connected entity (within the meaning of section 486 of the Companies Ordinance) had a material interest, whether directly or indirectly, has been entered into or was subsisting during the Reporting Period.

RELATED PARTY TRANSACTIONS

Details of related party transactions are set out in "Notes to the Consolidated Financial Statements – 40. Related Party Transactions" of this annual report. None of the related party transactions constitutes a connected transaction or continuing connected transaction of the Company subject to independent Shareholders' approval, annual review and disclosure requirements in Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

The Group did not conduct any non-exempt connected transactions or continuing connected transactions in accordance with the Listing Rules during the Reporting Period.

DISCLOSURE OF INTERESTS

Directors', Supervisors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Its Associated Corporations

As of December 31, 2025, the interests or short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required: (a) 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 they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name of Director/Supervisor/Chief Executive	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Listed Share Capital of the Company <i>(Note 1)</i>	Approximate Percentage of Shareholding in the Relevant Class of Shares <i>(Note 1)</i>
Mr. Liqiao Ma	H Shares	Beneficial owner	37,000/ Long position	0.00%	0.00%
Mr. John Junhua Gu	H Shares	Beneficial owner	553,500/ Long position	0.13%	0.13%

Note:

- (1) The Company has two classes of Shares: H Shares as one class of Shares, Unlisted Foreign Shares as another class. As of December 31, 2025, the total issued share capital of the Company was 441,011,443 Shares, which comprise 441,010,235 H Shares and 1,208 Unlisted Foreign Shares.

Directors' Report

Substantial Shareholders' Interests or Short Positions

As of December 31, 2025, to the knowledge of the Company and the Directors after making reasonable inquiries, the following persons (other than the Directors, Supervisors and chief executive of the Company as disclosed above) have interests or short positions in Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be maintained by the Company under Section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Share Capital of the Company (Note 5)	Approximate Percentage of Shareholding in the Relevant Class of Shares (Note 5)
Mr. Min Frank Zeng (Note 1)	H Shares	Interest of controlled corporations	33,651,618/ Long position	7.63%	7.63%
Horizon Binjiang LLC (Note 1)	H Shares	Beneficial owner	33,651,618/ Long position	7.63%	7.63%
Mr. Zi (Note 2)	H Shares	Beneficial owner	32,720,498/ Long position	7.42%	7.42%
		Interest of controlled corporations	10,569,132/ Long position	2.40%	2.40%
	Unlisted Foreign Shares	Other	1,208/ Long position	0.00%	100.00%
Qiming Corporate GP III, Ltd. (Note 3)	H Shares	Interest in controlled corporations	57,048,980/ Long position	12.94%	12.94%
Qiming GP III, L.P. (Note 3)	H Shares	Interest in controlled corporations	57,048,980/ Long position	12.94%	12.94%

Directors' Report

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Type of Shares Held	Approximate Percentage of Shareholding in the Total Share Capital of the Company (Note 5)	Approximate Percentage of Shareholding in the Relevant Class of Shares (Note 5)
Qiming Venture Partners III, L.P. (Note 3)	H Shares	Interest in controlled corporations	40,018,283/ Long position	9.07%	9.07%
Ming Zhi Investments Limited (Note 3)	H Shares	Interest in controlled corporations	40,018,283/ Long position	9.07%	9.07%
Ming Zhi Investments (BVI) Limited (Note 3)	H Shares	Beneficial owner	40,018,283/ Long position	9.07%	9.07%
Mr. Haifeng David Liu (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Mr. Julian Juul Wolhardt (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP, Ltd. (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP Partners Limited (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP General Partner, Ltd. (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
DCP Capital Partners, L.P. (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Red Giant Limited (Note 4)	H Shares	Interest in controlled corporations	24,713,752/ Long position	5.60%	5.60%
Muheng Capital Partners (Hong Kong) Limited (Note 4)	H Shares	Beneficial Owner	24,713,752/ Long position	5.60%	5.60%

Directors' Report

Notes:

- (1) Horizon Binjiang LLC, an investment holding company incorporated in California, the United States, owns 33,651,618 H Shares of the Company. Mr. Zeng, as its sole shareholder, is deemed to be interested in the interest owned by Horizon Binjiang LLC under the SFO.
- (2) Mr. Zi beneficially owns 32,720,498 H Shares of the Company. In addition to his direct shareholding, he is also deemed to be interested in 10,569,132 H Shares and 1,208 Unlisted Foreign Shares of the Company through the below intermediaries he controlled under the SFO:
 - Adventure 03 Limited, an investment holding company incorporated in Hong Kong, owns 476,224 H Shares in the Company. Dinova Healthcare Gamma Fund (USD) L.P. (as the sole shareholder of Adventure 03 Limited), Dinova Venture Partners GP III, L.P. (as the general partner of Dinova Healthcare Gamma Fund (USD) L.P.) and Dinova Capital Limited (as the general partner of Dinova Venture Partners GP III, L.P.), Xin Nuo Tong Investment Limited (as the sole shareholder of Dinova Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by Adventure 03 Limited in the Company under the SFO.
 - Dinova Venture Partners GP III, L.P. owns 238,112 H Shares of the Company. Dinova Capital Limited (as the general partner of Dinova Venture Partners GP III, L.P.), Xin Nuo Tong Investment Limited (as the sole shareholder of Dinova Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by Dinova Venture Partners GP III, L.P. in the Company under the SFO.
 - 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"), a limited partnership and a venture capital fund holding various portfolios established in the PRC, owns 6,977,955 H Shares of the Company. Zhejiang Dinova 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 Dinova Commercial Information Consulting Ltd. (杭州德諾商務信息諮詢有限公司) (as the general partner of Zhejiang Dinova Capital Management L.P.) and Mr. Zi (as a 40% shareholder of Hangzhou Dinova Commercial Information Consulting Ltd.) are deemed to be interested in the interest owned by Zhejiang Dinova in the Company under the SFO.
 - DNA 01 (Hong Kong) Limited, an investment holding company incorporated in Hong Kong, owns 919,805 H Shares of the Company. Dinova Healthcare Delta Fund (USD) L.P. (as the sole shareholder of DNA 01 (Hong Kong) Limited), Dinova Venture Partners GP IV, L.P. (as the general partner of Dinova Healthcare Delta Fund (USD) L.P.), Dinova Venture Capital Limited (as the general partner of Dinova Venture Partners GP IV, L.P.), Xin Nuo Tong Investment Limited (as a 40% shareholder of Dinova Venture Capital Limited) and Mr. Zi (as the sole shareholder of Xin Nuo Tong Investment Limited) are deemed to be interested in the interest owned by DNA 01 (Hong Kong) Limited under the SFO.
 - Shenzhen Dinova Ruihe Venture Investment L.P. (深圳市德諾瑞和創業投資合夥企業(有限合夥)) ("Shenzhen Dinova"), a limited partnership established in the PRC and a venture capital fund holding various portfolios, owns 1,687,358 H Shares of the Company. Shenzhen Dinova Investment L.P. (深圳市德諾投資合夥企業(有限合夥)) (as the general partner of Shenzhen Dinova), Shenzhen Dinova Investment Consulting Ltd. (as the general partner of Shenzhen Dinova Investment L.P.) and Mr. Zi (as a 66.67% shareholder of Shenzhen Dinova Investment Consulting Ltd.) are deemed to be interested in the interest owned by Shenzhen Dinova.

- Hangzhou Qisheng Investment Partnership (Limited Partnership) (杭州啓勝投資合夥企業(有限合夥)), one of the PRC Employee Entities, owns an aggregate of 269,678H Shares of the Company. Hangzhou Nuoxin Investment Management Limited (杭州諾心投資管理有限公司) is the general partner of the PRC Employee Entities. Mr. Zi, as the sole shareholder of Hangzhou Nuoxin Investment Management Limited, is deemed to be interested in the interest owned by the PRC Employee Entities under the SFO.
 - Mr. Zi holds voting rights of 1,208 Unlisted Foreign Shares of the Company, while Jupiter Holdings Limited and Mercury Holding Limited are entitled to the ownership, dividend rights, disposal rights and other benefits of the above-mentioned Unlisted Foreign Shares of the Company.
- (3) Qiming Corporate GP III, Ltd. is deemed to be interested in 57,048,980 H Shares of the Company through the below intermediaries it controls under the SFO:
- Ming Zhi Investments (BVI) Limited, an investment holding company incorporated in the British Virgin Islands, owns 40,018,283 H Shares of the Company. For the purpose of the SFO, Ming Zhi Investments Limited (as the sole shareholder of Ming Zhi Investments (BVI) Limited), Qiming Venture Partners III, L.P. (as a 96.94% shareholder of Ming Zhi Investments Limited) and Qiming GP III, L.P. (as the general partner of Qiming Venture Partners III, L.P.) are deemed to be interested in the interest owned by Ming Zhi Investments (BVI) Limited.
 - QM22 (BVI) Limited, an investment holding company incorporated in the British Virgin Islands, owns 17,030,697 H Shares of the Company. For the purpose of the SFO, QM22 Limited (as the sole shareholder of QM22 (BVI) Limited), Qiming Venture Partners III Annex Fund, L.P. (as the sole shareholder of QM22 Limited), Qiming GP III, L.P. (as the general partner of Qiming Venture Partners III Annex Fund, L.P.) and Qiming Corporate GP III, Ltd. (as the general partner of Qiming GP III, L.P.) are deemed to be interested in the interest owned by QM22 (BVI) Limited.
- (4) Muheng Capital Partners (Hong Kong) Limited, a company incorporated in Hong Kong, owns 24,713,752 H Shares of the Company. For the purpose of the SFO, Red Giant Limited (as the sole shareholder of Muheng Capital Partners (Hong Kong) Limited), DCP Capital Partners, L.P. (as the sole shareholder of Red Giant Limited), DCP General Partner, Ltd. (as the general partner of DCP Capital Partners, L.P.), DCP Partners Limited (as the sole shareholder of DCP General Partner, Ltd.), DCP, Ltd. (as the sole shareholder of DCP Partners Limited) and Mr. Haifeng David Liu and Mr. Julian Juul Wolhardt (each as a person holding 50% control of DCP, Ltd.) are deemed to be interested in the interest owned by Muheng Capital Partners (Hong Kong) Limited.
- (5) The Company has two classes of Shares: H Shares as one class of Shares, Unlisted Foreign Shares as another class. As of December 31, 2025, the total issued share capital of the Company was 441,011,443 Shares, which comprise 441,010,235 H Shares and 1,208 Unlisted Foreign Shares.

Directors' Report

RIGHTS OF DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

During the year ended December 31, 2025 and up to the Latest Practicable Date, none of the Directors, Supervisors 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 or any other body corporates. Neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

RESULTS AND DIVIDENDS

The results of the Group for the year ended December 31, 2025 are set out in the Consolidated Statement of Profit or Loss and Other Comprehensive Income of this annual report.

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

SHARE CAPITAL

Details of the issued shares of the Group during the year ended December 31, 2025 are set out in "Notes to the Consolidated Financial Statements – 34. Share Capital" of this annual report.

DEBT SECURITIES

Save as disclosed in this annual report, as of December 31, 2025, the Group did not have any debt securities.

RESERVES AND DISTRIBUTABLE RESERVES

As of December 31, 2025, the Company did not have any distributable reserves.

For the movement of distributable profit, please refer to the "Consolidated Statement of Changes in Equity" of this annual report.

INVESTMENT PROPERTIES, PROPERTY AND EQUIPMENT

As of 31 December 2025, the Company did not own any properties for investment purposes or held for development and/or sale where one or more percentage ratios (as defined under Rule 14.07 of the Listing Rules) exceed 5%.

CHARITABLE DONATIONS

During the Reporting Period, charitable and other donations made by the Group amounted to RMB14.9 million (2024: RMB25.0 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended December 31, 2025 are set out in "Notes to the Consolidated Financial Statements – 14. Property, Plant and Equipment" of this annual report.

ISSUANCE OF SHARES AND UTILIZATION OF PROCEEDS

(i) The Initial Global Offering

The net proceeds received (the "IPO Proceeds") by the Company from its initial global offering (including the full exercise of the over-allotment option) (the "Initial Global Offering") amounted to HK\$2,846.0 million (equivalent to RMB2,558.0 million) (after deducting the underwriting commissions and other estimated expenses in connection with the initial global offering and exercise of the over-allotment option).

Directors' Report

For the year ended December 31, 2025, the Group had used the net proceeds from the Global Offering for the following purposes:

Use of proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) (%)	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) (RMB million)	Amount of net proceeds available to be utilized as of January 1, 2025 (RMB million)	Amount of net proceeds		Amount of net proceeds available to be utilized as of December 31, 2025 (RMB million)
				utilized during the year ended December 31, 2025 (RMB million)	Actual amount of proceeds utilized as of December 31, 2025 (RMB million)	
(A) For our Core Products:	35.00	895.30	-	-	895.30	-
(i) ongoing sales and marketing of VenusA-Valve in China and planned commercialization of VenusA-Valve in other countries	5.00	127.90	-	-	127.90	-
(ii) ongoing and planned R&D and commercial launches of VenusA-Plus	12.00	307.00	-	-	307.00	-
(iii) ongoing and planned R&D and commercial launches of VenusP-Valve	18.00	460.40	-	-	460.40	-
(B) Allocated to our other products and product candidates:	30.00	767.40	73.03 ^{Note 2}	-	694.37	-
(i) ongoing and planned R&D and marketing of CEP device	17.00	434.90	4.02	-	430.88	-
(ii) ongoing and planned R&D of VenusA-Pilot	3.00	76.70	69.01	-	7.69	-
(iii) ongoing and planned R&D of mitral valve products	2.00	51.20	-	-	51.20	-
(iv) R&D of tricuspid valve products	2.00	51.20	-	-	51.20	-
(v) ongoing and planned R&D of valvuloplasty balloon products such as V8 and TAV8	2.00	51.20	-	-	51.20	-
(vi) ongoing and planned R&D of other product candidates	4.00	102.20	-	-	102.20	-
(C) Payment of considerations and other transaction expenses related to acquisition of Keystone	10.00	255.80	201.19 ^{Note 1}	-	54.61	-
(D) Our continued expansion of product portfolio through internal research and/or potential acquisition	15.00	383.70	-	-	383.70	-
(E) Working capital and other general corporate purposes ⁽³⁾	10.00	255.80	- ^{Notes 1&2}	274.22 ^{Notes 1&2}	530.02 ^{Notes 1&2}	-
TOTAL	100.00	2,558.00	274.22	274.22	2,558.00	-

Notes:

- (1) Reference is made to the announcement of the Company dated January 13, 2025. The unutilized proceeds from the Initial Global Offering of RMB201.19 million which was originally planned to fund the payment of contingent consideration and other transaction expenses related to the acquisition of Keystone have been reallocated for working capital and other general corporate purposes.
- (2) Reference is made to the announcement of the Company dated November 11, 2025. The unutilized proceeds from the Initial Global Offering of RMB73.03 million which was originally planned to fund R&D activities of the relevant products have been reallocated for working capital and other general corporate purposes.
- (3) Working capital and other general corporate purposes include expenses for employee compensation, operating premise expenses, utility expenses (including water, electricity, gas, network and communication fees), procurement of daily consumables and office supplies, as well as service fees paid to third-party institutions.

As of December 31, 2025, the Group had fully utilized the net proceeds from the Global Offering.

(ii) The September 2020 Placing

The net proceeds received by the Company from the placing of an aggregate of 18,500,000 new H Shares in September 2020 (the "September 2020 Placing") were approximately HK\$1,173.0 million (equivalent to RMB1,034.01 million) (after deducting the expenses of the placing). Pursuant to the announcement made by the Company dated March 14, 2022, the Company made the clarification of the intended purposes of the proceeds from the September 2020 Placing.

As of January 1, 2023, the Group had fully utilized the net proceeds from the September 2020 Placing in accordance with the intended purpose.

(iii) The January 2021 Placing

The net proceeds received by the Company from the placing of an aggregate of 18,042,500 new H Shares taken place in January 2021 (the "January 2021 Placing") were approximately HK\$1,427 million (equivalent to RMB1,191.00 million) after deducting the expenses of the placing. Pursuant to the announcement made by the Company on March 14, 2022, the Company changed the use of proceeds from the January 2021 Placing (the "Changed Use of Proceeds").

As of December 31, 2024, the Group had fully utilized the net proceeds from the January 2021 Placing in accordance with the intended purpose and the Changed Use of Proceeds.

Directors' Report

SHARE OPTION SCHEME

As of the Latest Practicable Date, the Company has only one share scheme, being the Share Option Scheme adopted by the resolutions of the Shareholders passed at an extraordinary general meeting of the Company held on July 12, 2023 (i.e. the Adoption Date).

During the period commencing from the Adoption Date up to the Latest Practicable Date, as no grant had been made under the Share Option Scheme, no options were vested, exercised, canceled or lapsed in accordance with the terms of the Share Option Scheme during the Reporting Period. Accordingly, as of January 1, 2025 and as of December 31, 2025, the Scheme Limit and the Service Provider Sublimit adopted by the Shareholders on the Adoption Date remained unutilized, and stood at 44,101,023 H Shares (representing approximately 10% of the total issued H Shares) and 4,410,102 H Shares, respectively.

The number of H Shares that may be issued in respect of options and/or awards granted under all schemes of the Company during the Reporting Period is nil, and the calculation pursuant to Rule 17.07(3) of the Listing Rules is not applicable.

Further, as of the Latest Practicable Date, the total number of H Shares available for issue under the Share Option Scheme is 44,101,023, representing approximately 10% of the total issued H Shares.

A summary of the principal terms of the Share Option Scheme is set out below.

Purpose:

The purposes of the Share Option Scheme are:

- (i) to attract, motivate and retain skilled and experienced personnel who are eligible persons to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company;
- (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and
- (iii) to (a) recognize the contributions of the leadership of the Company including the executive Directors, non-executive Directors and/or independent non-executive Directors, (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

Duration and remaining life:

The Share Option Scheme shall be valid and effective for a period of ten years commencing on the Adoption Date, after which period no further options shall be granted.

As of the Latest Practicable Date, the remaining life of the Share Option Scheme was approximately seven years and three months.

Eligible persons:

Any Employee Participant or Service Provider, whom the Board or the scheme administrator consider(s), in their sole discretion, to have contributed or will contribute to the Group.

Directors' Report

Exercise price:

Subject to the effect of alterations to share capital as set out in the Share Option Scheme, the exercise price shall be a price determined by the Board (or the scheme administrator) in its sole and absolute discretion and notified to an eligible person, but in any event must be at least the highest of:

- (a) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the date of grant;
- (b) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the 5 business days immediately preceding the date of grant; and
- (c) the nominal value of an H Share.

Vesting and performance targets:

Unless otherwise specified in the offer letter approved by the Board or the scheme administrator, all options under the Share Option Scheme shall be vested in a number of tranches. The specific commencement and duration of each vesting period and the actual vesting amount of the options granted to a participant for the respective vesting periods shall be specified in the offer letter approved by the Board or the scheme administrator provided however that the vesting period shall not be less than twelve (12) months, except that any Share Options granted to an Employee Participant may be subject to a shorter vesting period including where: (i) grants of "make whole" Share Options to new Employee Participant to replace options and/or awards that such Employee Participants forfeited when leaving their previous employers; (ii) grants to an Employee Participant whose employment is terminated due to death or disability or event of force majeure; (iii) grants of Share Options which are subject to fulfillment of performance targets as determined in the conditions of their grant; (iv) grants of Share Options the timing of which is determined by administrative or compliance requirements not connected with the performance of the relevant Employee Participant, in which case the vesting date may be adjusted to take account of the time from which the Share Options would have been granted if not for such administrative or compliance requirements; (v) grants of Share Options with a mixed vesting schedule such that the Share Options vest evenly over a period of twelve (12) months; or (vi) grant of Share Options with a total Vesting Period of more than twelve (12) months, such as where the Share Options may vest by several batches with the first batch to vest within twelve (12) months of the grant date and the last batch to vest twelve (12) months after the grant date.

The Share Option Scheme does not stipulate that specific performance targets of a participant are required to be achieved. Nevertheless, the Board or the scheme administrator may at its discretion set performance objectives for options under the Share Option Scheme, which will be stated in the offer letter. The performance objectives, if any, must be achieved before the options can be exercised, and shall be assessed in accordance with the stipulated performance measures. The Board or the scheme administrator will carefully assess, on a periodic basis, whether the performance targets are satisfied.

Maximum number of H Shares available for subscription under the Share Option Scheme:

The maximum number of H Shares which may be issued upon exercise of option(s) and vesting of award(s) under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall be such number of H Shares which represent 10% of the total number of H Shares as of the date of the Shareholders' approval of the Scheme Limit.

Service Provider Sublimit under the Scheme Limit:

The maximum number of H Shares which may be issued to Service Providers upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules) shall be such number of H Shares which represent 1% of the total number of H Shares in issue as of the date of the Shareholders' approval of the Service Provider Sublimit.

Maximum entitlement of each eligible participant:

Where any grant of options to a grantee would result in the H Shares issued and to be issued in respect of all options and awards granted to such person, pursuant to the Share Option Scheme and any other share scheme adopted by the Company (excluding options or awards lapsed in accordance with relevant scheme rules), in the 12-month period up to and including the date of such grant representing in aggregate over 1% of the total number of issued H Shares at the relevant time, such grant must be separately approved by Shareholders in a general meeting with such grantee and their close associates (or associates if the grantee is a connected person of the Company) to abstain from voting.

Directors' Report

Any grant of options to a Director, chief executive or substantial Shareholder of the Company, or any of their respective associates, must be approved by the independent non-executive Directors of the Company (excluding any independent non-executive Director who is the grantee of the options).

Where any grant of options to an independent non-executive Director or a substantial Shareholder of the Company, or any of their respective associates, would result in the H Shares issued and to be issued in respect of all options and awards granted (excluding options or awards lapsed in accordance with the relevant scheme rules) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the total number of issued H Shares at the relevant time, such grant must be separately approved by Shareholders in a general meeting with such grantee and their associates and all core connected persons of the Company to abstain from voting.

Time of exercise of options:

Each offer of an option shall be in writing made to a participant by letter in such form as the Board or the scheme administrator may from time to time determine at its discretion. The offer letter shall state, among others, the period during which the option may be exercised, which period is to be determined and notified by the Board but shall expire in any event not later than the last day of the scheme period after the date of grant of the option.

Amount payable on application or acceptance of the option:

The Board or the scheme administrator may determine the amount payable (if any) on an application or acceptance of an option and the period(s) within which any such payments must be made, and specify in the offer letter. Unless otherwise set out in the offer letter, a participant shall have 14 business days from the grant date to accept the offer.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Group did not purchase, sell or redeem any of the Company's listed securities (including sale of treasury Shares (as defined under the Listing Rules)) during the year ended December 31, 2025.

As of December 31, 2025, there were no treasury Shares (as defined under the Listing Rules) held by the Company.

CONVERTIBLE BONDS

Save as disclosed in this annual report, during the year ended December 31, 2025, the Company has not issued any convertible bonds.

BANK LOANS AND OTHER BORROWINGS

Bank loans and other borrowings of the Group as of December 31, 2025 are set out in "Notes to the Consolidated Financial Statements – 29. Interest-bearing Bank Borrowings" of this annual report.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the section headed "SHARE OPTION SCHEME" in this annual report, there was no equity-linked agreement entered into by the Company during the year ended December 31, 2025.

PERMITTED INDEMNITY

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. To the extent permitted by applicable laws and subject to the indemnity clauses entered into between the Directors and the Company, the Company shall fully indemnify the Directors against any liabilities or losses incurred by them in connection with the performance of duty-related acts.

The Company has maintained appropriate liability insurance policies for its Directors, Supervisors and senior management during the year ended December 31, 2025.

MANAGEMENT CONTRACTS

Save for employment contracts with employees and the Directors' service contracts and appointment letters, the Company did not enter into any contracts nor had any existing contracts in respect of all or any substantial part of management and administration of business of the Company for the year ended December 31, 2025 and up to the Latest Practicable Date.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new Shares on a pro-rata basis to the existing Shareholders.

TAX RELIEF AND EXEMPTION INFORMATION FOR HOLDERS OF H SHARES

The holders of H Shares of the Company shall pay relevant tax and/or exemption in accordance with the following provisions:

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid to individuals by the PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%. A non-PRC resident enterprise which is entitled to a preferential tax rate under an applicable tax treaty or arrangement may, directly or through its agent, apply to the competent tax authorities for a refund of the excess amount of tax withheld.

Pursuant to the “Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shanghai and Hong Kong Stock Markets” (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2014]81號)) and the “Notice on Taxation Policies concerning the Pilot Program of an Interconnection Mechanism for Transactions in the Shenzhen and Hong Kong Stock Markets” (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》(財稅[2016]127號)) jointly promulgated by the Ministry of Finance, the State Administration of Taxation and the CSRC, for dividends derived by Mainland individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, H-share companies shall withhold individual income tax at a tax rate of 20% for the investors. For mainland securities investment funds investing in shares listed on the Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect, the above rules also apply and individual income tax shall be levied on dividends derived therefrom. Dividends derived by mainland enterprise investors from investing in shares listed on Hong Kong Stock Exchange through Shanghai Hong Kong Stock Connect or Shenzhen Hong Kong Stock Connect shall be reported and paid by the enterprise investors themselves. H-share companies will not withhold or pay enterprise income tax on their behalf in the distribution of dividends. For dividends derived by mainland resident enterprises where the relevant H shares have been continuously held for more than 12 months, the enterprise income tax thereon may be exempt according to the tax law.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended December 31, 2025, the percentage of total sales attributable to the Group's largest customer and five largest customers accounted for 41.7% and 55.9% of the Group's sales respectively.

During the year ended December 31, 2025, the percentage of purchases attributable to the Group's largest supplier and five largest suppliers accounted for 12.9% and 46.0% of the Group's purchases respectively.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors owned more than 5% of the Company's issued share capital) had a material interest in our five largest customers and suppliers.

Directors' Report

Relationships with Major Customers and Suppliers

Customers

We have been devoted to providing excellent customer service with the purpose of maintaining long term cooperation, enhancing product quality, increasing sales volume and improving profitability. We have also established relationships with many KOLs in the medical community.

We sell a significant portion of our products to distributors, and our five largest customers in the Reporting Period were distributors.

Since our heart valve products are implanted within patients, as part of our customer service, hospitals conduct follow-up as designed for the procedure to observe the performance of our products based on the patients' physical conditions. We also provide channels for complaints regarding our products, including complaints on the quality of our products and adverse events after implantation. We also have a quality control department dedicated to tracking and recording severe adverse events and handling customer complaints and queries with an online tracking system. We also investigate and analyze the cause of issues raised by our customers and refer the quality issues to our management and relevant responsible departments for resolution and correction. We will recall our products for quality issues when necessary. During the Reporting Period and up to the Latest Practicable Date, there have not been any product recalls due to quality issues.

Given that transcatheter heart valve replacement devices involve relatively new technology, we provide technical support to hospitals and physicians through our sales and marketing personnel. Our marketing and technical support personnel study patients' angiography together with physicians and help determine whether interventional procedures are suitable for the patients and whether they need to be specifically made to order. Our marketing and technical support personnel sometimes observe transcatheter heart valve replacement procedures using our products and provide information during such procedures to help physicians understand our products. They also follow up with physicians after the procedures to collect data on the performance of our products.

Suppliers

During the Reporting Period, our purchases mainly include raw materials, machines and equipment and services from third parties such as contract research organizations, animal labs and ticket agents.

For the production of our heart valve products and product candidates, we primarily use a limited number of suppliers for our principal raw materials, although there are alternate suppliers available for most of such materials.

We generally enter into supply agreements with our principal raw material suppliers. Our agreements with the suppliers specifically list the requirements of the materials to be supplied. We will decide whether to accept the supply upon inspecting and examining the materials. For the supply of certain raw materials, to help ensure the supplier's compliance with our standard requirements, the suppliers are also required to present initial samples for our inspection and approval before starting serial production and conduct a yearly requalification test upon our request.

Our principal suppliers for raw materials usually provide us a credit term of up to 30 days.

MATERIAL LITIGATION AND ARBITRATION

Save as disclosed in this annual report, during the Reporting Period and up to the Latest Practicable Date, the Group did not have any material litigation or arbitration.

MATERIAL CONTRACTS AND EXECUTION

During the Reporting Period, the Group did not have any material custody, contractual or lease arrangements, nor were there such arrangements carried forward to the Reporting Period from the previous period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code. During the Reporting Period, the Company has complied with the mandatory code provisions in the Corporate Governance Code. For details, please refer to "Corporate Governance Report" of this annual report.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

As of the Latest Practicable Date and based on the information available to the Company and to the knowledge of the Directors, the Company's public float complies with the requirements of the Listing Rules.

AUDITORS

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by Zhonghui Anda. Ernst & Young retired as auditor of the Company at the 2022 annual general meeting of the Company on June 30, 2023.

Save for the above, there was no change in the auditors of the Company in the preceding three years.

By order of the Board

Mr. Lim Hou-Sen (Lin Haosheng)

Executive Director

Hangzhou, the People's Republic of China, April 22, 2026

Corporate Governance Report

I. OVERVIEW OF CORPORATE GOVERNANCE

The Board presents this corporate governance report in the Group's annual report for the year ended December 31, 2025. For information relating to the Company's environmental and social performance for the Reporting Period, please refer to the Company's 2025 ESG Report separately published on the websites of the Company and the Stock Exchange on the date of publication of this annual report.

During the year ended December 31, 2025, the Company has strictly complied with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

II. SHAREHOLDERS AND GENERAL MEETINGS

(i) Rights of Shareholders' General Meetings and Shareholders

The Shareholders' general meeting is the organ of the highest authority of our Company and exercises the duties and powers in accordance with the laws, the Articles of Association and the rules of procedures of the Shareholders' general meetings of our Company.

In order to protect the rights of Shareholders, our Company will convene the Shareholders' general meetings in strict compliance with the relevant rules and procedures such that all Shareholders are treated equally and can exercise their rights fully. Separate resolutions will be proposed at general meetings on each substantial issue. Each resolution submitted to the Shareholders' general meeting will be voted pursuant to the Listing Rules, and the voting result will be published on the websites of the Stock Exchange and the Company after the meeting.

During the year ended December 31, 2025, our Company held two general meetings on June 27, 2025, and November 28, 2025. All the proposed Shareholders' resolutions put to the above general meetings were resolved by poll vote and were duly passed. The vote tally of each such resolution was set out in the Company's announcements released on the day of the respective general meetings.

Corporate Governance Report

(ii) Attendance of the Directors at the Shareholders' General Meetings

The attendance record of each Director at the Shareholders' general meetings of the Company during the year ended December 31, 2025 is set out below:

Name of Director	Attendance/ Number of General Meetings
Mr. Lim Hou-Sen (Lin Haosheng)	2/2
Ms. Meirong Liu	2/2
Mr. Liqiao Ma	2/2
Mr. Ao Zhang	1/2
Mr. Wei Wang	1/2
Mr. Ting Yuk Anthony Wu	2/2
Mr. Chi Wai Suen	2/2
Mr. John Junhua Gu	2/2

III. BOARD OF DIRECTORS AND PERFORMANCE OF DUTIES

(i) Chairman and Chief Executive

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Company does not maintain the office of chief executive officer. Instead, the general manager is responsible for the day-to-day management of the Company. Mr. Ting Yuk Anthony Wu has been the chairman of the Board, and Mr. Lim Hou-Sen (Lin Haosheng) has been the general manager of the Company. The division of responsibilities between the chairman of the Board and the general manager has been clearly established.

(ii) Duties of the Board of Directors and the Management

The Board exercises the powers and duties set out in the Articles of Association, and shall be accountable to the Shareholders' general meeting. The duties of the Board include, but are not limited to, being responsible for convening the Shareholders' general meetings and reporting its work thereto; implementing resolutions adopted at the Shareholders' general meetings; making decisions on the operation plans and investment plans of the Company; formulating profit distribution plans and loss compensation plans of our Company; making decisions on the internal management structure and mechanisms of the Company; appointing or dismissing the general manager; appointing or dismissing the deputy general manager, chief financial officer and other personnel who should be appointed or dismissed by the Board according to the nominations made by the general manager, and making decisions on their remuneration matters; formulating the basic management system of our Company; and other powers conferred by the relevant laws, regulations, securities regulatory rules, the Articles of Association or the Shareholders' general meeting.

The management of our Company is responsible for daily management, administration and operation of the Group. It oversees the production, operation and management of our Company, organizing and implementing the resolutions of the Board and other duties specified in the Articles of Association. The Board shall discuss the authorization function and duty periodically. The management of our Company shall obtain approval from the Board before entering into any significant transaction.

(iii) Composition of the Board of Directors

Our Company strictly complies with the requirements under the Articles of Association and relevant rules in respect of the appointment of the Directors. Board meetings are convened in accordance with the Articles of Association and the rules of procedures of the Board of our Company.

As of the end of the Reporting Period, the Board of our Company comprises eight Directors, including three executive Directors (Mr. Lim Hou-Sen (Lin Haosheng), Mr. Liqiao Ma and Ms. Meirong Liu), two non-executive Directors (Mr. Ao Zhang and Mr. Wei Wang) and three independent non-executive Directors (Mr. Ting Yuk Anthony Wu, Mr. Chi Wai Suen and Mr. John Junhua Gu). None of the Directors, Supervisors and senior management have relationships (including financial, business, family or other material/relevant relationships) with other Directors, Supervisors and members of the senior management of our Company.

Our Company has received the annual confirmation of independence from each of the independent non-executive Directors. Our Company considers that each independent non-executive Director is independent as specified in the Listing Rules. Independent non-executive Directors are able to exercise independent and objective judgments and protect the interests of minority Shareholders.

The Company has established mechanism to ensure independent views and input are available to the Board, and channels are in place through formal and informal means whereby independent non-executive Directors can express their views in an open and candid manner as well as in a confidential manner, should circumstances require; these include regular Board surveys and Board reviews, dedicated meeting sessions with the chairman of the Board and interaction with management and other Board members including the chairman of the Board outside the boardroom. The mechanism to ensure independent views and input are available to the Board is reviewed annually.

The Directors (including the independent non-executive Directors) provide the Board with varied and valuable experience in business and professional knowledge, so that the Board can fulfil its function efficiently and effectively. In particular, the independent non-executive Directors are members of the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee.

Our Directors (including the independent non-executive Directors) have entered into appointment letters with the Company from June 27, 2025 and up until the expiration of the third session of the Board, and all of the Directors may offer themselves for reelection and re-appointment subject to the approval of the Shareholders. Their service contracts and appointment letters may be renewed in accordance with the Articles of Association and applicable regulations.

The biographies of all Directors are set out in “Directors, Supervisors and Senior Management” of this annual report.

(iv) Meetings of the Board of Directors and Attendance of Directors

The code provisions of the Corporate Governance Code prescribe that at least four regular Board meetings should be held each year. A notice of no less than 14 days shall be sent to all Directors before a regular meeting is convened so that they can have an opportunity to attend the meeting and include any relevant matters for discussion in the agenda. In addition, the Board meetings should be held at approximately quarterly intervals and have active participation of the majority of Directors, either in person or through electronic means of communication.

The Board held 14 meetings during the year ended December 31, 2025 for reviewing and approving the annual results for the year ended December 31, 2024 and unaudited interim results for the six months ended June 30, 2025, and conducting a review of the corporate governance policy of the Company and duties performed by the Board under paragraph D.3.1 of the Corporate Governance Code.

The chairman of the Board held one meeting with the independent non-executive Directors during the year ended December 31, 2025 without the presence of other Directors.

Corporate Governance Report

The attendance record of each Director at the Board meetings during the year ended December 31, 2025 is set out below:

Name of Director	Attendance/ Number of Board Meetings
Mr. Lim Hou-Sen (Lin Haosheng)	14/14
Ms. Meirong Liu	14/14
Mr. Liqiao Ma	14/14
Mr. Ao Zhang	14/14
Mr. Wei Wang	14/14
Mr. Ting Yuk Anthony Wu	14/14
Mr. Chi Wai Suen	14/14
Mr. John Junhua Gu	14/14

(v) **Training for Directors**

The Directors are continually provided with information on the developments and changes in the Listing Rules, other relevant laws and regulatory requirements and the business and market environments, to facilitate the performance of their responsibilities. Briefings and professional development trainings for the Directors are also arranged periodically by the Company and its professional advisors.

According to the records provided by the Directors, a summary of training received by the Directors for the year ended December 31, 2025 is as follows:

Name of Director	Training*
Mr. Lim Hou-Sen (Lin Haosheng)	✓
Ms. Meirong Liu	✓
Mr. Liqiao Ma	✓
Mr. Ao Zhang	✓
Mr. Wei Wang	✓
Mr. Ting Yuk Anthony Wu	✓
Mr. Chi Wai Suen	✓
Mr. John Junhua Gu	✓

* During the Reporting Period, our Company arranged trainings for the Directors related to updates and changes in regulatory requirements and the business and market environment in a variety of ways from time to time. The trainings include disclosure of corporate governance practices by the issuers.

IV. BOARD COMMITTEES AND PERFORMANCE OF DUTIES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, the Company has established three Board committees, namely, the Audit Committee, the Remuneration and Assessment Committee and the Nomination Committee. During the Reporting Period, the composition of each Board committee is listed as follows:

Name of Committees	Members of Committee
Audit Committee	Mr. Chi Wai Suen (<i>Chairman</i>) (<i>Note 1</i>) Mr. Ting Yuk Anthony Wu Mr. John Junhua Gu
Remuneration and Assessment Committee	Mr. Ting Yuk Anthony Wu (<i>Chairman</i>) Mr. Chi Wai Suen Mr. John Junhua Gu
Nomination Committee	Mr. John Junhua Gu (<i>Chairman</i>) Mr. Ting Yuk Anthony Wu Mr. Chi Wai Suen Ms. Meirong Liu (<i>appointed on June 27, 2025</i>)

Note 1:

Mr. Chi Wai Suen holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

(i) Audit Committee

1. *Functions of the Committee*

Our Company has established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code. The primary duties of the Audit Committee include, but are not limited to, the followings: (i) proposing the appointment or change of external auditors to the Board, monitoring the independence of external auditors and evaluating their performance; (ii) examining the financial information of our Company and reviewing financial reports and statements of our Company; (iii) examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to the Board; and (iv) dealing with other matters that are authorized by the Board.

None of the members of the Audit Committee is a former partner of the Company's external auditor, Zhonghui Anda.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Audit Committee held 3 meetings and its main work involved the following:

- reviewing the annual results and financial report for the year ended December 31, 2024;
- reviewing the proposal in relation to re-appointment of auditors for the year ended December 31, 2025 and determination of remuneration for auditors;
- reviewing the unaudited interim results and financial report for the six months ended June 30, 2025;
- reviewing the financial reporting and the compliance procedures;
- reviewing the policies and practices on corporate governance;
- reviewing the compliance with the Corporate Governance Code and the disclosure requirement in the corporate governance report as contained in Appendix C1 to the Listing Rules;
- reviewing the code of conduct and the compliance manuals for employees and the Directors, the financial, operational and compliance monitoring;
- reviewing the risk management and internal control systems;
- reviewing the internal audit work of the risk management and internal audit department; and
- reviewing the work of the external auditor.

The Audit Committee met with the external auditor of the Company in the absence of the management of the Company once in relation to the provision of audit service to the Company for the year ended December 31, 2025.

3. Attendance of Members of the Committee

During the Reporting Period, the attendance records of the Audit Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Chi Wai Suen (<i>independent non-executive Director</i>)	3/3
Mr. Ting Yuk Anthony Wu (<i>independent non-executive Director</i>)	3/3
Mr. John Junhua Gu (<i>independent non-executive Director</i>)	3/3

The Company's annual results for the year ended December 31, 2025 were reviewed by the Audit Committee on March 31, 2026. The Audit Committee considers that the annual financial results for the year ended December 31, 2025 are in compliance with the relevant accounting standards, rules and regulations, and appropriate disclosures have been duly made.

(ii) Remuneration and Assessment Committee

1. *Functions of the Committee*

Our Company has established a Remuneration and Assessment Committee with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code. The primary duties of the Remuneration and Assessment Committee include, but are not limited to, the following: (i) advising the Board on the overall remuneration plan and structure of Directors, Supervisors and senior management and the establishment of transparent formal procedures for determining the remuneration policy of our Company; (ii) examining the criteria of performance evaluation of Directors, Supervisors and the senior management of our Company, conducting performance evaluation and making recommendations to the Board; (iii) making recommendations on the remuneration of Directors, Supervisors and the senior management staff in accordance with the terms of reference and the importance of their positions, the time they spend on such positions as well as the remuneration benchmarks for the relevant positions in other comparable companies; (iv) reviewing and/or approving matters relating to share schemes under Chapter 17 of the Listing Rules; and (v) dealing with other matters that are authorized by the Board, and if necessary, engaging external experts to provide relevant independent services. During the Reporting Period, none of the matters relating to share schemes under Chapter 17 of the Listing Rules shall be subject to review and/or approval by the Remuneration and Assessment Committee.

2. Work Summaries and Meetings of the Committee

During the Reporting Period, the Remuneration and Assessment Committee held 6 meetings during the year ended December 31, 2025 to review the remuneration policy and structure of the Company, consider and make recommendations to the Board on the remuneration packages of the Directors, Supervisors and the senior management of the Company.

3. Attendance of Members of the Committee

During the Reporting Period, the attendance records of the Remuneration and Assessment Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. Ting Yuk Anthony Wu <i>(independent non-executive Director)</i>	6/6
Mr. Chi Wai Suen <i>(independent non-executive Director)</i>	6/6
Mr. John Junhua Gu <i>(independent non-executive Director)</i>	6/6

Details of the Directors' and Supervisors' remuneration are set out in "Notes to the Consolidated Financial Statements – 9. Directors', Supervisors' and Chief Executive's Remuneration" of this annual report. In addition, the remuneration payable to the senior management of the Company (who are not the Directors) by band for the year ended December 31, 2025 is set out in the section headed "Corporate Governance Report – V. Remuneration of Senior Management" of this annual report.

(iii) Nomination Committee

1. *Functions of the Committee*

Our Company has established a Nomination Committee with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code. The primary duties of the Nomination Committee include, but are not limited to, the following: (i) conducting extensive searches and providing to the Board suitable candidates for Directors, general managers and other members of the senior management; (ii) overseeing the implementation of a Board diversity policy, taking into account various factors when determining the composition of our Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and service tenure; (iii) examining the size and composition of the Board and its members in respect of their skills, knowledge, experience and diversity at least once every year, and making recommendations to the Board on any change in Board composition in accordance with our Company's strategies; (iv) researching and developing the standards and procedures for the election of the Board members, general managers and members of the senior management, and making recommendations to the Board; and (v) dealing with other matters that are authorized by the Board.

With respect to the nomination of new Directors and re-election of Directors, our Company follows a considered and transparent nomination policy, details of which are set out in the subsection "Other Relevant Matters – (XI) Nomination Policy" below.

2. *Work Summaries and Meetings of the Committee*

During the Reporting Period, the Nomination Committee held 3 meetings during the year ended December 31, 2025 to review the structure, size, composition and diversity (including skills, knowledge, experience, gender, age, cultural and educational background, ethnicity, professional experience and length of service) of the Board and make recommendations to the Board relating to the re-election of Directors to ensure that the Board has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company; to review the training and continuous professional development of the Directors and senior management; and to assess the independence of the independent non-executive Directors.

3. Attendance of Members of the Committee

During the Reporting Period, the attendance records of the Nomination Committee meetings are set out below:

Name of Committee Member	Attendance/ Number of Meeting(s)
Mr. John Junhua Gu (<i>independent non-executive Director</i>)	3/3
Mr. Ting Yuk Anthony Wu (<i>independent non-executive Director</i>)	3/3
Mr. Chi Wai Suen (<i>independent non-executive Director</i>)	3/3
Ms. Meirong Liu (<i>Executive Director</i>) (<i>appointed on June 27, 2025</i>)	3/3

V. REMUNERATION OF SENIOR MANAGEMENT

The remuneration payable to the senior management of the Company (who are not the Directors) by band during the Reporting Period is shown in the following table:

Band of remuneration (in RMB)	Number of senior management Year ended December 31,	
	2025	2024
0 – 1,000,000	1	2
1,000,000 – 2,000,000	–	–
2,000,000 – 3,000,000	2	–

VI. CONVENING AN EXTRAORDINARY GENERAL MEETING BY SHAREHOLDERS

According to the provisions of the Articles of Association, when Shareholders, individually or jointly, hold more than 10% of the shares of the Company with voting rights, request in writing to convene an extraordinary general meeting, The Board shall convene an extraordinary general meeting within two months.

1. Shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary general meeting, which shall be submitted in writing to the Board. The Board shall, in accordance with the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the provisions of the Articles of Association, provide written feedback on whether it agrees or disagrees with the convening of the extraordinary general meeting within ten days upon receipt of the request.

If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days after the Board's resolution is made, and any changes to the original request in the notice shall be approved by the relevant Shareholders. If the Board does not agree to convene an extraordinary general meeting, or fails to provide feedback within ten days upon receipt of the request, the Shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall submit the request in writing to the Supervisory Committee.

If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within five days upon receipt of the request, and any changes to the original request in the notice shall be subject to the consent of the relevant Shareholders. If the Supervisory Committee fails to give notice of general meeting within the prescribed period, it shall be deemed that the Supervisory Committee does not convene and preside over the general meeting, and Shareholders holding individually or collectively more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the meeting on their own.

2. If the Supervisory Committee or the Shareholders decide to convene a general meeting on their own, they must notify the Board in writing.

If Shareholders convene a general meeting on their own, the percentage of shares held by the convening Shareholders shall not be less than 10% before the announcement of the resolution of the general meeting.

The Board and the secretary to the Board will cooperate in respect of the general meetings convened by the Supervisory Committee or the Shareholders on their own; the Board will provide the register of Shareholders as at the record date; and the expenses necessary for the meeting will be borne by the Company.

3. A notice shall be given 15 days before the extraordinary general meeting to notify each Shareholder of the time and venue of the meeting and matters to be deliberated.

(i) Putting Forward Inquiries to the Board

For putting forward inquiries to the Board, Shareholders may send written inquiries to inquiry@venusmedtech.com by email.

(ii) Putting Forward Proposals at General Meetings

When the Company convenes a general meeting, the Board, the Supervisory Committee and the Shareholders who, individually or jointly, hold more than 1% of the total number of Shares of the Company with voting rights, shall have the right to submit new proposals in writing to the Company at inquiry@venusmedtech.com by email 10 days prior to the date of general meeting. Proposals which are within the scope of powers and responsibilities of the general meeting shall be included in the agenda of the meeting by the Company. The convener shall issue a supplemental notice of general meeting within two days upon receipt of the proposals to announce the details of the ad hoc proposals, unless the ad hoc proposals are in violation of laws, administrative regulations or the provisions of the Articles of Association, or do not fall within the scope of authority of the general meeting.

VII. OTHER RELEVANT MATTERS

(i) Compliance with the Model Code

The Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code set out in Appendix C3 to the Listing Rules. The Company has made specific enquiries to all Directors and Supervisors concerning their compliance with the Model Code. All Directors and Supervisors confirmed that they had strictly observed all standards set out in our Company's code of conduct regarding Directors' and Supervisors' securities transactions during the year ended December 31, 2025.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the code of conduct regarding Directors' and Supervisors' securities transactions of the Company. No incident of non-compliance of code of conduct regarding Directors' and Supervisors' securities transactions by the employees was noted by the Company during the year ended December 31, 2025.

(ii) Responsibilities of Directors for the Consolidated Financial Statements

The following responsibility statement of Directors regarding the consolidated financial statements shall be read in conjunction with the responsibility statement of the independent auditor included in the independent auditor's report. Each responsibility statement regarding the consolidated financial statements shall be interpreted separately.

All Directors acknowledge and confirm their responsibilities of preparing the consolidated financial statements which truly reflect the business and operating results of the Group for the year ended December 31, 2025, including the results and cash flows of the Group.

Management has provided the necessary explanation and information for the Board to evaluate the consolidated financial statements of the Company, which are submitted for approval of the Board with full knowledge.

To the best knowledge of all Directors, there are no events or situations which may cause any material adverse impact on the ongoing operations of our Group.

(iii) Appointment and Remuneration of Auditing

The Company re-appointed Zhonghui Anda as the auditor of the consolidated financial statements of the Group prepared under International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance for the year ended December 31, 2025. There has been no change in the auditor appointed during the Reporting Period.

The statement of the Company's external auditor related to the auditor's responsibilities for the audit of the consolidated financial statements is set out in the Independent Auditor's Report of this annual report.

During the year ended December 31, 2025, the remuneration paid/payable to the external auditor of the Company for the provision of audit services for the year ended December 31, 2025 amounted to RMB3.0 million (including auditing fees incurred by each subsidiary).

During the year ended December 31, 2025, the remuneration paid/payable to the external auditor of the Company in respect of non-audit services for the year ended December 31, 2025 amounted to RMB0.12 million. The nature of such non-audit services is related to the services provided in relation to the major transaction completed during the year.

(iv) Review by Audit Committee

The Audit Committee has reviewed the 2025 consolidated financial statements of the Group for the year ended December 31, 2025.

(v) Company Secretary

The company secretary of the Company is Mr. Wong Wai Chiu, a member of the Hong Kong Institute of Certified Public Accountants, who possesses the qualifications and experience as a company secretary as required under Rules 3.28 and 8.17 of the Listing Rules. Mr. Wong is the associate director of SWCS Corporate Services Group (Hong Kong) Limited and Mr. Wong's main contact person at the Company is Ms. Yan Xiao, the secretary of the Board and the director of general affairs department of the Company.

Mr. Wong has confirmed that he had received no less than 15 hours of relevant professional training during the year ended December 31, 2025.

(vi) Communication with Shareholders

Our Company believes that effective communication with Shareholders is very significant to investor relations enhancement and to enhance investors' understanding of the Company's business, performance and strategies. We also believe that it is important for the information of the Company to be disclosed to Shareholders and investors in a timely manner and without reservation.

The Shareholders' general meetings provide opportunities of constructive communications between our Company and our Shareholders. Shareholders are encouraged to attend the Shareholders' general meetings in person, or to appoint proxies to attend and vote at the meetings for and on their behalf if they are unable to attend in person. Our Company highly values the opinions, suggestions and concerns of the Shareholders and proactively carries out investor relation activities to keep in contact with the Shareholders and meet their reasonable demands in a timely manner.

The Company's website and inquiry email are available for Shareholders and investors to be updated on the latest information about the business operation and development, corporate governance practices and other latest information of the Company. Our Company also publishes announcements, circulars, notices of the Shareholders' general meeting, financial data and other information of our Company required to be disclosed under the Listing Rules from time to time on our Company's website. Shareholders are also encouraged to make inquiries by phone or email or write directly to the office address of our Company, which will be dealt with appropriately in a timely manner. Please refer to "Corporate Information" of this annual report for the contact details.

Shareholders' active participation at Shareholders' general meetings are encouraged. Our Directors, Supervisors and senior management will attend the Shareholders' general meetings, and shall also ensure that the external auditors will attend, to answer questions raised by the Shareholders.

The implementation and effectiveness of the initiatives taken by the Company were reviewed by the Board during the year ended December 31, 2025 and considered adequate and effective, having considered that 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.

(vii) Board Diversity Policy

Our Company is committed to a merit-based system for Board composition, which requires a diverse and inclusive culture where Directors believe that their views are heard, their concerns are attended to and they serve in an environment where bias, discrimination and harassment on any matter are not tolerated. In order to enhance the effectiveness of our Board and to maintain a high standard of corporate governance, we have adopted a Board diversity policy.

Under this policy, we seek to achieve Board diversity through the consideration of a number of factors when reviewing the composition of the Board in the Director nomination and renomination processes, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. As part of the nomination and re-nomination processes, the Nomination Committee will assess the attributes, competencies, characteristics and backgrounds of the Board's current directors in light of the needs of the Board, including the extent to which the current composition of the Board and the number of women directors are consistent with the Board diversity policy. The ultimate decision of the appointment will be based on the merit of the selected candidates, and the contribution they will bring to our Board. Any headhunting firm engaged to assist the Board or the Nomination Committee in identifying candidates for appointment to the Board shall be directed to consider the desire of our Company to have its Board reflect a wide range of attributes, competencies, characteristics and backgrounds as contemplated by the Board diversity policy.

The Board has established a specific target number or date by which to achieve a specific number of women on the Board. The Board currently consists of one female Director and seven male Directors with a balanced mix of knowledge and skills, including but not limited to overall management and strategic development, finance, accounting and risk management, which has satisfied the requirement of gender diversity by Hong Kong Stock Exchange.

We will implement policies to ensure gender diversity when recruiting staff to develop a pipeline of female senior management and potential successors to the Board. We will strive to enhance our female representation and achieve an appropriate balance of gender diversity with reference to the stakeholders' expectation and internationally and locally recommended best practices. Furthermore, we will implement comprehensive programs aimed at identifying and training our female staff who display leadership and potential, with the goal of promoting them to the senior management or the Board.

Corporate Governance Report

As of December 31, 2025, we had 560 full-time employees, of which 229 were male and 331 were female. The male-female ratio in the workforce (including senior management) was approximately 7:10. The Company has achieved and will continue to maintain a relatively balanced gender ratio in the workforce. The Company will continue to monitor and evaluate the diversity policy from time to time to ensure its continued effectiveness. The Company is not aware of any mitigating factor or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

We are also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) of the Company to enhance the effectiveness of corporate governance of the Company as a whole.

The Nomination Committee annually reviews and monitors the implementation of the Board diversity policy to ensure its effectiveness. At present, the Nomination Committee considers that the Board members are fully diversified. The Nomination Committee will continue to monitor the implementation of the Board diversity policy and will regularly review the Board diversity policy to ensure its continued effectiveness.

(viii) Amendments to the Articles of Association

There has not been any change to the Articles of Association during the Reporting Period and up to the Latest Practicable Date.

(ix) **Risk Management and Internal Control**

1. Risk Management

Details of the risk management of the Company are set out in “Management Discussion and Analysis – IV. Risk Management” of this annual report.

2. Establishment of the Internal Control System

The Board has established the internal control system, and monitored and reviewed it on an annual basis in compliance with Paragraph D.2 of the Corporate Governance Code. Such system is designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

3. Main Features of the Internal Control System and Process Used to Review the Effectiveness of the Internal Control System and Rectify Defects

Below is a summary of the internal control policies, measures and procedures our Company has implemented:

- Our Company has adopted various measures and procedures regarding every aspect of our operations, such as protection of intellectual property, environmental protection and occupational health and safety protection. Our Company provides periodic training on these measures and procedures to our employees as part of our employee training program. Our Company also regularly monitors the implementation of those measures and procedures through our on-site internal control team for every stage of the product development process.
- Our Directors, who are responsible for monitoring the corporate governance of our Group, with assistance from our legal advisors, periodically review our compliance status with all relevant laws and regulations after the Listing.

Corporate Governance Report

- Our Company has established the Audit Committee which (i) makes recommendations to our Directors on the appointment and removal of external auditors; and (ii) reviews the financial statements and renders advice in respect of financial reporting as well as oversees the risk management and internal control procedures of our Group.
- We have engaged a PRC law firm to advise us on and keep us abreast of PRC laws and regulations. We continually arrange various training provided by external legal advisors and/or any appropriate accredited institution from time to time when necessary to update our Directors, Supervisors and senior management and relevant employees on the latest applicable laws and regulations.
- 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 an internal audit function, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis.

4. *Procedures for Processing and Releasing Inside Information*

With approval from the Board and pursuant to the requirements of domestic and foreign laws and regulations, the Listing Rules and the Articles of Association as well as the practical conditions of our Company, our Company has formulated a policy on information disclosure management to determine the division of duties and responsibilities on information disclosure, the procedures for processing and releasing inside information and other information required to be disclosed. Pursuant to this system, our Company must, as soon as any inside information comes to its knowledge or a false market may be established, disclose the information to the public to the reasonable and practicable extent.

5. *Appraisal of Internal Control*

The Board acknowledges that, during the Reporting Period, the Board and the management of our Company are jointly responsible for the establishment, the effective implementation and improvement of a sound internal control system. The objectives of internal control of our Company are: guaranteeing the legality of operations of our Company and the execution of an internal regulatory system, protecting against operational risk and moral risk, securing the safety and completeness of the assets of the clients and our Company, ensuring the reliability, completeness and timeliness of the business records, financial information and other information of our Company and improving the operational efficiency and effectiveness of our Company.

As internal control has inherent restrictions, we can only reasonably guarantee that the above objectives may be achieved. Furthermore, the effectiveness of internal control may also change according to our Company's internal and external environment and operating conditions. Our Company has set up an inspection and supervision mechanism through which our Company can take measures to rectify deficiencies in the internal control once identified.

The Board conducts an annual review on the risks management and internal control system of the Company. During the year ended December 31, 2025, the Group was not aware of any material defect in internal control of the Group. The Board is of the view that the Group should further strengthen the resources, qualifications and experiences of the staff in the areas of finance, internal audit and the financial reporting function and ensure that the training and budget of the staff are adequate.

(x) Dividend Policy

Under our dividend policy, the Board is required to consider, among other things, the following factors when proposing dividends and determining the amount of dividends to be recommended to the Shareholders:

- the Company's actual and projected financial performance;
- the Company's working capital requirements, capital expenditure requirements and future business expansion plan;
- our present and future cash flow;
- other internal and external factors that may have an impact on our business operations or financial performance and position; and
- other factors that the Board deems relevant.

The PRC laws require that dividends be paid only out of our Company's distributable profits. Distributable profits are our Company's after-tax profits, less any recovery of accumulated losses and appropriations to statutory and other reserves that our Company is required to make. As a result, our Company may not have sufficient or any distributable profits to make dividend distributions to our Shareholders, even if we become profitable.

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, including (where required) the approval of our Shareholders. According to our Articles of Association, we will distribute dividends in the form of cash or Shares out of our distributable profits only after we have made the following allocations from our distributable profits:

- offsetting losses in prior years, if any;
- allocating to the statutory reserve fund equivalent to 10% of our profit after payment of all tariff items, and, when the statutory reserve fund reaches more than 50% of our registered capital, no further allocations to this statutory reserve fund will be required; and
- allocating to the discretionary reserve fund according to the resolutions of the Shareholders' general meeting.

Any distributable profits not distributed in a given year are retained and available for distribution in subsequent years. Our Company's dividend distribution may also be restricted if our Company incurs debt or losses in accordance with any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that our Company or our subsidiaries may enter into in the future.

No dividend has been paid or declared by the Company for the year ended December 31, 2025. As of December 31, 2025, no arrangement was reached pursuant to which the shareholders of the Company waived or agreed to waive their dividends.

(xi) Nomination Policy

Our Company has established a considered and transparent nomination policy with respect to the standards and procedures for the nomination of new Directors and reelection of Directors. The Nomination Committee shall be responsible for nominating suitable candidates to the Board for consideration and making recommendations to the Shareholders regarding the election and reelection of Directors in accordance with the nomination policy.

In order to identify suitable candidates for the Board, the Nomination Committee considers the requirements under the Listing Rules, the Articles of Association and the relevant laws and regulations. Furthermore, in assessing the suitability of a proposed candidate, the Nomination Committee makes reference to factors, including but not limited to integrity, education, professional qualifications and past work experience, including part-time work experience, possession of necessary skills and experience; commitment in respect of available time and energy; diversity of the Board in areas, including but not limited to gender, age, cultural and educational background, race, professional experience, skill, knowledge and term of service; and the independent criteria as required under the Listing Rules for candidates for independent non-executive Directors.

The Nomination Committee shall convene a committee meeting, and invite members of the Board to nominate candidates (if any) for the Nomination Committee to consider before the meeting. The Nomination Committee may also nominate candidates that have not been proposed by members of the Board. The Nomination Committee shall then conduct due diligence in respect of each of the nominated candidates and make recommendations to the Board for its consideration. Recommendation from the Nomination Committee is still required with respect to the re-appointment of current members of the Board. The Board retains final discretion as to all matters relating to the nomination of candidates and the re-appointment of directors at the Shareholders' general meeting.

Unless otherwise provided by the laws and regulations or stipulated by any regulatory authority, there will be no disclosure to the public or acceptance of any public inquiry in relation to any nomination or any candidate, prior to the issuance of the Shareholders' circular. The Nomination Committee, the company secretary or other employees of our Company authorized by the Nomination Committee may respond to the queries of the regulatory authorities or members of the public after the Shareholders' circular has been issued, but shall not disclose any confidential information relating to the nomination(s) or the candidate(s).

For the procedures for Shareholders' nomination of candidates to the Board, please see our Company's website for details.

VIII. CORPORATE CULTURE

The Board believes that a strong culture enables the Company to deliver long-term sustainable performance and fulfill its role as a responsible corporate citizen. During the year ended December 31, 2025, the Company continued to strengthen its cultural framework and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their cooperative and innovative awareness. The Board's oversight of culture encompasses a range of measures and tools over time, including workforce engagement, employee retention and training, robust financial reporting, effective and accessible whistle blowing framework, legal and regulatory compliance (including compliance with the employee's code of conduct and corporate governance policies of the Group), as well as staff safety, wellbeing and support.

The Board has established the Company's purpose, values and strategy, and ensures that these and the Company's corporate culture are aligned. All existing Directors act with integrity, lead by example, and promote the desired corporate culture. Upholding the concept of sustainable development, the Company has, under the leadership of the Board, actively implemented corporate culture through daily operation, workplace policies and close communication with business stakeholders based on a sound governance structure, stringent risk management and effective internal control.

For further details of our corporate culture and path to build such corporate culture, please refer to the ESG Report published by the Company.

Taking into account the corporate culture in a range of contexts, the Board considers that the corporate culture, mission, value and strategy of the Group are aligned.

Independent Auditor's Report



TO THE SHAREHOLDERS OF VENUS MEDTECH (HANGZHOU) INC.

(Established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of Venus Medtech (Hangzhou) Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 125 to 249, which comprise the consolidated statement of financial position as at 31 December 2025, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirement of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are the matters that, in our professional judgment, was 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.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of goodwill and purchased intellectual property	
<p>The Group had goodwill of RMB1,016,558,000 in the consolidated financial statements and intellectual property of RMB362,036,000 as disclosed in note 17 to the consolidated financial statements as at 31 December 2025. Intellectual property is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life. The Group is required to perform an impairment test of goodwill at least on an annual basis, and to perform an impairment test of intellectual property when an indication of impairment exists. The impairment test is based on the recoverable amount of the cash-generating unit to which the goodwill is allocated, and the recoverable amount of each individual asset, which is applicable. The recoverable amount is the higher of the cash-generating unit's or asset's value in use and its fair value less costs of disposal. This matter was significant to our audit because the impairment test process was complex and involved significant judgements and estimates.</p> <p>The Group's disclosures about the impairment test of goodwill and intellectual property are included in notes 3, 4, 16 and 17 to the consolidated financial statements.</p>	<p>We evaluated the competence, capabilities and objectivity of the independent valuer. We evaluated management's identification of the cash-generating units and the allocation of goodwill within the Group. We also evaluated management's assessment of impairment indications and management's determination of the cash generating units to which the intellectual property belongs. We obtained and reviewed management's future forecasted cash flows and key assumptions used in the value-in-use calculation by comparing to the Group's development plan, budget and financial projections and analysis on the industry. We evaluated the key valuation parameters such as the discount rate calculation, the terminal growth rate applied and the valuation model with forecasted cash flows. For the intellectual property measured under market approach, we evaluated the reasonableness of the key inputs used in the valuation. We also focused on the adequacy of the disclosures in the consolidated financial statements.</p>

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Cut-off of research and development costs	
<p>The Group incurred significant research and development ("R&D") cost of RMB267,404,000 in the consolidated financial statements for the year ended 31 December 2025, which mainly consisted of clinical trial expenses and service fees paid to outsourced service providers, staff costs and others. The R&D activities with these service providers were typically performed over an extended period. This matter was significant to our audit because the amount of research and development costs was significant and allocation of these costs to the appropriate reporting period based on the progress of the R&D projects involved judgement.</p> <p>The Group's disclosures about R&D costs are included in notes 3 and 4 to the consolidated financial statements.</p>	<p>We reviewed the key terms set out in agreements with the outsourced service providers. We evaluated the progress of the R&D projects based on inquiry with project managers, inspection of supporting documents and obtaining confirmations from the outsourced service providers, on a sample basis, to determine whether these costs were recorded in the appropriate reporting period. We also performed search for unrecorded liabilities procedure subsequent to the year ended 31 December 2025.</p>

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Independent Auditor's Report

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

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<https://www.hkicpa.org.hk/en/Standards-setting/Standards/Our-views/auditre>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Lee Chi Sum

Audit Engagement Director

Practising Certificate Number P08391

Hong Kong, 31 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Revenue	6	306,786	470,833
Cost of sales		(94,954)	(103,087)
Gross profit		211,832	367,746
Other income and gains	6	47,568	38,500
Selling and distribution expenses		(195,485)	(245,066)
Research and development costs		(267,404)	(341,185)
Administrative expenses		(96,759)	(146,026)
Other expenses		(86,245)	(372,440)
Reversal of impairment losses/(impairment losses) on financial assets, net		1,707	(21,441)
Finance costs	8	(17,996)	(16,647)
Share of losses of:			
A joint venture		(1,433)	(1,114)
Associates		(671)	(3,040)
Loss before tax	7	(404,886)	(740,713)
Income tax (expense)/credit	11	(2,807)	23,340
Loss for the year		(407,693)	(717,373)
Other comprehensive (loss)/income			
<i>Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:</i>			
Exchange differences on translation of foreign operations		(40,728)	24,213
Reclassification of foreign currency translation reserve upon deconsolidation of subsidiaries		–	(2,940)
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods		(40,728)	21,273

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

Note	2025 RMB'000	2024 RMB'000
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	–	(16,359)
Income tax effect	–	352
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	–	(16,007)
Other comprehensive (loss)/income for the year, net of tax	(40,728)	5,266
Total comprehensive loss for the year	(448,421)	(712,107)
Loss attributable to:		
– Owners of the parent	(407,693)	(714,307)
– Non-controlling interests	–	(3,066)
	(407,693)	(717,373)
Total comprehensive loss attributable to:		
– Owners of the parent	(448,421)	(709,549)
– Non-controlling interests	–	(2,558)
	(448,421)	(712,107)
Loss per share		
Attributable to ordinary equity holders of the parent		
– Basic and diluted (RMB)	13	(0.93)
		(1.63)

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	14	72,559	405,372
Right-of-use assets	15(a)	43,677	116,738
Goodwill	16	1,016,558	1,039,641
Other intangible assets	17	393,825	439,718
Investment in a joint venture	18	3,301	3,740
Investment in associates	19	56,433	58,390
Deferred tax assets	33	31,590	24,471
Equity investments designated at fair value through other comprehensive income	20	–	–
Financial assets at fair value through profit or loss	25	192,378	352,461
Prepayments, other receivables and other assets	23	42,175	6,759
Total non-current assets		1,852,496	2,447,290
Current assets			
Inventories	21	96,746	98,061
Trade receivables	22	99,238	198,567
Prepayments, other receivables and other assets	23	79,645	70,582
Financial assets at fair value through profit or loss	25	105,432	–
Loans to former directors and a former director's controlled entity	24	110,967	108,567
Pledged deposit	26	16,632	21,001
Short-term bank deposit	26	–	7,666
Cash and cash equivalents	26	158,336	298,036
Total current assets		666,996	802,480
Current liabilities			
Trade payables	27	15,950	30,229
Lease liabilities	15(b)	36,345	38,591
Other payables and accruals	28	171,051	272,144
Interest-bearing bank borrowings	29	5,004	17,518
Government grants	31	1,830	2,560
Contract liabilities	32	664	649
Tax payable		9,759	58
Total current liabilities		240,603	361,749
Net current assets		426,393	440,731
Total assets less current liabilities		2,278,889	2,888,021

Consolidated Statement of Financial Position

As at 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current liabilities			
Interest-bearing bank borrowings	29	–	265,455
Other financial liabilities – convertible bond bridge loan	30	154,212	–
Other payables and accruals	28	341,220	363,942
Lease liabilities	15(b)	20,779	47,525
Total non-current liabilities		516,211	676,922
Net assets		1,762,678	2,211,099
EQUITY			
Equity attributable to owners of the parent			
Share capital	34	441,012	441,012
Reserves	35	1,321,666	1,770,087
Total equity		1,762,678	2,211,099

The consolidated financial statements on pages 125 to 249 were approved and authorised for issue by the Board of Directors on 31 March 2026 and signed on its behalf by:

Lim Hou-Sen
Director

Meirong Liu
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the parent							Total	Non-controlling interests	Total equity
	Share capital RMB'000	Treasury shares* RMB'000	Share premium* RMB'000 (note 34)	Other reserve* RMB'000 (note 34)	Fair value reserve* RMB'000 (note 34)	Exchange fluctuation reserves* RMB'000 (note 34)	Accumulated losses* RMB'000			
At 1 January 2025	441,012	(72,548)	5,112,276	270,539	(44,485)	100,424	(3,596,119)	2,211,099	-	2,211,099
Loss for the year	-	-	-	-	-	-	(407,693)	(407,693)	-	(407,693)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	-	-	-	-	-	(40,728)	-	(40,728)	-	(40,728)
Total comprehensive loss for the year	-	-	-	-	-	(40,728)	(407,693)	(448,421)	-	(448,421)
At 31 December 2025	441,012	(72,548)	5,112,276	270,539	(44,485)	59,696	(4,003,812)	1,762,678	-	1,762,678
At 1 January 2024	441,012	(72,548)	5,112,276	270,539	(28,478)	79,659	(2,881,812)	2,920,648	(1,302)	2,919,346
Loss for the year	-	-	-	-	-	-	(714,307)	(714,307)	(3,066)	(717,373)
Other comprehensive (loss)/ income for the year:										
Exchange differences related to foreign operations	-	-	-	-	-	23,705	-	23,705	508	24,213
Reclassification of foreign currency translation reserve upon deconsolidation of subsidiaries	-	-	-	-	-	(2,940)	-	(2,940)	-	(2,940)
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(16,007)	-	-	(16,007)	-	(16,007)
Total comprehensive (loss)/ income for the year	-	-	-	-	(16,007)	20,765	(714,307)	(709,549)	(2,558)	(712,107)
Deconsolidation of subsidiaries (note 37)	-	-	-	-	-	-	-	-	3,860	3,860
At 31 December 2024	441,012	(72,548)	5,112,276	270,539	(44,485)	100,424	(3,596,119)	2,211,099	-	2,211,099

* These reserve accounts comprise the consolidated reserves of RMB1,321,666,000 (2024: RMB1,770,087,000) in the consolidated statements of financial position.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Loss before taxation		(404,886)	(740,713)
Adjustments for:			
Finance costs	8	17,996	16,647
Bank interest income	6	(2,615)	(7,950)
Other interest income	6	(2,400)	(2,400)
Fair value adjustments of contingent considerations	7, 28	(14,874)	32,774
Loss on disposal of items of property, plant and equipment	7	20,535	87
Loss on disposal of financial assets at fair value through profit or loss	7	19,643	–
Loss/(gain) on termination of leases	15(c)	110	(17)
(Reversal of impairment losses)/impairment losses on financial assets, net		(1,707)	21,441
Gain on deconsolidation of subsidiaries	37	–	(3,621)
Depreciation of property, plant and equipment	14	23,869	24,672
Depreciation of right-of-use assets	15(a)	33,092	36,580
Amortisation of other intangible assets	17	40,366	49,857
Write-down of inventories to net realisable value	21	6,491	15,472
Share of profits and losses of a joint venture and associates		2,104	4,154
Fair value losses/(gains), net:			
Financial assets at fair value through profit or loss – mandatorily classified as such	7	10,877	81,006
Impairment of other intangible assets	17	–	62,026
Impairment losses of property, plant and equipment	14	–	125,960
Foreign exchange differences, net		–	(880)
		(251,399)	(284,905)
Increase in inventories		(5,176)	(591)
Decrease in trade receivables		101,828	90,949
(Increase)/decrease in prepayments, other receivables and other assets		(47,091)	13,512
(Decrease)/increase in trade payables		(14,279)	4,848
(Decrease)/increase in other payables and accruals		(108,941)	38,689
Increase/(decrease) in contract liabilities		15	(28,193)
(Decrease)/increase in government grants		(730)	230
Decrease in pledged time deposits		4,369	190,147

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Cash (used in)/generated from operations		(321,404)	24,686
Net income tax refund/(paid)		58	(947)
Net cash (used in)/generated from operating activities		(321,346)	23,739
Cash flows from investing activities			
Purchases of items of property, plant and equipment		(10,759)	(33,916)
Placement of bank deposits with original maturity over three months		7,666	(426)
Purchases of other intangible assets		(10)	(7,640)
Proceeds from disposal of financial assets at fair value through profit or loss		17,858	–
Interest received		2,615	7,950
Proceeds from disposal of items of property, plant and equipment		306,847	14,617
Proceeds from disposal of leasehold land		39,845	–
Net cash outflow from deconsolidation of a subsidiary	37	–	(483)
Net cash generated from/(used in) investing activities		364,062	(19,898)
Cash flows from financing activities			
Repayment of bank borrowings	38(b)	(312,650)	(527,166)
Interest paid	38(b)	(17,221)	(21,600)
Principal portion of lease payments	38(b)	(33,475)	(36,090)
Interest portion of lease payments	38(b)	(5,707)	(7,012)
Proceeds from other financial liabilities – convertible bond bridge loan	30	150,000	–
New bank borrowings	38(b)	35,000	104,028
Decrease in pledged time deposits		–	501
Net cash used in financing activities		(184,053)	(487,339)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
Net decrease in cash and cash equivalents		(141,337)	(483,498)
Cash and cash equivalents at the beginning of the year		298,036	774,396
Effect of foreign exchange rate changes, net		1,637	7,138
Cash and cash equivalents at the end of the year		158,336	298,036
Analysis of balance of cash and cash equivalents			
Cash and bank balances		158,336	277,531
Non-pledged time deposits		–	20,505
Cash and cash equivalents as stated in the consolidated statement of cash flows and consolidated statement of financial position	26	158,336	298,036

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE INFORMATION

Venus Medtech (Hangzhou) Inc. (the “Company”) is a joint stock company with limited liability established in the People’s Republic of China (the “PRC”). The registered office of the Company is located at Room 311, 3/F, Block 2, No. 88, Jiangling Road, Binjiang District, Hangzhou, the PRC. The address of its principal place of business in Hong Kong is 40/F, Dah Sing Financial Centre, No. 248 Queen’s Road East, Wanchai, Hong Kong.

During the year, the Group was principally engaged in the research and development, and the manufacture and sale of bioprosthetic heart valves.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 10 December 2019.

In the opinion of the directors, the Company has no holding company, ultimate holding company or controlling shareholders.

These financial statements are presented in Renminbi (“RMB”) and all values are rounded to nearest thousand except when otherwise indicated.

Information about subsidiaries

Particulars of the Company’s principal 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 activity
			2025		2024		
			Direct	Indirect	Direct	Indirect	
Venus Medtech (Hong Kong) Limited (“Venus HK”)	Hong Kong 20 September 2018	Hong Kong dollars (“HK\$”)10,000	100%	-	100%	-	Research and development
Venus Medtech of America	United States of America (“USA”) 31 August 2012	United states dollars (“US\$”)10,000,000	100%	-	100%	-	Research and development
Hangzhou Nuocheng Medical Technology Co., Ltd. (“Nuocheng”)*	PRC/Mainland China 9 November 2017	RMB100,000,000	-	100%	-	100%	Research and development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (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 activity
			2025		2024		
			Direct	Indirect	Direct	Indirect	
Keystone Heart Ltd. ("Keystone")	Israel 17 November 2004	Nil	-	100%	-	100%	Research and development and manufacture of heart valves
Mitraltech Holdings Ltd. ("MTH")	Israel 27 October 2016	Nil	-	100%	-	100%	Research and development
Jilin Venus Haoyue Medtech Limited ("Haoyue")*#	PRC/Mainland China 14 October 2020	RMB100,000,000	-	N/A	-	15%#	Research and development
JVH of America ("JVH")#	USA 30 October 2020	US\$1,000,000	-	N/A	-	15%#	Research and development

* The entity is a limited liability enterprise established under the PRC law.

Prior to 31 August 2024, the Group owned 15% of the shares of Haoyue. JVH is a 100% subsidiary of Haoyue (together with Haoyue, "Haoyue Group"). In accordance with the investment agreement signed between the Group and other shareholders of Haoyue, the Group held 60% of voting rights of Haoyue though it held only 15% of equity shares. Therefore, the directors of the Company believe that the Group obtained control of the operating and financial activities of Haoyue Group, indirectly, based on the contractual arrangement and could consolidate Haoyue Group's financial statements from the date the Group obtained control.

However, on 31 August 2024, the Group determined that it no longer had control over Haoyue Group, because the third-party shareholders holding a total of 45% equity interest of Haoyue no longer delegated the voting rights to the Company, and the board of directors of Haoyue no longer included representatives from the Company. As a result, Haoyue Group was deconsolidated from the Group's consolidated financial statements and accounted for financial assets at fair value through profit or loss.

^ None of the subsidiaries had any debt securities subsisting at the end of the reporting period or at any time during the year ended 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE INFORMATION (Continued)

Information about subsidiaries (Continued)

Intervolve Medical Inc. and Venus Holding Inc., both are indirect wholly-owned subsidiaries of the company and incorporated in Delaware, USA, filed Certificate of Dissolution with the Delaware Secretary of State on 16 December 2025, initiating the statutory winding-up process. Notwithstanding the filing, the Group continues to exercise control over these subsidiaries as the Board of Directors retains the unilateral power to direct all winding-up activities, including the settlement of claims and disposal of remaining assets. Under Section 278 of the Delaware General Corporation Law, the subsidiaries continue to exist as corporate bodies for a period of three years for the purpose of winding up. Consequently, the Group has consolidated these subsidiaries. Adequate provision has been made for all obligations, and the Group remains the sole recipient of any variable returns from the residual assets.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

In the current year, the Group has adopted all the new and revised IFRS Accounting Standards issued by International Accounting Standards Board (the "IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. IFRS Accounting Standards comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations. The adoption of these new and revised IFRS Accounting Standards did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (Continued)

The Group has not applied the new and revised IFRS Accounting Standards that have been issued but are not yet effective. Except for the new IFRS Accounting Standards mentioned below, the application of these new and revised IFRS Accounting Standards will not have material impact on the financial statements of the Group.

IFRS 18 “Presentation and Disclosure in Financial Statements” (“IFRS 18”)

IFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 “Presentation of Financial Statements” (“IAS 1”). This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” (the title of which will be changed to Basis of Preparation of Financial Statements upon effective of IFRS 18) and IFRS 7 “Financial Instruments: Disclosures”. Minor amendments to IAS 7 “Statement of Cash Flows” and IAS 33 “Earnings per Share” are also made.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES

Going concern consideration

During the year ended 31 December 2025, the Group incurred a loss of RMB407,693,000 and a net operating cash outflow of RMB321,346,000. The directors of the Company have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The directors of the Company have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from the end of the reporting period. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

- (1) The Group has planned or executed multiple strategies to improve liquidity, including maintaining stricter cost control measures, significantly reducing operating cost budgets, and postponing discretionary capital expenditure plans;
- (2) Following the Group's 2025 year-end disposal of an industrial park and the agreement to sell the Group's holding of Valgen Holding Corporation's Series B preferred shares, the Group continues to realize additional cash through the disposal of non-valve core business assets;
- (3) Management has conducted preliminary contact with certain potential investors regarding proposed equity financing. These discussions are actively progressing, and the directors of the Company expect relevant financing arrangements to be completed within 2026, at which time the Group's liquidity status will further improve;
- (4) The Group is currently in discussions with banks regarding the drawdown of liquidity borrowings under already approved loan quotas; and
- (5) The Group is exploring other possible cash income channels (including but not limited to possible compensation obtained from relevant patent litigation), etc.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Going concern consideration (Continued)

Taking into account continuity and availability of financial resources to the Group and the plans and measures above and if these plans and measures are successful, the directors of the Company are therefore satisfied that the Group will be able to meet its financial obligations for at least the next twelve months from the end of the reporting period. Accordingly, these consolidated financial statements have been prepared on a going concern basis.

Material accounting policies

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policy set out below.

The material accounting policies applied in the preparation of the consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

In a business combination achieved in stages, the previously held equity interest in the subsidiary is remeasured at its acquisition-date fair value and the resulting gain or loss is recognised in consolidated profit or loss. The fair value is added to the cost of acquisition to calculate the goodwill.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Business combination and goodwill (Continued)

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income, the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

The non-controlling interests in the subsidiary are initially measured at the non-controlling shareholders' proportionate share of the net fair value of the subsidiary's identifiable assets and liabilities at the acquisition date.

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Associates (Continued)

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Relevant activities are activities that significantly affect the returns of the arrangement. When assessing joint control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has joint control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

A joint arrangement is either a joint operation or a joint venture. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Group recognises in its consolidated financial statements, its assets, including its share of any assets held jointly; its liabilities, including its share of any liabilities incurred jointly; its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses, including its share of any expenses incurred jointly, in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

Investment in a joint venture is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the joint venture in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Joint arrangements (Continued)

The Group's share of a joint venture's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The gain or loss on the disposal of a joint venture that results in a loss of joint control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that joint venture and (ii) the Group's share of the net assets of that joint venture plus any remaining goodwill relating to that joint venture and any related accumulated foreign currency translation reserve. If an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interests in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and presentation currency.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(ii) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) Translation on consolidation

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in the foreign currency translation reserve.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(iii) Translation on consolidation (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in consolidated profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their costs less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Machinery	9%-32%
Office equipment	9%-32%
Motor vehicles	19%-24%
Leasehold improvements	10%-86%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in consolidated profit or loss.

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Office premises	2 to 8 years
Leasehold land	50 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as lessee (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000.

Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation commences when the intangible assets are available for use. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives.

Intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

Intellectual property

Purchased intellectual property is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 to 19 years, which is determined by considering the typical product life cycles for the intellectual property and the technical obsolescence.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from the Group's development is recognised only if all of the following conditions are met:

- An asset is created that can be identified (such as software and new processes);
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in consolidated profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in consolidated profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in consolidated profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost;
- Debt investments at fair value through other comprehensive income; and
- Financial assets at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Financial assets at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Financial assets at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in consolidated profit or loss. The fair value gains or losses recognised in consolidated profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in consolidated profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument (“lifetime expected credit losses”) for trade receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRS Accounting Standards. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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 profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue from the sale of medical devices is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the medical devices.

Some contracts for the sale of medical devices provide customers with rights of sales rebates. The rights of sales rebates give rise to variable consideration.

(i) Sales rebates

The Group may provide retrospective sales rebates to certain distributors based on their purchase amount, which are recognised as basic sales rebates, and may also provide additional sales rebates when distributors meet their performance requirements, such as sales targets, as agreed in the distribution agreements between the Group and the distributors. Rebates are offset against amounts payable by the distributor arising from its purchase. The expected value method is used to estimate the amount of the additional sales rebates. The requirements on constraining estimates of variable consideration are applied.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(ii) Contract liabilities

A contract liability is the obligation to transfer goods to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Employee benefits

(i) Pension scheme

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

(ii) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits, and when the Group recognises restructuring costs and involves the payment of termination benefits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Share-based payments

The Group issues equity-settled share-based payments to certain employees and non-employees.

Equity-settled share-based payments to employees are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Equity-settled share-based payments to non-employees are measured at the fair value of the services rendered or if the fair value of the services rendered cannot be reliably measured, at the fair value of the equity instruments granted. The fair value is measured at the date the Group receives the services and is recognised as an expense.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in consolidated profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in consolidated profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Taxation (Continued)

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 profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in consolidated profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Segment reporting

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Related parties (Continued)

- (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); or
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to a parent of the Company.

Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in consolidated profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

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

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgments in applying accounting policies

In the process of applying the accounting policies, the Directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

Research and development costs

Research and development costs are expensed in accordance with the accounting policy for research and development costs in note 3 to the consolidated financial statements. Determining the amounts to be capitalised or expensed requires management to make assumptions and judgements regarding the technical feasibility of completing the intangible asset, future economic benefits and so forth.

Key sources of 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 discussed below:

(a) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(a) *Provision for expected credit losses on trade receivables (Continued)*

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 22 to the consolidated financial statements.

(b) *Fair value of financial instruments*

The Group has used valuation techniques such as recent transaction valuation, scenario analysis method, probability-weighted expected return method, market method and the discounted cash flow method for the valuation of the unlisted debt investments, unlisted equity investments and contingent consideration payables at the end of year as detailed in note 42 to the consolidated financial statements. These valuations require the Group to make estimates about risk-free rate, discount rate, equity volatility, discount for lack of marketability ("DLOM"), probability of initial public offering ("Probability of IPO") and market value versus research and development cost ("P/R&D"), and hence, they are subject to uncertainty. The Group classifies the fair value of these instruments as Level 2 and Level 3. Further details are included in notes 20, 25, 28 and 42 to the consolidated financial statements.

(c) *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. If the Group's estimate of the duration of the sale of a product is shorter than the patent life, then the shorter period is used. 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 each reporting period based on changes in circumstances.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) Impairment of non-financial assets (other than goodwill)

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current 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.

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 profit or loss in the year.

(e) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires estimations of the recoverable amount of the cash-generating unit to which the goodwill is allocated, which is the higher of the cash-generating unit's value in use and its fair value less costs of disposal using cash flow projections based on a financial budget. Estimating the recoverable amount requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB1,016,558,000 (2024: RMB1,039,641,000). Further details are given in note 16 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(f) *Deferred tax assets*

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Further details are included in note 11 to the consolidated financial statements.

5. 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 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 RMB'000	2024 RMB'000
Mainland China	208,464	388,327
Others	98,322	82,506
	306,786	470,833

The revenue information above is based on the locations of the customers.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. OPERATING SEGMENT INFORMATION (Continued)

Geographical information (Continued)

(b) Non-current assets

	2025 RMB'000	2024 RMB'000
Mainland China	114,438	496,239
Israel	1,400,230	1,489,533
Hong Kong	56,433	58,390
USA	18,904	24,495
Netherlands	46	460
	1,590,051	2,069,117

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets and financial instruments.

Information about major customers

Revenue from a customer individually contributing over 10% of the Group's revenue is as follow:

	2025 RMB'000	2024 RMB'000
Customer A (note)	127,977	N/A

Note: Revenue from this customer did not exceed 10% of total revenue in the year ended 31 December 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers		
Sale of medical devices	306,786	470,833

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 RMB'000	2024 RMB'000
Geographical markets		
Mainland China	208,464	388,327
Others	98,322	82,506
Total revenue from contracts with customers	306,786	470,833
Timing of revenue recognition		
Goods transferred at a point in time	306,786	470,833

There was no revenue recognised during the year that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

Sale of medical devices

The performance obligation, which is part of a contract that has an original expected duration of one year or less, is satisfied upon acceptance of the goods and payment is generally due within two to six months from acceptance.

An analysis of other income and gains is as follows:

	2025 RMB'000	2024 RMB'000
Other income		
Bank interest income	2,615	7,950
Other interest income	2,400	2,400
Government grants (note(a))	20,428	17,934
Others	7,251	5,715
	32,694	33,999
Gains		
Fair value adjustments of contingent considerations (note 28)	14,874	–
Gain on deconsolidation of a subsidiary (note 37)	–	3,621
Foreign exchange gains, net	–	880
	14,874	4,501
	47,568	38,500

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 valve product development and expenditure incurred on certain projects.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2025 RMB'000	2024 RMB'000
Cost of inventories sold		94,954	103,087
Research and development costs		219,342	256,517
Depreciation of property, plant and equipment*	14	23,869	24,672
Depreciation of right-of-use assets	15(a)	33,092	36,580
Amortisation of other intangible assets**	17	40,366	49,857
(Reversal of impairment losses)/impairment losses of trade receivables, net	22	(2,499)	1,091
Impairment losses of other receivables	23	792	20,350
Impairment losses of property, plant and equipment	14	–	125,960
Write-down of inventories to net realisable value	21	6,491	15,472
Impairment of other intangible assets	17	–	62,026
Auditor's remuneration		2,989	3,689
Loss on disposal of items of property, plant and equipment, net		20,535	87
Loss on disposal of financial assets at fair value through profit or loss		19,643	–
Expense relating to short-term leases	15(c)	3,394	1,190
Fair value loss/(gains), net:			
Financial assets at fair value through profit or loss-mandatorily classified as such		10,877	81,006
Fair value adjustments of contingent considerations	28	(14,874)	32,774
Employee benefit expenses*** (excluding directors', supervisors' and chief executive's remuneration (note 9)):			
Wages and salaries		200,779	241,432
Pension scheme contributions***		12,103	15,571
Staff welfare expenses		28,095	24,439
		240,977	281,442

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. LOSS BEFORE TAX (Continued)

- * The depreciation of property, plant and equipment and employee benefit expense are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income and in "Inventories" on the face of the consolidated statement of financial position.
- ** The amortisation of other intangible assets is included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" on the face of the consolidated statement of profit or loss and other comprehensive income.
- *** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on convertible bond bridge loan (note 30)	11,712	–
Interest on bank loans	9,402	20,472
Interest on lease liabilities (note 15(b))	5,707	7,012
Other	185	–
Total interest expense	27,006	27,484
Less: Interest capitalised	(9,010)	(10,837)
	17,996	16,647

The capitalisation rates used to determine the amount of borrowing costs eligible for capitalisation for the year are 5-year Loan Prime Rate in Mainland China ("LPR") minus 0.10% and 5-year LPR minus 0.15% (2024: 5-year LPR minus 0.10% and 5-year LPR minus 0.15%).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange, 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 RMB'000	2024 RMB'000
Fees	1,302	912
Other emoluments:		
Salaries, allowances and benefits in kind	7,498	8,561
Performance related bonuses	1,143	–
Pension scheme contributions	375	355
	9,016	8,916
	10,318	9,828

The discretionary year-end performance bonus of executive directors and supervisors were based on their performance appraisal results in accordance with the Company's remuneration policy.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. DIRECTORS', SUPERVISORS' 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 RMB'000	2024 RMB'000
Mr. Ting Yuk Anthony Wu	434	420
Mr. Wan Yee Joseph Lau ⁽¹⁾	–	39
Mr. Chi Wai Suen	434	420
Mr. John Junhua Gu ⁽²⁾	434	33
	1,302	912

(1) Mr. Wan Yee Joseph Lau passed away on 7 February 2024.

(2) Mr. John Junhua Gu was appointed as an independent non-executive director with effect from 5 December 2024.

(3) The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and chief executive

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025				
Mr. Lim Hou-Sen (Lin Haosheng) (general manager) ⁽¹⁾	2,729	–	139	2,868
Ms. Meirong Liu	1,813	675	68	2,556
Mr. Liqiao Ma	1,518	200	48	1,766
	6,060	875	255	7,190

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2024				
Mr. Lim Hou-Sen (Lin Haosheng) (general manager) ⁽¹⁾	2,706	–	85	2,791
Ms. Meirong Liu	1,673	–	75	1,748
Mr. Liqiao Ma	1,881	–	44	1,925
	6,260	–	204	6,464

(1) The Group did not appoint a chief executive, and the duty of chief executive was performed by the general manager. The chief executive's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group.

(2) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(c) Non-executive director

There were no fees and other emoluments payable to the non-executive director during the year (2024: Nil).

(d) Supervisors

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025				
Mr. Wei Chen ⁽¹⁾	–	–	–	–
Mr. Changxi Zhang ⁽³⁾	570	127	48	745
Ms. Xiaojuan Li ⁽²⁾	126	–	16	142
Mr. Yixiang Xu ⁽¹⁾	362	47	24	433
Mr. Jianmin Tao ⁽²⁾	380	94	32	506
	1,438	268	120	1,826
2024				
Ms. Yue Li	418	–	32	450
Ms. Min Shao ⁽³⁾	248	–	28	276
Mr. Wei Chen ⁽¹⁾	1,384	–	69	1,453
Mr. Changxi Zhang ⁽³⁾	188	–	15	203
Ms. Xiaojuan Li ⁽²⁾	63	–	7	70
	2,301	–	151	2,452

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

9. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(d) Supervisors (Continued)

- (1) Mr. Wei Chen resigned as a supervisor with effect from 27 June 2025 and Mr. Yixiang Xu was appointed as a supervisor with effect from 27 June 2025.
- (2) Ms. Xiaojuan Li resigned as a supervisor with effect from 27 June 2025 and Mr. Jianmin Tao was appointed as a supervisor with effect from 27 June 2025.
- (3) Ms. Min Shao resigned as a supervisor with effect from 30 August 2024 and Mr. Changxi Zhang was appointed as a supervisor with effect from 30 August 2024.
- (4) The supervisors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

There was no arrangement under which a director, a supervisor or the chief executive waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2024: three directors), details of whose remuneration are set out in note 9 above. Details of the remuneration for the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company during the year are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	3,639	4,250
Performance related bonuses	650	–
Pension scheme contributions	96	113
	4,385	4,363

There were no other emoluments payable to the five highest paid employees during the year (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employee	
	2025	2024
HK\$1,500,001 to HK\$2,000,000	–	1
HK\$2,000,001 to HK\$2,500,000	1	–
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$3,000,001 to HK\$3,500,000	–	1
	2	2

11. INCOME TAX

PRC

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the subsidiaries which operate in Mainland China are subject to corporate income tax at a rate of 25% on the taxable income. Preferential tax treatment is available to the Company, since it was recognised as a High and New Technology Enterprise in December 2025, and was entitled to a preferential tax rate of 15% during the year (2024: 15%). Certain subsidiaries of the Group are qualified as small and micro enterprises and are subject to a preferential income tax rate of 20% during the year with the first annual taxable income of RMB1,000,000 eligible for 87.5% reduction and the income between RMB1,000,000 and RMB3,000,000 eligible for 75% reduction.

USA

Pursuant to the relevant tax laws of the USA, federal corporation income tax was levied at the rate of 21% (2024: 21%) on the taxable income arising in the USA during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX (Continued)

Israel

Pursuant to the relevant tax laws of Israel, the corporate income tax was levied at 23% (2024: 23%) on the taxable income arising in Israel during the year.

United Kingdom ("UK")

Pursuant to the relevant tax laws of the UK, the principal federal tax was levied at the rate of up to 19% (2024: up to 19%) on the taxable income arising in the UK during the year.

Netherlands ("NL")

Pursuant to the relevant tax laws of the NL, the corporate income tax was levied at the rate of up to 19% (2024: up to 19%) on the taxable income arising in the NL during the year.

Germany

Pursuant to the relevant tax laws of Germany, the corporate income tax was levied at 16% (2024: 16%) on the taxable income arising in Germany during the year.

Hong Kong

Pursuant to the relevant tax laws of Hong Kong, profits tax is levied at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in or derived from Hong Kong during the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX (Continued)

The income tax expense/(credit) of the Group during the year is analysed as follows:

	2025 RMB'000	2024 RMB'000
Current-PRC		
Charge for the year	148	377
Current-USA		
Charge for the year	–	194
Current-Israel		
Charge for the year	80	–
Current-NL		
Charge for the year	413	377
Withholding tax	9,913	–
Deferred tax (note 33)	(7,747)	(24,288)
	2,807	(23,340)

A reconciliation of the tax expense/(credit) applicable to loss before tax at the statutory rate to the tax expense/(credit) at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(404,886)	(740,713)
Tax at the statutory tax rate	(91,909)	(156,814)
Preferential income tax rates enacted by local authority	21,391	33,793
Expenses not deductible for tax	3,160	5,627
Additional deductible allowance for research and development costs	(16,290)	(13,871)
Tax losses utilised from previous periods	(1)	(2)
Temporary differences and tax losses not recognised	86,456	107,927
Tax expense/(credit) at the Group's effective tax rate	2,807	(23,340)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

11. INCOME TAX (Continued)

Deferred tax assets have not been recognised in respect of the following items:

	2025 RMB'000	2024 RMB'000
Tax losses	3,872,308	3,401,414
Deductible temporary differences	1,283,072	1,217,024
	5,155,380	4,618,438

The Group has tax losses arising in Mainland China of RMB1,716,739,000 (2024: RMB1,414,654,000) that will expire in one to ten years for offsetting against taxable profits.

The Group has tax losses arising in the USA of US\$5,405,000 (equivalent to RMB38,604,000) (2024: US\$2,391,000 (equivalent to RMB17,029,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Hong Kong of US\$18,549,000 (equivalent to RMB132,490,000) (2024: US\$18,648,000 (equivalent to RMB132,804,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Israel of US\$266,923,000 (equivalent to RMB1,906,607,000) (2024: US\$250,341,000 (equivalent to RMB1,782,853,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Netherlands of US\$10,875,000 (equivalent to RMB77,681,000) (2024: US\$7,580,000 (equivalent to RMB53,983,000)) that have no limitation for offsetting against future taxable profits.

The Group has tax losses arising in Germany of US\$26,000 (equivalent to RMB187,000) (2024: US\$13,000 (equivalent to RMB91,000)) that have no limitation for offsetting against future taxable profits.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. DIVIDEND

No dividend has been paid or declared by the Company during the year (2024: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic loss per share is based on:

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to ordinary equity holders of the parent	(407,693)	(714,307)

	Number of shares	
	2025	2024
Shares		
Weighted average number of shares in issue during the year	437,897,443	437,897,443

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14. PROPERTY, PLANT AND EQUIPMENT

	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	100,340	53,279	2,758	81,655	427,178	665,210
Accumulated depreciation	(43,993)	(38,254)	(2,092)	(49,539)	(125,960)	(259,838)
Net carrying amount	56,347	15,025	666	32,116	301,218	405,372
At 1 January 2025, net of accumulated depreciation	56,347	15,025	666	32,116	301,218	405,372
Additions	1,391	1,348	-	1,328	17,343	21,410
Disposals	(210)	(1,622)	(216)	(10,256)	(315,078)	(327,382)
Depreciation provided during the year (note 7)	(9,126)	(5,472)	(208)	(9,063)	-	(23,869)
Transfers	-	191	-	-	(2,945)	(2,754)
Exchange realignment	(56)	(45)	-	(117)	-	(218)
At 31 December 2025, net of accumulated depreciation and impairment	48,346	9,425	242	14,008	538	72,559
At 31 December 2025:						
Cost	101,188	47,270	1,409	56,093	538	206,498
Accumulated depreciation and impairment	(52,842)	(37,845)	(1,167)	(42,085)	-	(133,939)
Net carrying amount	48,346	9,425	242	14,008	538	72,559

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	104,515	63,369	3,080	96,618	394,595	662,177
Accumulated depreciation	(35,431)	(35,168)	(1,645)	(46,561)	-	(118,805)
Net carrying amount	69,084	28,201	1,435	50,057	394,595	543,372
At 1 January 2024, net of accumulated depreciation	69,084	28,201	1,435	50,057	394,595	543,372
Additions	2,432	502	-	551	35,466	38,951
Disposals	(606)	(6,145)	(323)	(7,630)	-	(14,704)
Deconsolidation of subsidiaries (note 37)	(7,081)	(442)	-	(4,365)	-	(11,888)
Depreciation provided during the year (note 7)	(10,365)	(7,229)	(446)	(6,632)	-	(24,672)
Impairment during the year (note 7)	-	-	-	-	(125,960)	(125,960)
Transfers	2,883	-	-	-	(2,883)	-
Exchange realignment	-	138	-	135	-	273
At 31 December 2024, net of accumulated depreciation and impairment	56,347	15,025	666	32,116	301,218	405,372
At 31 December 2024:						
Cost	100,340	53,279	2,758	81,655	427,178	665,210
Accumulated depreciation and impairment	(43,993)	(38,254)	(2,092)	(49,539)	(125,960)	(259,838)
Net carrying amount	56,347	15,025	666	32,116	301,218	405,372

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

On 11 November 2025, the Group entered into a disposal agreement with Hangzhou Binjiang Urban Construction Development Co., Ltd. (the "Purchaser"), an independent third party. The disposal comprised the construction in progress of the Venus Medtech Life and Health Industrial Park ("Industrial Park") together with the related land use rights. The total consideration for the disposal was RMB374,564,000.

For the year ended 31 December 2024, the Group implemented strategic adjustments to focus on the core business of heart valves, gradually suspended the investment in the Industrial Park project located in Binjiang District from the second half of the year, and planned to conduct asset divestiture. At the end of the reporting period, the Group engaged an independent qualified valuer, Hangzhou PG Advisory Co., Ltd, to assess the valuation of the Industrial Park. Based on the valuation, it is determined that the recoverable amount (based on its value in use) is RMB338,210,000. The Group estimates the value in use of the Industrial Park using a reversionary yield/discount rate of 6.5%. At 31 December 2024, the carrying amount of fixed assets, construction in progress and leasehold land (note 15) related to the Industrial Park amounted to RMB464,170,000. The difference of RMB125,960,000 between the carrying amount and the recoverable amount has been recognized as an impairment loss in the Group's consolidated financial statements.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office premises generally have lease terms between 2 and 8 years. Other office premises generally have lease terms of 12 months or less. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. LEASES (Continued)

The Group as a lessee (Continued)

(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:

	Leasehold land RMB'000	Office premises RMB'000	Total RMB'000
As at 1 January 2024	41,509	108,587	150,096
Additions	–	9,048	9,048
Reduction as a result of deconsolidation of a subsidiary (note 37)	–	(8,077)	(8,077)
Depreciation charge (note 7)	(868)	(35,712)	(36,580)
Reductions as a result of termination of leases	–	(1,405)	(1,405)
Exchange realignment	–	3,656	3,656
As at 31 December 2024 and 1 January 2025	40,641	76,097	116,738
Additions	–	1,529	1,529
Disposals	(39,845)	–	(39,845)
Depreciation charge (note 7)	(796)	(32,296)	(33,092)
Reductions as a result of termination of leases	–	(1,564)	(1,564)
Exchange realignment	–	(89)	(89)
As at 31 December 2025	–	43,677	43,677

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount as at 1 January	86,116	120,279
New leases	1,529	9,048
Reduction as a result of deconsolidation of a subsidiary (note 37)	–	(8,959)
Reductions as a result of termination of leases	(1,454)	(1,422)
Accretion of interest recognised during the year (note 8)	5,707	7,012
Exchange realignment	4,408	3,260
Payment	(39,182)	(43,102)
Carrying amount as at 31 December	57,124	86,116
Analysed into:		
Current portion	36,345	38,591
Non-current portion	20,779	47,525
	57,124	86,116

The maturity analysis of lease liabilities is disclosed in note 43 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	5,707	7,012
Depreciation charge of right-of-use assets	33,092	36,580
Loss/(gain) on termination of leases, net	110	(17)
Expense relating to short-term leases (included in cost of sales, selling and distribution expenses, research and development costs and administrative expenses) (note 7)	3,394	1,190
Total amount recognised in profit or loss	42,303	44,765

(d) The total cash outflow for leases is disclosed in note 38(c) to the consolidated financial statements.

16. GOODWILL

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- MTH cash-generating unit ("MTH unit").

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The carrying amounts of goodwill allocated to each of the cash-generating units are as follows:

	MTH unit RMB'000
Cost at 1 January 2025, net of accumulated impairment	1,039,641
Exchange realignment	(23,083)
Net carrying amount at 31 December 2025	1,016,558
At 31 December 2025:	
Cost	1,016,558
Accumulated impairment	–
Net carrying amount	1,016,558
Cost and net carrying amount at 1 January 2024	1,024,354
Exchange realignment	15,287
Net carrying amount at 31 December 2024	1,039,641
At 31 December 2024:	
Cost	1,039,641
Accumulated impairment	–
Net carrying amount	1,039,641

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

MTH unit

MTH unit principally focused on development of mitral valve and tricuspid valve replacement products ("MTH Products"). Goodwill acquired through the business combination of MTH Group is allocated to MTH unit for impairment testing.

The recoverable amount of the MTH cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on a financial budget covering a 11-year period approved by senior management. Management considers that using a 11-year forecast period for a financial budget in the goodwill impairment test is appropriate because the useful life of MTH's relevant intellectual property is longer than thirteen years, and it generally takes longer for a medical device company, compared to companies in other industries, to reach a perpetual growth mode despite that the market of such products has substantial growth potential, especially when its product is still under clinical trial and the commercialisation of such product has not been commenced. Hence, financial budgets covering a 11-year period were used as management believes that a forecasted period longer than five years is feasible and reflects a more accurate entity value.

Key assumptions used in the calculation are as follows:

	2025	2024
Revenue (% compound growth rate)	54.98%	43.87%
Gross margin (% of revenue)	49.88%-59.53%	49.75%-59.39%
Net margin (% of revenue)	-71.47%-28.01%	-56.88%-28.38%
Terminal growth rate	0.00%	0.00%
Pre-tax discount rate	23.50%	23.50%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

MTH unit (Continued)

Assumptions were used in the value in use calculation of the cash-generating unit as at 31 December 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Revenue – The basis used to determine the budgeted revenue is based on management’s expectation of when to launch MTH’s product and also the expectation of the future market. The MTH’s tricuspid valve replacement products has completed patient enrollment of 150 cases in the European pivotal clinical trial and the CE Medical Device Regulation in Europe (the “CE MDR”) application has been submitted in 2025 Dec., with approval expected in 2027 Q3 and commercialization in Europe expected in 2028. Management expects to submit a filing application for the tricuspid valve replacement products to the NMPA for review and approval in 2029, with commercialization in mainland expected in 2029. Management expects to submit a filing application for the mitral valve replacement products for CE MDR approval in 2030 and then NMPA for review and approval in 2031. 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 MTH Products, increased for expected efficiency improvements and expected market development.

Notes to the Consolidated Financial Statements

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16. GOODWILL (Continued)

Impairment testing of goodwill (Continued)

MTH unit (Continued)

Net margin – The basis used to determine the value assigned to the budgeted net margin is the average net margin expected to achieve in the year when to launch MTH Products, increased for expected efficiency improvements and expected market development.

Terminal growth rate – The forecasted terminal growth rate is based on management expectations and does not exceed the long-term average growth rate for the industry relevant to the cash-generating unit.

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 on market development of related products and the after-tax discount rate are consistent with external information sources.

Based on the impairment assessment conducted by the Group utilising the above key assumptions, the recoverable amount of the cash-generating unit estimated from the cash flow forecast is US\$237,069,000 (2024: US\$263,100,000) which exceeded the carrying amount of MTH unit including goodwill by US\$53,714,000 (2024: US\$75,198,000) and no impairment was considered necessary.

If the pre-tax discount rate rose to 25.91% (2024: 26.52%), the gross margin decreased to the range from 44.63% to 54.28% (2024: from 43.41% to 53.05%), or the compound growth rate of revenue decreased to 53.02% (2024: 41.78%) (with other assumptions remaining unchanged), the recoverable amount of the cash-generating unit would be decreased to the carrying amount of goodwill. Except for these, any reasonable possible changes in the other key assumptions used in the value-in-use assessment model would not affect management's view on impairment as at 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. OTHER INTANGIBLE ASSETS

	Intellectual property RMB'000	Software RMB'000	Total RMB'000
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	405,933	33,785	439,718
Additions	–	189	189
Amortisation provided during the year (note 7)	(35,427)	(4,939)	(40,366)
Transfers	–	2,754	2,754
Exchange realignment	(8,470)	–	(8,470)
At 31 December 2025	362,036	31,789	393,825
At 31 December 2025:			
Cost	844,237	57,163	901,400
Accumulated amortisation and impairment	(482,201)	(25,374)	(507,575)
Net carrying amount	362,036	31,789	393,825
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	514,403	36,619	551,022
Additions	1,654	2,388	4,042
Deconsolidation of subsidiaries (note 37)	(9,470)	–	(9,470)
Amortisation provided during the year (note 7)	(44,635)	(5,222)	(49,857)
Impairment during the year (note 7)	(62,026)	–	(62,026)
Exchange realignment	6,007	–	6,007
At 31 December 2024	405,933	33,785	439,718
At 31 December 2024:			
Cost	859,345	54,221	913,566
Accumulated amortisation and impairment	(453,412)	(20,436)	(473,848)
Net carrying amount	405,933	33,785	439,718

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

17. OTHER INTANGIBLE ASSETS (Continued)

During the year ended 31 December 2024, the patents related to the core technology of the Nuocheng Product, which are included in intellectual property, faced a lack of market acceptance and no feasible means of monetization. As a result, these patents could no longer be sold or generate future economic benefits. After further assessment by management and an independent qualified valuer, Hangzhou PG Advisory Co., Ltd., it is determined that the recoverable amount of these patents has been decreased to zero. Consequently, the Group fully impaired the remaining carrying value of these patents, recognizing an impairment provision of RMB62,026,000.

During the year ended 31 December 2025, total impairment provision of nil (2024: RMB62,026,000) in relation to other intangible assets were recognised in profit or loss.

18. INVESTMENT IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Share of net assets	3,301	3,740

The following table illustrates the financial information of the Group's joint venture that is not individually material:

	2025 RMB'000	2024 RMB'000
Share of the joint venture's loss for the year	(1,433)	(1,114)
Share of the joint venture's total comprehensive loss	(1,433)	(1,114)
Aggregate carrying amount of the Group's investment in the joint venture	3,301	3,740

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For the year ended 31 December 2025

19. INVESTMENT IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Share of net assets	56,433	58,390

The Group's shareholdings in these associates comprise equity shares held through a wholly-owned subsidiary of the Company. The Group's investments in associates are accounted for under the equity method of accounting because the Group has significant influence over these entities by way of representation on the board of directors or equivalent governing body of the investee and participation in the policy making process, despite the fact that the Group's direct equity interest in these entities was lower than 20% for the years ended 31 December 2025 and 2024.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' loss for the year	(671)	(3,040)
Share of the associates' total comprehensive loss	(671)	(3,040)
Aggregate carrying amount of the Group's investments in the associates	56,433	58,390

Notes to the Consolidated Financial Statements

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20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Unlisted equity investments, at fair value		
Opus Medical Therapies, LLC ("Opus")	–	–
	–	–

Opus is an innovative medical device company focused on developing transcatheter mitral valve replacement and transcatheter tricuspid valve replacement (TMVR/TTVR) products. In May 2020, the Group reached a cooperation agreement with Opus to jointly develop, manufacture, and sell TMVR and TTVR products in the Greater China.

The Group invested in convertible bonds of US\$4.0 million and equity interests of US\$1.0 million in April 2020, respectively, and further invested in convertible bonds of US\$5.0 million and equity interests of US\$1.0 million in March 2021. The above equity investments of US\$2.0 million were irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature.

Although Opus has made some progress in research and development and clinical stages, its cash flow remains under pressure. For the year ended 31 December 2024, both convertible bonds invested by the Group (with a total carrying value of US\$9.0 million) have matured and unable to repaid the principal and interest to the Group. Based on management's review of Opus's latest financial statements and discussions with Hangzhou PG Advisory Co., Ltd, an independent third-party valuer, given the significant uncertainty regarding Opus's ability to continue as a going concern, the Group considers the fair value of its equity interest and convertible bonds in Opus to be zero.

The unlisted equity investment designated as at fair value through other comprehensive income has a carrying amount of nil as at 31 December 2025 (2024: nil). Accordingly, no gain or loss was recognised during the year (2024: loss of RMB16,359,000).

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For the year ended 31 December 2025

21. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	62,405	65,845
Work in progress	9,213	7,613
Finished goods	34,633	33,959
	106,251	107,417
Provision for impairment of inventories	(9,505)	(9,356)
	96,746	98,061

The movements in provision for impairment of inventories are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	9,356	19,823
Provision, net (note 7)	6,491	15,472
Written-off	(6,274)	(25,977)
Exchange realignment	(68)	38
At end of year	9,505	9,356

Notes to the Consolidated Financial Statements

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22. TRADE RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	105,481	211,328
Impairment	(6,243)	(12,761)
	99,238	198,567

The Group's trading terms with its customers are mainly on credit. The credit period is generally two 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 of the Group as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 6 months	60,900	144,726
7 to 12 months	12,523	28,956
1 to 2 years	16,263	20,522
Over 2 years	9,552	4,363
	99,238	198,567

Notes to the Consolidated Financial Statements

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22. TRADE RECEIVABLES (Continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	12,761	11,670
Written-off	(4,019)	–
(Reversal of impairment losses)/impairment losses, net (note 7)	(2,499)	1,091
At end of year	6,243	12,761

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. The expected credit loss rate was reviewed, and adjusted if appropriate, as at the end of the reporting period. The provision matrix is initially based on the historical observed default rates from listed companies in the same sector. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information.

Notes to the Consolidated Financial Statements

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22. TRADE RECEIVABLES (Continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Less than 1 year	1 to 2 years	2 to 3 years	Total
As at 31 December 2025				
Expected credit loss rate	1.15%	9.10%	28.24%	5.92%
Gross carrying amount (RMB'000)	74,278	17,892	13,311	105,481
Expected credit losses (RMB'000)	855	1,629	3,759	6,243
As at 31 December 2024				
Expected credit loss rate	1.87%	22.42%	44.61%	6.04%
Gross carrying amount (RMB'000)	177,000	26,451	7,877	211,328
Expected credit losses (RMB'000)	3,318	5,929	3,514	12,761

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For the year ended 31 December 2025

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2025 RMB'000	2024 RMB'000
Non-current:		
Prepayments for purchase of items of other intangible assets	3,550	3,729
Long-term deposits	1,451	1,241
Other receivables	37,456	–
Prepayments for purchase of items of property, plant and equipment	148	1,789
	42,605	6,759
Impairment of other receivables	(430)	–
	42,175	6,759
Current:		
Other receivables	94,590	60,084
Prepayments	15,027	15,542
Value-added tax recoverable	5,847	31,059
	115,464	106,685
Impairment of other receivables	(35,819)	(36,103)
	79,645	70,582

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts.

The Group has applied the general approach to provide for expected credit losses for non-trade other receivables under IFRS 9. For rental deposits included in other receivables, the balances were settled within 12 months and had no historical default. Except for the above balances, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate.

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

During the reporting period, the Group entered into an agreement for the disposal of industrial park. The contractual consideration for the disposal amounted to RMB374,564,000. The Group has derecognized the carrying amount of the industrial park. After deducting the carrying amount and directly attributable transaction costs, the Group recognized a loss on disposal of RMB13,672,000 in profit or loss for the year. As of the end of the reporting period, the Group has received cash consideration of RMB299,651,000. The remaining consideration of RMB74,913,000 has been recognized as an other receivable. In accordance with the agreed payment schedule, approximately RMB37,457,000 is anticipated to be collected within one years after the end of the reporting period. Approximately RMB18,728,000 is expected to be collected within four years after the end of the reporting period, primarily relating to consideration associated with the completion of property title transfer, final project handover, and obtaining the completion acceptance record. Approximately RMB18,728,000 is expected to be collected between six to nine years after the reporting date, linked to the expiry of the two-year and five-year quality warranty period.

The movements in provision for impairment of other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	36,103	15,460
Impairment losses, net (note 7)	792	20,350
Written-off	(30)	–
Exchange realignment	(616)	293
At end of year	36,249	36,103

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24. LOANS TO FORMER DIRECTORS AND A FORMER DIRECTOR'S CONTROLLED ENTITY

Loans to former directors and a former director's controlled entity, disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 31 December 2025 RMB'000	Maximum amount outstanding during the year RMB'000	At 31 December 2024 and 1 January 2025 RMB'000	Maximum amount outstanding during the prior year RMB'000	At 1 January 2024 RMB'000
Mr. Zhenjun Zi	23,767	23,767	23,767	23,767	97,480
Mr. Min Frank Zeng	-	-	-	-	8,687
Xin Nuo Tong Investment Limited ("Xin Nuo Tong")	87,200	87,200	84,800	84,800	-
	110,967		108,567		106,167

Pursuant to the repayment agreement entered into amongst the Group, Mr. Zi, Xin Nuo Tong (a company wholly owned by Mr. Zi), Tianjin Qizhang Economic Information Consulting Partnership (Limited Partnership) ("Tianjin Qizhang") (天津啟彰經濟信息諮詢合夥企業(有限合夥)) and Mr. Haiyue Ma ("Mr. Ma"), the debt obligation shall be repaid jointly and severally by Xin Nuo Tong, Tianjin Qizhang and Mr. Ma.

Notes to the Consolidated Financial Statements

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24. LOANS TO FORMER DIRECTORS AND A FORMER DIRECTOR'S CONTROLLED ENTITY (Continued)

During the year ended 31 December 2023, pursuant to the repayment agreement entered into amongst the Company, its subsidiaries, and Mr. Zi, Mr. Zi agreed to take full responsibility for and voluntarily repay the outstanding amount and the relevant interest receivables in respect of the loans to the former directors and a former director's controlled entity (Jiangsu Wuzhong), include: (i) The loan to Jiangsu Wuzhong amounting to RMB80,000,000, bearing interest at 3% per annum; (ii) interest receivables arising from the loans to former directors; and (iii) exchange differences arising from certain foreign currency loans, all of which will be repaid by Mr. Zi. The loans to former directors are unsecured and repayable on demand.

During the year ended 31 December 2024, pursuant to the repayment agreement entered into amongst the Group, Mr. Zi, Xin Nuo Tong, Tianjin Qizhang and Mr. Ma the debt obligation regarding the loan to Jiangsu Wuzhong, amounting to RMB80,000,000 and bearing interest at 3% per annum, shall be repaid jointly and severally by Xin Nuo Tong, Tianjin Qizhang and Mr. Ma. As security for the loan, Mr. Zi and Xin Nuo Tong agreed to pledge certain equity interests in external investments held by Xin Nuo Tong. As at 31 December 2025 and 2024, interest receivables arising from the loan to a former director and exchange differences arising from certain foreign currency loans amounting to RMB23,767,000 were repayable on demand.

As at 31 December 2025, the loan to a former director's controlled entity amounted to RMB87,200,000 (2024: RMB84,800,000) bears interest at 3% (2024: 3%) per annum, is secured by certain equity interests in external investments held by Xin Nuo Tong and further guaranteed by Tianjin Qizhang and Mr. Ma and repayable on demand.

Regarding the loan extended to an entity controlled by a former director, the management has comprehensively evaluated various credit enhancement measures and enforceable assets under the loan (including but not limited to the reference valuation issued by Hangzhou PG Advisory Co., Ltd in respect of the external investment interests of such entity, as well as assets owned by the former director and other joint and several debtors). Based on the overall evaluation as mentioned above, the Group considers that the fair value of such guarantee exceeds the carrying amount of the loan granted to the entity controlled by the former director, and has determined that no impairment is required.

Notes to the Consolidated Financial Statements

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25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The total is analysed for reporting purposes as:

	2025 RMB'000	2024 RMB'000
Current	105,432	–
Non-current	192,378	352,461
	297,810	352,461

	2025 RMB'000	2024 RMB'000
Unlisted debt/equity investments, at fair value		
Valgen Holding Corporation (note 1)	105,432	102,111
Pi-Cardia Ltd.	106,873	108,538
Unicorn Holding Partners LP (note 2)	47,465	94,700
Opus (note 3)	–	–
Hangzhou Yingzhiqin No.1 Equity Investment Partnership Enterprise (Limited Partnership)	34,729	36,092
Healium Medical Ltd	3,170	10,617
Atom Semiconductor Ltd.	141	403
Haoyue	–	–
JVH	–	–
	297,810	352,461

The above unlisted debt/equity 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 the Consolidated Financial Statements

For the year ended 31 December 2025

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Note:

- (1) On 29 December, 2025, a wholly-owned subsidiary of the Company (the "Seller") entered into a share transfer agreement with an independent third party (the "Purchaser"). Under the agreement, the Seller agreed to sell, and the Purchaser agreed to purchase, 157,800 Series B Preferred Shares of Valgen Holding Corporation held by the Seller for a consideration of US\$15,000,000. Further details are disclosed in the Company's announcement dated 29 December, 2025. Accordingly, the investment in Valgen Holding Corporation has been classified as current as at 31 December 2025.
- (2) As of 31 December 2025, the Company's indirect subsidiary, Athena Medtech (Cayman) Ltd, disposed of a portion of its interest in the Unicorn Holding Partners LP fund (corresponding to 50% of its fully funded capital commitment in the fund). The disposal consideration was US\$2,500,000 (equivalent to RMB17,858,000), while the carrying amount of the disposed interest was US\$5,250,000 (equivalent to RMB36,901,000). Consequently, a loss on disposal of US\$2,750,000 (equivalent to RMB19,643,000) was recognized in profit or loss for the year.
- (3) As disclosed in note 20, the Group invested in Opus's convertible bonds of US\$4.0 million in April 2020, and further invested in its convertible bonds of US\$5.0 million in March 2021. 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.

Based on the reason disclosed in note 20, for the year ended 31 December 2024, the Group recognized a full impairment loss on financial assets related to Opus, with RMB73.6 million included in profit or loss.

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26. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash and bank balances	174,968	277,531
Time deposits	–	49,172
	174,968	326,703
Less: Pledged for rent deposits	(16,501)	(15,605)
Less: Pledged for others	(131)	(5,396)
Less: Time deposit over 3 months	–	(7,666)
Cash and cash equivalents	158,336	298,036
Denominated in:		
RMB	103,034	199,222
HK\$	3,345	13,254
US\$	46,495	76,395
New Israel Shekel (“NIS”)	11,162	28,986
EUR	10,932	8,846
Total cash and bank balances and pledged deposits	174,968	326,703

The RMB is not freely convertible into other currencies, however, under Mainland China’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. Time deposits are made for periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

27. 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 RMB'000	2024 RMB'000
Within 3 months	15,284	27,496
3 to 6 months	104	1,573
6 to 12 months	–	725
Over 12 months	562	435
	15,950	30,229

Trade payables are non-interest-bearing and are normally settled on 30-day terms.

28. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Non-current:		
Contingent consideration payables	341,220	363,942
Current:		
Other payables	138,622	219,736
Payroll payable	32,429	52,408
	171,051	272,144
	512,271	636,086

Other payables are non-interest-bearing and repayable on demand.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. OTHER PAYABLES AND ACCRUALS (Continued)

As part of the share purchase agreements, portions of the consideration for business combination were determined to be contingent. The movement of the fair value of contingent consideration payables is as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	363,942	325,996
Fair value changes# (note 7)	(14,874)	32,774
Exchange realignment	(7,848)	5,172
At 31 December	341,220	363,942
# Include gains or losses for liabilities held at the end of reporting period	(14,874)	32,774

On 25 January 2022, the Group acquired a 94.38% equity interest in MTH. As part of the share purchase agreement, contingent consideration is payable, which is dependent on the occurrence of milestone events, including the achievement of any of the NMPA approval, the FDA approval or CE Marking and medical device registration of MTH Mitral Valve Product ("Milestone 1"), the achievement of any of the NMPA approval, the FDA approval or CE mark and CE MDR of MTH Tricuspid Valve Product ("Milestone 2") and the achievement of certain successful implantation and survival of patients in mainland China using the two product mentioned above ("Milestone 3").

Notes to the Consolidated Financial Statements

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28. OTHER PAYABLES AND ACCRUALS (Continued)

The fair values of the contingent consideration payables were determined using the discounted cash flow method and are within Level 3 fair value measurement. Significant unobservable valuation inputs for the fair value measurement of the contingent considerations are as follows:

	2025	2024
Discount rate	21.00%	21.00%
Discount for own non-performance risk	20.00% – 25.00%	20.00% – 25.00%

29. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2025 RMB'000	2024 RMB'000
Current				
Floating interest rate:				
Bank loans – unsecured	1-year LPR plus 0.25%	2025	–	17,518
Bank loans – unsecured	1-year LPR minus 0.30%	2026	5,004	–
			5,004	17,518
Non-current				
Floating interest rate:				
Bank loans – secured (note (a), (b))	5-year LPR minus 0.10%	2026-2036	–	180,909
Bank loans – secured (note (a), (c))	5-year LPR minus 0.15%	2026-2037	–	84,546
			–	265,455
			5,004	282,973

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. INTEREST-BEARING BANK BORROWINGS (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year	5,004	17,518
In the second year	–	13,965
In the third to fifth years, inclusive	–	56,236
Over five years	–	195,254
	5,004	282,973

Notes:

- (a) The secured bank loans were repaid in full as of 31 December 2025. The early repayment was primarily due to the disposal of the related industrial park, which served as the underlying collateral for these loans.
- (b) The bank loan of RMB180,909,000 is secured by mortgage over the Group's leasehold land, which had a net carrying value of RMB28,575,000 as of 31 December 2024.
- (c) The bank loan of RMB84,546,000 is secured by mortgage over the Group's leasehold land, which had a net carrying value of RMB12,066,000 as of 31 December 2024.

30. OTHER FINANCIAL LIABILITIES – CONVERTIBLE BOND BRIDGE LOAN

On 20 March 2025, the Company entered into a framework agreement with Hangzhou Yingzhiqin No. 2 Venture Capital Partnership (Limited Partnership) (the "Subscriber") in connection with a proposed issue of convertible bonds. Pursuant to this agreement, the Company received a bridge loan of RMB150,000,000 from the Subscriber on 21 March 2025, which bears interest at 10% per annum. Subsequently, the parties agreed to amend the key terms of the arrangement. The long-stop date for fulfilling the conditions precedent (including the Subscriber's completion of required overseas regulatory filings) was extended to 30 June 2026, and the maturity date of the proposed convertible bonds was extended to 15 March 2027. Further details are set out in the announcements made by the Company on 20 March 2025 and 14 November 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. GOVERNMENT GRANTS

	2025 RMB'000	2024 RMB'000
Government grants		
Current	1,830	2,560

The movements in government grants during the year are as follows:

	2025 RMB'000	2024 RMB'000
At beginning of year	2,560	2,330
Grants received	3,510	1,310
Recognised as income	(4,240)	(1,080)
At end of year	1,830	2,560
Analysed into:		
Current portion	1,830	2,560

The grants are related to the subsidies received from the local government for the purpose of compensation for expenses arising from research activities and clinical trials, and awards for new valve product development and capital expenditure incurred on certain projects.

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For the year ended 31 December 2025

32. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December 2025 RMB'000	31 December 2024 RMB'000	1 January 2024 RMB'000
Short-term advances received from customers			
Sale of products	664	649	28,842

Contract liabilities represented the obligations to transfer goods to customers for which the Group has received consideration. Revenue of RMB562,000 (2024: RMB2,574,000) was recognised related to contract liabilities which were carried forward.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED TAX LIABILITIES

The following are the major deferred tax movements thereon during the year:

2025

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2025	15,980
Deferred tax credited to profit or loss during the year (note 11)	(11,717)
Gross deferred tax liabilities at 31 December 2025	4,263

2025

Deferred tax assets

	Unrealised profits from inter-company transactions RMB'000	Lease liabilities RMB'000	Tax loss RMB'000	Total RMB'000
At 1 January 2025	1,379	16,005	23,067	40,451
Deferred tax credited/(charged) to profit or loss during the year (note 11)	540	(11,784)	7,274	(3,970)
Exchange realignment	-	-	(628)	(628)
Gross deferred tax assets at 31 December 2025	1,919	4,221	29,713	35,853

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For the year ended 31 December 2025

33. DEFERRED TAX LIABILITIES (Continued)

2024

Deferred tax liabilities

	Fair value adjustments of equity investments at fair value through other comprehensive income RMB'000	Fair value adjustments of financial assets at fair value through profit or loss RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January 2024	347	3,803	17,429	20,762	42,341
Deferred tax credited to profit or loss during the year (note 11)	-	(3,803)	(17,424)	(4,782)	(26,009)
Deferred tax credited to other comprehensive income during the year	(352)	-	-	-	(352)
Exchange realignment	5	-	(5)	-	-
Gross deferred tax liabilities at 31 December 2024	-	-	-	15,980	15,980

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. DEFERRED TAX LIABILITIES (Continued)

2024

Deferred tax assets

	Unrealised profits from inter-company transactions RMB'000	Lease liabilities RMB'000	Tax loss RMB'000	Total RMB'000
At 1 January 2024	2,053	20,710	19,462	42,225
Deferred tax (charged)/credited to profit or loss during the year (note 11)	(674)	(4,705)	3,658	(1,721)
Exchange realignment	-	-	(53)	(53)
Gross deferred tax assets at 31 December 2024	1,379	16,005	23,067	40,451

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	31,590	24,471
Net deferred tax liabilities recognised in the consolidated statement of financial position	-	-
Net deferred tax assets	31,590	24,471

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. SHARE CAPITAL

	Number of shares	RMB'000
Issued and fully paid:		
ordinary shares of RMB1.00 each		
At 1 January 2024, 1 January 2025 and 31 December 2025	441,011,443	441,012

As at 31 December 2025, the Company had outstanding treasury shares of 3,114,000 (2024: 3,114,000) shares.

35. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the Group.

a) Share premium

The share premium of the Group represents the share premium contributed by the shareholders of the Company after its conversion into a joint stock company in November 2018.

b) Other reserve

Other reserve of the Group represent the share premium contributed by the shareholders of the Company before its conversion into a joint stock company in November 2018, and also the share-based compensation reserve due to equity-settled share awards.

c) Fair value reserves

The fair value reserve represents the fair value of equity investments at fair value through other comprehensive income.

d) Exchange fluctuation reserves

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of entities of which the functional currency is not RMB.

Notes to the Consolidated Financial Statements

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36. SHARE AWARD

The Company granted share award to certain personnel in order to recognise and reward the contribution of certain specialists to the growth and development of the Group, and to retain certain eligible employees for the continual operation and development of the Group through an award of the Company's shares in prior years. During the year, the Company did not grant any new share award.

During the year, no share award expense (2024: Nil) was charged to profit or loss.

37. DECONSOLIDATION OF SUBSIDIARIES

Prior to 31 August 2024, the Group owned 15% of the shares of Haoyue. JVH is a 100% subsidiary of Haoyue. In accordance with the investment agreement signed between the Group and other shareholders of Haoyue, the Group held 60% of voting rights of Haoyue though it held only 15% of equity shares. Therefore, the directors of the Company believe that the Group obtained control of the operating and financial activities of Haoyue Group, indirectly, based on the contractual arrangement and could consolidate Haoyue Group's financial statements from the date the Group obtained control.

However, on 31 August 2024, the Group determined that it no longer had control over Haoyue Group, because the third-party shareholders holding a total of 45% equity interest of Haoyue no longer delegated the voting rights to the Company, and the board of directors of Haoyue no longer included representatives from the Company. As a result, Haoyue Group was deconsolidated from the Group's consolidated financial statements and accounted for financial assets at fair value through profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. DECONSOLIDATION OF SUBSIDIARIES (Continued)

Net liabilities at the date of deconsolidation were as follows:

	2024 RMB'000
Property, plant and equipment	11,888
Right-of-use assets	8,077
Other intangible assets	9,470
Prepayments, other receivables and other assets	1,573
Cash and bank balances	483
Trade payables	(8,474)
Other payables, accruals and deposit received	(18,599)
Lease liabilities	(8,959)
Net liabilities disposed of	(4,541)
Release of foreign currency translation reserve	(2,940)
Non-controlling interests	3,860
Fair value of the Group's interest in Haoyue Group accounted for financial assets at fair value through profit or loss	–
Gain on deconsolidation of subsidiaries	3,621
Total consideration – satisfied by cash	–
Net cash outflow arising on disposal:	
Cash and cash equivalents disposed of	(483)
	(483)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. 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 RMB1,529,000 (2024: RMB9,048,000) and RMB1,529,000 (2024: RMB9,048,000), respectively, in respect of lease arrangements for office premises (2024: office premises).

(b) Changes in liabilities arising from financing activities

2025

	Lease liabilities RMB'000	Interest-bearing bank borrowings RMB'000	Other financial liabilities – convertible bond bridge loan RMB'000	Total RMB'000
At 1 January 2025	86,116	282,973	–	369,089
Changes from financing cash flows				
– Proceeds from borrowings	–	35,000	150,000	185,000
– Repayment of loans	–	(312,650)	–	(312,650)
– Interest paid	–	(9,721)	(7,500)	(17,221)
– Principal portion of lease payments	(33,475)	–	–	(33,475)
– Interest portion of lease payments	(5,707)	–	–	(5,707)
Interest on bank loans	–	9,402	–	9,402
Interest on convertible bond bridge loan	–	–	11,712	11,712
Interest on lease liabilities	5,707	–	–	5,707
New leases	1,529	–	–	1,529
Foreign exchange movement	4,408	–	–	4,408
Reductions as a result of termination of leases	(1,454)	–	–	(1,454)
At 31 December 2025	57,124	5,004	154,212	216,340

Notes to the Consolidated Financial Statements

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38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities (Continued)

2024

	Lease liabilities RMB'000	Interest-bearing bank borrowings RMB'000	Total RMB'000
At 1 January 2024	120,279	705,907	826,186
Changes from financing cash flows			–
– Proceeds from bank borrowings	–	104,028	104,028
– Repayment of bank loans	–	(527,166)	(527,166)
– Interest paid	–	(21,600)	(21,600)
– Principal portion of lease payments	(36,090)	–	(36,090)
– Interest portion of lease payments	(7,012)	–	(7,012)
Interest on bank loans	–	20,472	20,472
Interest on lease liabilities	7,012	–	7,012
New leases	9,048	–	9,048
Deconsolidation of subsidiaries	(8,959)	–	(8,959)
Foreign exchange movement	3,260	1,332	4,592
Reductions as a result of termination of leases	(1,422)	–	(1,422)
At 31 December 2024	86,116	282,973	369,089

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	3,394	1,190
Within financing activities	39,182	43,102
	42,576	44,292

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For the year ended 31 December 2025

39. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	380	2,015
Purchases of other intangible assets	–	8
	380	2,023

40. RELATED PARTY TRANSACTIONS

Name	Relationship with the Company
Mr. Zhenjun Zi	Shareholder and former director
Xin Nuo Tong	A former director's controlled entity

- (a) In addition to the transactions detailed in notes 9, 24 and 26 to the consolidated financial statements, the Group had the following transactions with related parties during the year.

	2025 RMB'000	2024 RMB'000
Interest from loans to:		
Xin Nuo Tong	2,400	2,400

Further details are set out in note 24.

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For the year ended 31 December 2025

40. RELATED PARTY TRANSACTIONS (Continued)

(b) The Group had the following outstanding balances with related parties:

	2025 RMB'000	2024 RMB'000
Loans to former directors and a former director's controlled entity:		
Mr. Zhenjun Zi	23,767	23,767
Xin Nuo Tong	87,200	84,800
	110,967	108,567

The balances with directors are non-trade in nature, unsecured and repayable on demand. Further details are included in note 40(a) to the consolidated financial statements.

(c) Compensation of key management personnel of the Group:

	2025 RMB'000	2024 RMB'000
Salaries, bonuses, allowances and benefits in kind	14,231	14,367
Pension scheme contributions	470	473
Total compensation paid to key management personnel	14,701	14,840

Further details of directors', supervisors' and the chief executive's emoluments are included in note 9 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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41. 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:

Financial assets

	Financial assets at fair value through profit or loss		Total RMB'000
	Financial assets at amortised cost RMB'000	Mandatorily classified as such RMB'000	
2025			
Loans to former directors and a former director's controlled entity	110,967	–	110,967
Financial assets at fair value through profit or loss	–	297,810	297,810
Trade receivables	99,238	–	99,238
Financial assets included in prepayments, other receivables and other assets	97,248	–	97,248
Pledged deposits	16,632	–	16,632
Cash and cash equivalents	158,336	–	158,336
	482,421	297,810	780,231
2024			
Loans to former directors and a former director's controlled entity	108,567	–	108,567
Financial assets at fair value through profit or loss	–	352,461	352,461
Trade receivables	198,567	–	198,567
Financial assets included in prepayments, other receivables and other assets	25,222	–	25,222
Pledged deposits	21,001	–	21,001
Short-term bank deposit	7,666	–	7,666
Cash and cash equivalents	298,036	–	298,036
	659,059	352,461	1,011,520

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41. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
2025			
Trade payables	–	15,950	15,950
Financial liabilities included in other payables and accruals	–	138,622	138,622
Interest-bearing bank borrowings	–	5,004	5,004
Other financial liabilities – convertible bond bridge loan	–	154,212	154,212
Contingent consideration payables	341,220	–	341,220
	341,220	313,788	655,008
2024			
Trade payables	–	30,229	30,229
Financial liabilities included in other payables and accruals	–	219,736	219,736
Interest-bearing bank borrowings	–	282,973	282,973
Contingent consideration payables	363,942	–	363,942
	363,942	532,938	896,880

Notes to the Consolidated Financial Statements

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42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values. Management has assessed that the fair values of cash and cash equivalents, pledged deposits, current portion of financial assets included in prepayments, other receivables and other assets, loan from former directors, trade receivables, current portion of interest-bearing bank borrowings, trade payables and current portion of financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial department reports directly to the chief financial officer. At each reporting date, 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 twice a year for interim and annual 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 the non-current portion of financial assets included in prepayments, other receivables and other assets, non-current portion of interest-bearing bank borrowings and non-current portion of financial liabilities included in other payables and accruals 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 value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The Group has also invested in unlisted debt investments which fair value is determined on a recent transaction valuation. The Group classifies the fair value of these investments as Level 2.

For Level 3 financial assets, the Group adopts the valuation techniques to determine the fair value. Valuation techniques include the scenario analysis for unlisted debt investments, the probability-weighted expected return method for unlisted debt investments, and market method for an unlisted debt investment and an unlisted equity investment. The fair value measurement of these financial instruments may involve unobservable inputs such as the risk-free rate, discount rate, equity volatility, discount for lack of marketability (“DLOM”), Probability of IPO and P/R&D. The Group periodically reviews all significant unobservable inputs and valuation adjustments used to measure the fair values of financial assets in Level 3.

The fair values of the contingent consideration payables were determined using the discounted cash flow method and are within Level 3 fair value measurement.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025 and 2024:

2025

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Scenario analysis	Risk-free rate	3.48%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(408,000)/RMB415,000
		Discount rate	17.93%-18.01%	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(3,578,000)/RMB3,929,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	3.81%	1% increase/(decrease) in the risk-free rate would result in a increase/(decrease) in fair value by RMB3,000/RMB(3,000)
		Equity volatility	40.50%	10% increase/(decrease) in the equity volatility would result in a increase/(decrease) in fair value by RMB8,000/RMB(7,000)
		DLOM	25.67%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(2,000)/RMB2,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a increase/(decrease) in fair value by RMB4,000/RMB(4,000)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Market method	Risk-free rate	3.56%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(302,000)/RMB302,000
		Equity volatility	40.12%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(3,662,000)/RMB3,732,000
		DLOM	6.23%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(1,068,000)/RMB1,068,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(5,440,000)/RMB5,440,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Contingent consideration payables	Discounted cash flow method	Discount rate	21.00%	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(8,034,000)/RMB8,350,000
		Discount for own non-performance risk for Milestone 1	20.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(3,170,000)/RMB3,177,000
		Discount for own non-performance risk for Milestone 2	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(6,776,000)/RMB6,776,000
		Discount for own non-performance risk for Milestone 3	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(12,589,000)/RMB12,589,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

2024

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
Financial assets at fair value through profit or loss	Scenario analysis	Risk-free rate	4.20%-4.21%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(403,000)/RMB417,000
		Discount rate	11.44%-11.59%	5% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(3,256,000)/RMB3,601,000
Financial assets at fair value through profit or loss	Market method	Risk-free rate	4.38%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(70)/RMB60
		Equity volatility	41.53%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(3,000)/RMB390

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
		DLOM	19.53%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(5,000)/RMB5,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(20,000)/RMB20,000
Financial assets at fair value through profit or loss	Market method	Risk-free rate	4.38%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(173,000)/RMB237,000
		Equity volatility	69.58%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(489,000)/RMB489,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
		DLOM	22.02%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(137,000)/RMB137,000
		Probability of IPO	20.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(244,000)/RMB237,000
Financial assets at fair value through profit or loss	Discounted cash flow method	Risk-free rate	4.22%	1% increase/(decrease) in the risk-free rate would result in a (decrease)/increase in fair value by RMB(1,078,000)/RMB1,323,000
		Equity volatility	39.97%	10% increase/(decrease) in the equity volatility would result in a (decrease)/increase in fair value by RMB(4,205,000)/RMB3,494,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
		DLOM	4.83%	1% increase/(decrease) in the DLOM would result in a (decrease)/increase in fair value by RMB(1,050,000)/RMB1,050,000
		Probability of IPO	30.00%	5% increase/(decrease) in the probability of IPO would result in a (decrease)/increase in fair value by RMB(5,168,000)/RMB5,168,000
Contingent consideration payables	Discounted cash flow method	Discount rate	21.00%	1% increase/(decrease) in the discount rate would result in a (decrease)/increase in fair value by RMB(8,231,000)/RMB8,511,000
		Discount for own non-performance risk for Milestone 1	20.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(3,745,000)/RMB3,745,000

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value to the input
	Discount for own non-performance risk for Milestone 2	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(7,994,000)/RMB7,994,000
	Discount for own non-performance risk for Milestone 3	25.00%	5% increase/(decrease) in discount risk would result in a (decrease)/increase in fair value by RMB(12,278,000)/RMB12,271,000

The DLOM represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted price in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2025				
Financial assets at fair value through profit or loss				
– Unlisted debt/equity investments	–	82,194	215,616	297,810
As at 31 December 2024				
Financial assets at fair value through profit or loss				
– Unlisted debt/equity investments	–	130,792	221,669	352,461

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2025 RMB'000	2024 RMB'000
Financial assets at fair value through profit or loss		
As at 1 January	221,669	301,298
Exchange realignment	(2,481)	1,782
Total losses recognised in profit or loss included in other expense [#]	(3,572)	(81,411)
As at 31 December	215,616	221,669
[#] Include gains or losses for assets held at the end of reporting period	(3,572)	(81,411)
Equity investments designated at fair value through other comprehensive income		
As at 1 January	–	16,269
Exchange realignment	–	90
Total loss recognised in other comprehensive loss	–	(16,359)
As at 31 December	–	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2025				
Contingent consideration payables	–	–	341,220	341,220
As at 31 December 2024				
Contingent consideration payables	–	–	363,942	363,942

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, there were no transfers into or out of Level 3 for financial assets (2024: Nil) and there were no transfers into or out of Level 3 for financial liabilities (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short term deposits. 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, trade and other payables and bank borrowings, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, 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.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate.

The Group's policy is to manage its interest cost using variable rate debts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk (Continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000	(Decrease)/ increase in equity RMB'000
2025			
US\$	50	–	–
US\$	(50)	–	–
RMB	50	25	(25)
RMB	(50)	(25)	25
2024			
US\$	50	–	–
US\$	(50)	–	–
RMB	50	1,313	(1,313)
RMB	(50)	(1,313)	1,313

Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from investing and financing activities of the Company and purchasing activities of operating entities in currencies other than the entities' functional currencies. Fluctuations in exchange rates between RMB 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the foreign currency exchange rates, with all other variables held constant, of the Group's loss before tax and the Group's equity. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates.

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in loss before tax RMB'000	Decrease/ (increase) in equity RMB'000
2025			
If the RMB weakens against the US\$	5	(2,091)	(2,723)
If the RMB strengthens against the US\$	(5)	2,091	2,723
If the RMB weakens against the HK\$	5	(229)	(192)
If the RMB strengthens against the HK\$	(5)	229	192
If the RMB weakens against the EUR	5	(1,624)	(1,334)
If the RMB strengthens against the EUR	(5)	1,624	1,334
If the RMB weakens against the NIS	5	(558)	(430)
If the RMB strengthens against the NIS	(5)	558	430
2024			
If the RMB weakens against the US\$	5	(7,836)	(6,660)
If the RMB strengthens against the US\$	(5)	7,836	6,660
If the RMB weakens against the HK\$	5	(675)	(564)
If the RMB strengthens against the HK\$	(5)	675	564
If the RMB weakens against the EUR	5	77	65
If the RMB strengthens against the EUR	(5)	(77)	(65)
If the RMB weakens against the NIS	5	(1,449)	(1,116)
If the RMB strengthens against the NIS	(5)	1,449	1,116

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

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.

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
As at 31 December 2025					
Loans to former directors and a former director's controlled entity	110,967	–	–	–	110,967
Trade receivables*	–	–	–	105,481	105,481
Financial assets included in prepayments, other receivables and other assets					
– Normal**	98,454	–	–	–	98,454
– Doubtful**	–	–	35,043	–	35,043
Pledged deposits					
– Not yet past due	16,632	–	–	–	16,632
Short-term bank deposit					
– Not yet past due	–	–	–	–	–
Cash and cash equivalents					
– Not yet past due	158,336	–	–	–	158,336
	384,389	–	35,043	105,481	524,913

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Maximum exposure and year-end staging (Continued)

	12-month	Lifetime ECLs			Total RMB'000
	ECLs				
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
As at 31 December 2024					
Loans to former directors and a former director's controlled entity	108,567	–	–	–	108,567
Trade receivables*	–	–	–	211,328	211,328
Financial assets included in prepayments, other receivables and other assets					
– Normal**	25,668	–	–	–	25,668
– Doubtful**	–	–	35,657	–	35,657
Pledged deposits					
– Not yet past due	21,001	–	–	–	21,001
Short-term bank deposit					
– Not yet past due	7,666	–	–	–	7,666
Cash and cash equivalents					
– Not yet past due	298,036	–	–	–	298,036
	460,938	–	35,657	211,328	707,923

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 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".

Since the Group trades mainly with recognised and creditworthy third parties, there is no requirement for collateral.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 22 and 23 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

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:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2025						
Trade payables	666	15,284	-	-	-	15,950
Financial liabilities included in other payables and accruals	138,622	-	-	-	-	138,622
Other financial liabilities – convertible bond bridge loan	4,212	3,699	11,301	153,041	-	172,253
Lease liabilities	-	15,999	21,249	22,352	-	59,600
Contingent consideration payables	-	-	-	815,341	-	815,341
Interest-bearing bank borrowings	-	5,030	-	-	-	5,030
	143,500	40,012	32,550	990,734	-	1,206,796

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2024						
Trade payables	2,733	27,496	-	-	-	30,229
Financial liabilities included in other payables and accruals	219,736	-	-	-	-	219,736
Lease liabilities	-	15,448	28,275	43,342	-	87,065
Contingent consideration payables	-	-	-	833,854	-	833,854
Interest-bearing bank borrowings	-	20,433	8,543	110,847	228,869	368,692
	222,469	63,377	36,818	988,043	228,869	1,539,576

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 manages its capital structure, which includes equity attributable to owners of the parent, and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management (Continued)

	2025 RMB'000	2024 RMB'000
Interest-bearing bank borrowings	5,004	282,973
Other financial liabilities – convertible bond bridge loan	154,212	–
Lease liabilities	57,124	86,116
Total debt	216,340	369,089
Total equity	1,762,678	2,211,099
Gearing ratio	12%	17%

Notes to the Consolidated Financial Statements

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44. 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 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	66,438	390,619
Right-of-use assets	6,908	59,568
Other intangible assets	40,722	43,955
Investments in subsidiaries	2,022,685	1,914,345
Financial assets at fair value through profit or loss	106,873	108,538
Prepayments, other receivables and other assets	19,986	3,160
Total non-current assets	2,263,612	2,520,185
CURRENT ASSETS		
Inventories	92,047	94,477
Trade receivables	87,022	185,167
Prepayments, other receivables and other assets	106,212	55,114
Loans to former directors	23,767	23,767
Due from subsidiaries	296,161	302,531
Pledged deposits	131	5,395
Cash and cash equivalents	105,798	203,147
Total current assets	711,138	869,598

Notes to the Consolidated Financial Statements

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44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES		
Trade payables	10,072	22,214
Lease liabilities	6,552	12,334
Other payables and accruals	137,458	199,417
Interest-bearing bank borrowings	5,004	17,518
Government grants, current	1,830	2,560
Contract liabilities	664	649
Due to immediate holding company	21,157	7,523
Due to subsidiaries	679,570	683,292
Total current liabilities	862,307	945,507
NET CURRENT LIABILITIES	(151,169)	(75,909)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,112,443	2,444,276
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	–	265,455
Other financial liabilities – convertible bond bridge loan	154,212	–
Lease liabilities	75	6,758
Total non-current liabilities	154,287	272,213
Net assets	1,958,156	2,172,063
EQUITY		
Share capital	441,012	441,012
Reserves (note)	1,517,144	1,731,051
Total equity	1,958,156	2,172,063

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

44. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Treasury shares RMB'000	Share premium RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	(72,548)	5,112,276	268,195	(3,206,143)	2,101,780
Total comprehensive loss for the year	–	–	–	(370,729)	(370,729)
At 31 December 2024 and 1 January 2025	(72,548)	5,112,276	268,195	(3,576,872)	1,731,051
Total comprehensive loss for the year	–	–	–	(213,907)	(213,907)
At 31 December 2025	(72,548)	5,112,276	268,195	(3,790,779)	1,517,144

Definitions

“Articles of Association”	the articles of association of the Company
“Audit Committee”	the audit committee of the Board
“Board”	the board of directors of the Company
“Cardiovalve”	Cardiovalve Ltd. (formerly known as Mitraltech Ltd.), a private company incorporated under the laws of Israel, which is a wholly-owned subsidiary of the Company
“CE MDR”	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
“CE MDR Marking”	a mark of CE MDR
“CEP”	cerebral embolic protection, the function of the devices designed to capture or deflect embolism traveling to the brain during TAVR procedures in order to protect the supra-aortic vessels from embolic debris
“China” or “PRC”	the People’s Republic of China, excluding, for the purpose of this annual report, Hong Kong, Macau Special Administrative Region and Taiwan
“Company”, “our Company” or “Venus Medtech”	Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司), a limited liability company incorporated in the PRC on July 3, 2009 and converted into a joint stock limited liability company incorporated in the PRC on November 29, 2018, whose H Shares are listed on the Stock Exchange (Stock Code: 2500)
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“CSRC”	the China Securities Regulatory Commission
“Directors”	the director(s) of the Company

Definitions

“Employee Incentive Scheme”	the employee incentive scheme of our Company approved and adopted by our Board on March 10, 2017, a summary of the principal terms of which is set forth in “Appendix VI – Statutory and General Information – Further information about our Directors, Supervisors, management and substantial shareholders – 5. Employee Incentive Scheme” of the Prospectus
“Employee Participant”	any PRC or non-PRC director (including executive, non-executive and independent non-executive director) and employee (whether full-time or part-time) of the Company or any of its subsidiaries, and any person who are granted options as an inducement to enter into employment contracts with the Company or any of its subsidiaries (including nominees and/or trustees of any employee benefit trust established for them)
“ESG Report”	environmental, social and governance report
“ESG Reporting Guide”	the Environmental, Social and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“EU”	the European Union
“FDA”	U.S. Food and Drug Administration
“GMP”	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
“Group”, “We” or “us”	the Company and its subsidiaries (or the Company and any one or more of its subsidiaries, as the context may require)
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.0 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“Healium”	Healium Medical Ltd, a high-tech company in Israel

Definitions

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IDE”	Investigational Device Exemption
“IFRS”	International Financial Reporting Standards
“Keystone”	Keystone Heart Ltd. (a wholly owned subsidiary of the Company which as of Latest Practicable Date, owns 799,433 Series C Preferred Shares of the Target Company) and its subsidiaries
“KOLs”	Acronym for Key Opinion Leaders who are doctors that influence their peers’ medical practice, including but not limited to prescribing behavior
“Latest Practicable Date”	April 22, 2026, being the latest practicable date for ascertaining the contents set out in this annual report
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange on December 10, 2019
“Listing Date”	December 10, 2019, being the date on which the shares were listed on the Main Board
“Listing Rules”	the Rules governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Zi”	Mr. Zhenjun Zi (訾振軍), a former executive Director
“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)

Definitions

“Nomination Committee”	the Nomination Committee of the Board
“PRC Employee Entities”	Hangzhou Qichu Investment Partnership (Limited Partnership) (杭州啓初投資合夥企業(有限合夥)), Hangzhou Mingnuo Investment Partnership (Limited Partnership) (杭州明諾投資合夥企業(有限合夥)), Hangzhou Qifei Investment Partnership (Limited Partnership) (杭州啓非投資合夥企業(有限合夥)), Hangzhou Qihe Investment Partnership (Limited Partnership) (杭州啓和投資合夥企業(有限合夥)), Hangzhou Qilai Investment Partnership (Limited Partnership) (杭州啓來投資合夥企業(有限合夥)), Hangzhou Qili Investment Partnership (Limited Partnership) (杭州啓立投資合夥企業(有限合夥)), Hangzhou QINUO Investment Partnership (Limited Partnership) (杭州啓諾投資合夥企業(有限合夥)), Hangzhou Qisheng Investment Partnership (Limited Partnership) (杭州啓勝投資合夥企業(有限合夥)) and Hangzhou Qixin Investment Partnership (Limited Partnership) (杭州啓心投資合夥企業(有限合夥)), the beneficial interests of which are offered to certain key employees of the Company pursuant to the Employee Incentive Scheme
“Prospectus”	the prospectus published by the Company on November 28, 2019 in relation to its Hong Kong public offering
“R&D”	research and development
“Remuneration and Assessment Committee”	the Remuneration and Assessment Committee of the Board
“Reporting Period”	the one-year period from January 1, 2025 to December 31, 2025
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of China
“RVOT”	right ventricular outflow tract, an infundibular extension of the ventricular cavity which connects to the pulmonary artery
“RVOTD”	the dysfunction of RVOT

Definitions

“Scheme Limit”	the maximum limit on the number of H Shares which may be issued upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), which must not exceed 10% of the total number of issued H Shares as of the date of the Shareholders’ approval of the Scheme Limit
“Series C Preferred Shares”	the Series C preferred shares of the Target Company
“Service Providers”	any advisor and consultant (natural person or corporate entity) who provide services to the Group on a continuing and recurring basis in the ordinary course of business of the Group that are in the interests of the long-term growth of the Group
“Service Provider Sublimit”	a sublimit under the Scheme Limit on the number of H Shares which may be issued to Service Providers upon exercise of option(s) and vesting of award(s), if any, under the Share Option Scheme and all other share scheme(s) of the Company (excluding options or awards lapsed in accordance with relevant scheme rules), which must not exceed 1% of the total number of H Shares in issue as of the date of the Shareholders’ approval of the Service Provider Sublimit
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong), as amended or supplemented from time to time
“Share Option Scheme”	the H Share option scheme of the Company adopted on June 30, 2023, the principal terms of which are set out in Appendix I to the circular of the Company on June 21, 2023 and the sub-section headed “Share Option Scheme” in this annual report
“Share(s)” or “share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.0 each
“Shareholder(s)”	holders of shares of the Company
“Stock Exchange”	the Stock Exchange of Hong Kong Limited

Definitions

“Supervisor(s)”	member(s) of the supervisory committee of the Company
“TAV0”	TAV0 Balloon Aortic Valvuloplasty Catheter, one of our balloon transluminal aortic valvuloplasty catheter system products
“TAV8”	TAV8 Balloon Aortic Valvuloplasty Catheter, one of our balloon transluminal aortic valvuloplasty catheter system products
“TAVR”	transcatheter aortic heart valve replacement, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open chest surgery to correct severe aortic stenosis
“TMVR”	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
“TPVR”	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
“TTVR”	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in a minimally invasive procedure that does not involve open-chest surgery
“Unlisted Foreign Share(s)”	the issued ordinary share(s) of the Company with a par value of RMB1.00 issued to overseas investors, which are subscribed for and paid up in currencies other than Renminbi and not listed on any stock exchange
“U.S.”, “the USA” or “United States”	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
“US\$”	United States dollars, the lawful currency of the United States of America
“V8”	V8, one of our balloon transluminal aortic valvuloplasty catheter system products

Definitions

“Venus-PowerX”	Venus-PowerX Valve, one of our TAVR product candidates
“Venus-Vitae”	Venus-Vitae Valve, one of our TAVR product candidates
“VenusA-Pilot”	VenusA-Pilot System, one of our TAVR product candidates
“VenusA-Plus”	VenusA-Plus System, one of our TAVR products
“VenusA-Pro”	VenusA-Pro System, one of our TAVR products
“VenusA-Valve”	VenusA-Valve System, one of our TAVR products
“VenusP-Valve”	VenusP-Valve System, our TPVR product
“Zhonghui Anda”	ZHONGHUI ANDA CPA Limited, auditor of the Company

In this annual report, the terms “associate”, “connected transaction”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

* For identification purposes only.