MicroPort®

MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2024	2023	Change
	US$'000	*US$'000*	*%*
Revenue	**1,031,063**	950,725	Increased by 9.6% (excluding the foreign exchange impact)
Gross profit	**574,092**	532,098	Increased by 7.9%
Profit/(loss) for the year	**(268,459)**	(649,157)	Loss narrowed by 58.6%
Profit/(loss) attributable to equity shareholders of the Company	**(214,043)**	(477,629)	Loss narrowed by 55.2%
Profit/(loss) per share –			
Basic (in cents)	**(11.68)**	(26.19)	Loss narrowed by 55.4%
Diluted (in cents)	**(12.15)**	(27.17)	Loss narrowed by 55.3%
Non-HKFRS adjusted profit/(loss) for the year	**(222,786)**	(434,553)	Loss narrowed by 48.7%

For the year ended 31 December 2024 (the "**Reporting Period**"), despite facing a rapidly changing and increasingly complex external environment, especially the introduction of industry policies and changes in the market environment in the second half of 2024, MicroPort Scientific Corporation (the "**Company**", or "**MicroPort®**") and its subsidiaries (collectively, the "**Group**") still recorded revenue of US$1,031.1 million, representing a year-on-year increase of 10% excluding the foreign exchange impact and a net loss of US$268.5 million, representing a significant year-on-year narrowing of 59%. In addition, the Group's EBITDA# turned positive during the Reporting Period, improving from a loss of US$370.4 million last year to a gain of US$60.4 million.

* *For identification purpose only*

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

The significant narrowing in the net loss is mainly attributable to the following factors:

(i) During the Reporting Period, the Group's revenue increased by 10% year-on-year excluding the foreign exchange impact. In particular, by leveraging the allocation advantages of the existing global platform of the Group, the revenue from going-abroad business of the Group increased significantly by 85% year-on-year as a result of the strong momentum of products from each business segment going abroad.

(ii) Active promotion and implementation of resource prioritization measures adopted by the Group, resulted in an improvement in the operational efficiency. During the Reporting Period, the Group's total distribution costs, administrative expenses and research and development costs decreased significantly by US$216.5 million, representing a year-on-year decline of 24%, and its operating expense ratio* decreased by 29 percentage points year-on-year (among which, the research and development costs ratio* decreased from 40% to 21% year-on-year).

(iii) Strategic divestment of several non-core businesses during the Reporting Period generating net gains to the Group.

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

Our innovative capabilities were continuously translated into new products and businesses, fostering fresh growth drivers for the Group. During the Reporting Period, a number of products under our segments were intensively approved for launch as scheduled, continuously enriching and improving the integrated solutions within and between the Group's segments, persistently strengthening the overall competitiveness of the Group to expand the accessible market boundaries for the Group. During the Reporting Period and up to the date of this announcement, the Group had 58 Class III medical devices initial registration certificates from the National Medical Products Administration of China ("**NMPA**"), and obtained 249 initial registration certificates in 43 overseas markets (countries and regions).[Note]

The Group's top priority remains strengthening financial health through a sharpened focus on core businesses and operational excellence initiatives, accelerating the path to profitability to drive sustainable, high-quality business development.

Note: including the data of equity-accounted investees of the Group.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	**2024**	2023
		US$'000	*US$'000*
Revenue	*4*	**1,031,063**	950,725
Cost of sales		**(456,971)**	(418,627)
Gross profit		**574,092**	532,098
Research and development costs		**(216,515)**	(379,428)
Distribution costs		**(304,154)**	(334,939)
Administrative expenses		**(178,891)**	(201,688)
Other net income	*5*	**29,359**	49,514
Other operating costs	*6(b)*	**(13,260)**	(12,747)
Finance costs	*6(a)*	**(106,404)**	(96,036)
Changes in the fair value of convertible bonds	*13*	**(18,849)**	(8,830)
Changes in the fair value of other financial instruments		**1,600**	(4,171)
Impairment losses of non-current assets	*6(c)*	**(87,864)**	(155,975)
Gain on disposal of subsidiaries	*15*	**98,155**	2,845
Gain on disposal of interests in equity-accounted investees		**16,729**	15,309
Share of profits less losses of equity-accounted investees		**(18,783)**	(32,467)
Loss before taxation		**(224,785)**	(626,515)
Income tax	*7(a)*	**(43,674)**	(22,642)
Loss for the year		**(268,459)**	(649,157)
Attributable to:			
Equity shareholders of the Company		**(214,043)**	(477,629)
Non-controlling interests		**(54,416)**	(171,528)
Loss for the year		**(268,459)**	(649,157)
Loss per share	*8*		
Basic (in cents)		**(11.68)**	(26.19)
Diluted (in cents)		**(12.15)**	(27.17)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	**31 December 2024** ***US$'000***	31 December 2023 *US$'000* (restated)
Non-current assets			
Investment properties		**4,214**	6,256
Property, plant and equipment		**934,159**	1,004,573
		938,373	1,010,829
Intangible assets		**234,317**	234,435
Goodwill		**188,514**	149,393
Equity-accounted investees		**382,861**	372,637
Financial assets measured at fair value through profit or loss ("FVPL")		**9,883**	10,003
Derivative financial assets		**–**	3,574
Deferred tax assets		**18,488**	31,382
Other non-current assets		**123,713**	109,705
		1,896,149	1,921,958
Current assets			
Financial assets measured at FVPL		**51,817**	40,028
Inventories		**379,288**	414,868
Trade and other receivables	*9*	**376,564**	310,648
Pledged deposits and time deposits		**213,509**	225,352
Cash and cash equivalents	*10*	**712,995**	1,019,551
		1,734,173	2,010,447
Assets classified as held-for-sale		**3,100**	–
		1,737,273	2,010,447
Current liabilities			
Trade and other payables	*11*	**638,997**	448,342
Contract liabilities		**19,863**	18,770
Interest-bearing borrowings	*12*	**318,066**	295,438
Convertible bonds	*13*	**147,133**	549,470
Lease liabilities		**40,143**	46,915
Income tax payable		**7,311**	4,985
Derivative financial liabilities		**7,500**	–
		1,179,013	1,363,920
Net current assets		**558,260**	646,527
Total assets less current liabilities		**2,454,409**	2,568,485

	Note	31 December 2024 *US$'000*	31 December 2023 *US$'000* (restated)
Non-current liabilities			
Interest-bearing borrowings	*12*	**757,711**	508,330
Lease liabilities		**47,932**	85,327
Deferred income		**51,491**	42,344
Contract liabilities		**26,948**	27,669
Convertible bonds	*13*	**374,224**	213,267
Other payables	*11*	**24,124**	262,865
Derivative financial liabilities		**5,534**	–
Deferred tax liabilities		**21,601**	25,686
		1,309,565	1,165,488
NET ASSETS		**1,144,844**	1,402,997
CAPITAL AND RESERVES			
Share capital	*14(b)*	**18**	18
Reserves		**603,455**	757,801
Total equity attributable to equity shareholders of the Company		**603,473**	757,819
Non-controlling interests		**541,371**	645,178
TOTAL EQUITY		**1,144,844**	1,402,997

1 Statement of compliance

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

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

Material uncertainty related to going concern

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

As at 31 December 2024, the Group had (i) bank borrowings of US$318,066,000 due within 1 year (see note 12); (ii) convertible bonds issued by MicroPort Cardiac Rhythm Management Limited ("CRM Cayman", a subsidiary of the Group) of US$147,133,000 due within one year (see note 13); and (iii) share repurchase obligations (included in current portion of other payables) issued by CRM Cayman with a carrying value of US$240,690,000 (see note 11).

In addition, certain non-current bank borrowings and convertible bonds amounting to US$595,268,000 (see notes 12 and 13) are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. If the Group were to breach the covenants, these bank borrowings and part of the convertible bonds would be immediately repayable if requested by the lenders of these bank borrowings and the holders of the convertible bonds in accordance with the underlying facilities agreements. The occurrence of such circumstance may trigger the cross-default provisions of other borrowings of the Group and, as a possible consequence, these other borrowings may also be declared to be immediately due and repayable.

For the year ended 31 December 2024, the Group incurred a net loss of US$268,459,000 and had a net operating cash outflow of US$49,669,000.

Given the above, the liquidity of the Group is primarily dependent on (i) its ability to renew or refinance existing borrowings and to utilise its cash and cash equivalents available to the Group (see note 10) for repayment of its borrowings; and (ii) whether the above-mentioned financial covenants could be achieved. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given consideration to the future liquidity of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Directors have reviewed the Group's cash flow projections prepared by management, which covers a period of at least 12 months from 31 December 2024. Certain plans and measures have been taken to mitigate the liquidity pressures and to improve its financial position which include, but not limited to, the following:

(1) The Group has planned or implemented various strategies to improve the liquidity of the Group including to maintain more stringent cost control measure, substantially reduce the budget for operating costs, defer the plan for discretionary capital expenditure;

(2) The Group has plans to realise additional cash from disposal of certain properties, equity accounted investees or other assets;

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

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

(5) The Group is in discussion with banks for the renewal of existing bank borrowings and obtaining new banking facilities.

The plans and measures as described above incorporate assumptions about future events and conditions. If the above plans and measures are successful, the Group will be able to generate sufficient financing and operating cash flows to meet its liquidity requirements for at least the next twelve months from the end of the reporting period. Based on the Directors' intentions and the cash flow forecast mentioned above, the Directors are of the opinion that it is appropriate to prepare the Group's consolidated financial statements for the year ended 31 December 2024 on a going concern basis. Should the Group not be able to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in these consolidated financial statements.

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

– investments in debt and equity securities; and

– derivative financial instruments.

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

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

3 Changes in accounting policies

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

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

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

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

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

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

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

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

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

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

- Reclassifying the CRM Convertible Bonds (defined in note 13(a)) measured at fair value through profit or loss from non-current to current, as the conversion rights of the CRM Convertible Bonds do not meet the definition of an equity instrument and the holders have the right to convert any portion of the CRM Convertible Bonds into shares of CRM Cayman at any time on or after the issue date.

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

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

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

The amendments have no effect on the Group's consolidated statement of profit or loss, cash flows and loss per share. The Group has provided additional disclosures about its non-current liabilities subject to covenants in accordance with the disclosure requirements of the 2022 amendments.

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

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

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

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

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

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

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

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

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was US$34,354,000 (2023: US$45,249,000). This amount represents revenue expected to be recognised in the future from rendering post-sales services and extended warranty services. The Group will recognise the expected revenue in future when or as the service is rendered.

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

(b) Segment reporting

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

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

(i) Segment results, assets and liabilities

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

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

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

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

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

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below.

	2024									
	Cardiovascular devices business *US$'000*	Orthopedics devices business *US$'000*	Cardiac rhythm management business *US$'000*	Endovascular and peripheral vascular devices business *US$'000*	Neurovascular devices business *US$'000*	Structural heart disease business *US$'000*	Surgical robot business *US$'000*	Surgical devices business *US$'000*	Others* *US$'000*	Total *US$'000*
Disaggregated by timing of revenue recognition										
Point in time	160,140	249,565	212,129	167,918	106,415	48,902	22,158	11,520	36,389	1,015,136
Over time	1,040	2,880	8,456	–	279	–	375	–	2,897	15,927
Revenue from external customers	161,180	252,445	220,585	167,918	106,694	48,902	22,533	11,520	39,286	1,031,063
Inter-segment revenue	4,555	261	28	1,619	287	1,795	13,489	483	435	22,952
Reportable segment revenue	165,735	252,706	220,613	169,537	106,981	50,697	36,022	12,003	39,721	1,054,015
Reportable segment net profit/ (loss)	(18,167)	(26,268)	(88,460)	69,238	34,968	(7,485)	(90,927)	(50,073)	(46,975)	(224,149)
Interest income from bank deposits	1,545	147	783	2,407	2,230	10,473	309	18	370	18,282
Interest expense	5,924	10,821	32,207	232	496	514	2,778	2,420	2,813	58,205
Depreciation and amortisation for the year	23,354	27,193	16,224	9,845	8,481	13,132	16,559	8,164	11,817	134,769
Provision for/(reversal of) impairment of:										
– Property, plant and equipment	–	–	–	–	–	–	–	3,256	1,172	4,428
– Equity-accounted investees	–	–	–	–	–	(11,526)	16,365	–	–	4,839
– Intangible assets	–	–	–	–	–	–	–	28,111	3,228	31,339
– Goodwill	13,430	–	–	–	–	–	–	–	4,157	17,587
– Trade and other receivables	–	236	–	456	–	–	–	837	–	1,529
Reportable segment assets	707,037	509,802	360,720	597,017	284,447	373,009	178,488	56,708	221,633	3,288,862
Additions to non-current segment assets during the year	14,431	31,795	11,165	121,202	9,885	72,875	10,126	670	34,392	306,541
Reportable segment liabilities	370,798	408,113	524,126	67,179	46,392	62,722	140,612	76,496	140,843	1,837,281

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

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

* Revenues and results from segments below the quantitative thresholds are mainly attributable to non-vascular interventional devices business and fermentation-based active pharmaceutical ingredients business, etc. None of those segments individually met any of the quantitative thresholds for reportable segments.

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

	2024	2023
	US$'000	*US$'000*
Profit or loss		
Reportable segment net loss	**(224,149)**	(534,485)
Share awards scheme	**(2,585)**	(4,241)
Other equity-settled share-based payment expenses	**(13,966)**	(12,589)
Interest expenses on convertible bonds issued by the Company	**(33,416)**	(35,883)
Unallocated exchange loss	**(3,748)**	(3,721)
Impairment losses of equity-accounted investees	**(28,358)**	(14,266)
Gain on disposal of subsidiaries, net of tax	**98,155**	2,845
Unallocated expenses, net	**(60,392)**	(46,817)
Consolidated loss for the year	**(268,459)**	(649,157)
Assets		
Reportable segment assets	**3,288,862**	3,484,306
Elimination	**(182,996)**	(88,974)
Unallocated corporate assets:		
– Cash and cash equivalents	**95,171**	49,390
– Pledged and time deposits	**30,598**	106,388
– Equity-accounted investees	**240,296**	181,300
– Property, plant and equipment	**124,397**	143,551
– Others	**37,094**	56,444
Consolidated total assets	**3,633,422**	3,932,405
Liabilities		
Reportable segment liabilities	**1,837,281**	1,729,628
Elimination	**(136,033)**	(88,974)
Convertible bonds	**369,945**	669,901
Interest-bearing borrowings	**386,164**	154,452
Lease liabilities	**9,046**	20,782
Unallocated corporate liabilities	**22,175**	43,619
Consolidated total liabilities	**2,488,578**	2,529,408

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, intangible assets, goodwill and investments in equity-accounted investees ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered and services are rendered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in case of goodwill and intangible assets, and the location of operations, in case of investments in equity-accounted investees.

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

5 Other net income

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

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

6 Loss before taxation

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

(a) Finance costs

	2024	2023
	US$'000	*US$'000*
Interest on the convertible bonds *(note 13)*	**33,523**	35,883
Interest on interest-bearing borrowings	**36,193**	24,522
Interest on preferred shares issued by subsidiaries *(note 11(ii))*	**27,671**	24,123
Interest on lease liabilities	**6,962**	8,960
Total interest expense on financial liabilities not at fair value through profit or loss	**104,349**	93,488
Less: interest expense capitalised into properties under development*	**(2,113)**	(756)
Add: fee charges and others	**4,168**	3,304
	106,404	96,036

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

(b) Other operating costs

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

(c) Impairment losses on non-current assets

	2024	2023
	US$'000	*US$'000*
Property, plant and equipment	**5,741**	2,257
Intangible assets	**31,339**	4,074
Goodwill	**17,587**	119,543
Equity-accounted investees	**33,197**	30,101
	87,864	155,975

7 Income tax in the consolidated statement of profit or loss

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

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

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25% except for those subsidiaries entitled to a preferential income tax rate of 15% as they are certified as "High and New Technology Enterprise" ("HNTE"). According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

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

(b) Pillar Two income tax

Effective 1 January 2024, many countries, including Japan and many European Union member states, adopted a global minimum effective tax rate of 15% based on the Pillar Two framework issued by the Organisation for Economic Cooperation and Development ("OECD"). Other countries where the Group does business are also actively considering adopting the framework or are in various stages of enacting the framework into their country's laws. The Group continues to monitor legislative adoption of the Pillar Two rules by country, as well as for additional guidance from the OECD. The Group considers the current impact of the adoption of a global minimum effective tax is not material.

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

8 Loss per share

(a) Basic loss per share

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

(i) Weighted average number of ordinary shares

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

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of US$222,591,000 (2023: loss of US$495,554,000) and the weighted average number of ordinary shares of 1,831,792,000 shares (2023: 1,823,930,000 shares) after adjusting the effects of dilutive potential issuable ordinary shares under a put option granted to Sino Rhythm Limited ("SRL") that may be settled in ordinary shares of the Company, calculated as follows.

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

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

Save as disclosed above, the calculation of diluted loss per share amount for the year ended 31 December 2024 has not included the potential effects of the deemed issue of shares under the share option schemes adopted by the Company and the deemed conversion of the convertible bonds/loans issued by the Company (see note 13(b)) into ordinary shares during the year and neither included the effects of potential ordinary shares in or issued by subsidiaries and equity-accounted investees of the Group, as they had anti-dilutive effects on the basic loss per share amount.

9 Trade and other receivables

	31 December 2024	31 December 2023
	US$'000	*US$'000*
Trade receivables due from:		
– third party customers	**278,568**	201,983
– related parties	**8,075**	4,658
	286,643	206,641
Less: Loss allowance	**(21,007)**	(20,193)
Trade receivables, net of loss allowance	**265,636**	186,448
Other debtors	**39,064**	37,871
Amounts due from a related party in relation to transfer of non-current assets	**777**	10,672
Consideration receivable in relation to disposal of MicroPort Urocare (Jiaxing) Co., Ltd. ("**MP Urocare**") *(note 15)*	**7,167**	–
Income tax recoverable	**930**	4,564
Deposits and prepayments	**62,990**	71,093
	376,564	310,648

All of the above trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

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

10 Cash and cash equivalents

As at 31 December 2024, the balance of the deposits in the designated bank accounts of Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. (上海微創心脈醫療科技(集團)股份有限公司, "**ME Endo**") is US$181,422,000 (2023: US$262,741,000) which is not available for general usage and could only be used for purposes specified in the IPO and placing prospectus of MP Endo.

Apart from the above, as at 31 December 2024, cash and cash equivalents situated in Chinese Mainland amounted to US$434,054,000 (2023: US$657,991,000), which are not freely remissible to the Company as the remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign currency exchange control.

11 Trade and other payables

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

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

Notes:

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

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

(ii) Share repurchase obligations

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

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

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

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

	Preferred shares issued by CRM Cayman *US$'000*	**Redemption rights issued by MP Urocare** *US$'000*	**Redemption rights issued by other subsidiary** *US$'000*	**Total** *US$'000*
As at 1 January 2024	215,028	19,028	5,724	239,780
Additions during the year	–	1,407	–	1,407
Derecognition in relation to the disposal of a subsidiary *(note 15)*	–	(21,560)	–	(21,560)
Charge to finance costs *(note 6(a))*	25,662	1,433	576	27,671
Exchange adjustments	–	(308)	(42)	(350)
At 31 December 2024	240,690	–	6,258	246,948
Representing:				
Current portion	240,690	–	–	240,690
Non-current portion	–	–	6,258	6,258
	240,690	–	6,258	246,948

(iii) Consideration in business combinations

The consideration payable in connection with the acquisition of subsidiaries primarily includes the contingent consideration payable to the former shareholders of Hemovent GmbH ("**Hemovent**"), subject to certain milestones and conditions within 5 years from October 2021. The contingent consideration is measured at fair value with subsequent changes charged into profit or loss.

12 Interest-bearing borrowings

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

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

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

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

In May 2024, the Company entered into a facility agreement with a group of banks in the PRC in an aggregate facility amount of US$300 million (the "syndicated facility") for the repayment of the 2026 Convertible Bonds (defined in note 13(b)). The syndicated facility is initially secured by the shares of a subsidiary and two properties located in Shanghai. The Company drew down bank loans with a principal amount of US$300 million under the facility agreement which bear an interest of LPR+0.05% per annum and are repayable in six instalments within 3 years. The syndicated facility is subject to the fulfilment of certain financial covenants. If the Group were to breach the covenants, these borrowings would become payable on demand. In November 2024, the Company entered into an amendment agreement with the banks, pursuant to which, the Group prepaid the loan in a principal amount of CNY310.8 million. In addition, a property located in Shanghai was released as mortgage and the equity interest in a subsidiary of the Group was pledged to the banks.

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

Apart from non-current portion of the aforesaid syndicated facility amounting to US$242,908,000, part of the Group's other non-current bank borrowings amounting to US$196,943,000 (31 December 2023: US$240,320,000) are also subject to the fulfilment of covenants relating to certain financial targets or ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The occurrence of such circumstance may trigger the cross-default provisions of other borrowings available to the Group and, as a possible consequence, these other borrowings may also be declared to be immediately due and payable. The Group regularly monitors its compliance with these covenants. As at 31 December 2024 and 2023, none of the covenants relating to drawn down facilities had been breached.

13 Convertible bonds

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

(a) Convertible bonds issued by CRM Cayman (the "CRM Convertible Bonds")

In October 2022, CRM Cayman issued the CRM Convertible Bonds with a principal amount of US$90 million to several external investors. The maturity date of the CRM Convertible Bonds is 14 October 2025, and each bondholder may, in its sole discretion, exercise a one-time option to extend the maturity date for two years. The holders have the right to convert any portion of the CRM Convertible Bonds into shares of CRM Cayman at any time on or after the issue date based on the enterprise value of the CRM Cayman, being US$1.25 billion (subject to adjustments).

In July 2024, the Group entered into an agreement with a third party (the "Purchaser"), pursuant to which, the Purchaser agreed to subscribe for the CRM Convertible Bonds with an aggregate principal amount and capitalised paid-in-kind interest totalling US$41,712,000 from the Group at a consideration of US$45,696,000 settled by cash.

The CRM Convertible Bonds are designated as financial liabilities at FVPL.

The movement of the CRM Convertible Bonds during the year represents as follow:

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

(b) Convertible bonds/loans issued by the Company

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

In June 2021, the Company issued the 2026 Convertible Bonds, which do not bear any interest and are listed on the Stock Exchange. Pursuant to the terms of the 2026 Convertible Bonds, the bondholders could convert part of or the entire outstanding bond balances at the option of the bondholders into fully paid ordinary shares of the Company at an initial conversion price of HK$92.8163 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK$7.7594 to US$1 before the maturity date.

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

The 2026 Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component. The liability component is initially measured as the present value of the future cash flows, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. The liability component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until the 2026 Convertible Bonds are either converted or redeemed.

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

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

(ii) Convertible bonds issued by the Company due in 2028 (the "2028 Convertible Bonds")

In December 2023, the Company issued the 2028 Convertible Bonds with a principal amount of US$220 million, which are listed on the Stock Exchange. The 2028 Convertible Bonds bear an interest rate of 5.75% per annum and the interests are payable semi-annually.

Pursuant to the terms of the 2028 Convertible Bonds, the bondholders could convert part of or the entire outstanding bond balances at the option of the bondholders into fully paid ordinary shares of the Company at an initial conversion price of HK$12.7790 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK$7.8148 to US$1 before the maturity date.

The maturity date of the 2028 Convertible Bonds is 19 December 2028 and the Company shall redeem the 2028 Convertible bonds at its principal amount together with accrued and unpaid interests. In addition, the bondholders also have a right to require the Company to redeem entire or partial of the 2028 Convertible Bonds on 21 December 2026 at their principal amount together with interest accrued but unpaid.

The 2028 Convertible Bonds are accounted for as compound financial instruments which contain both a liability component and an equity component with an accounting treatment similar to the 2026 Convertible Bonds.

As at 31 December 2023 and 2024, the outstanding principal of the 2028 Convertible Bonds was US$220 million. The carrying value of the liability component of the 2028 Convertible Bonds was US$214,528,000 as at 31 December 2024.

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

In order to repay the 2026 Convertible Bonds, on 5 April 2024, the Company entered into a convertible facility agreement (the "Convertible Facility Agreement") with four lenders (the "Original Lenders"), pursuant to which, the Original Lenders agreed to make available to the Company a convertible term loan facility in an aggregate principal amount of US$150 million, with an accordion option to increase the total commitments by an aggregate principal amount of up to US$50 million.

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

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

The 2029 Convertible Loans bear interest at of 5.75% per annum. The lender could convert part of or the entire outstanding balances into fully paid ordinary shares of the Company at an initial conversion price of HK$7.46 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK$7.8285 to US$1 before the maturity date.

The Company shall repay the 2029 Convertible Loans in 2029, together with all interest, a premium, being 40% of the outstanding principal and any accrued but unpaid amounts payable to the lenders.

In addition, pursuant to the terms of the 2029 Convertible Loans, in May 2027, the lenders have right to require the Company to redeem all 2029 Convertible Loans, together with all interest, a premium, being 30% of the outstanding principal and any accrued but unpaid amounts payable to the lenders. And at any time after May 2027, the Company could redeem all 2029 Convertible Loans, together with all interest, a premium, being 40% of the outstanding principal and any accrued but unpaid amounts payable to the lenders, provided that the closing price of the ordinary shares of the Company for each of any 20 trading days within a period of 30 consecutive trading days, the last of which occurs not more than 5 trading days prior to the publishing date of such notice, is at least 130% of the conversion price, subject to further adjustments.

The Company shall also attain certain performance targets, failing which the lenders may require the Company to apply an amount equal to US$50,000,000 towards prepayment of the 2029 Convertible Loans and payment of all accrued interest on the prepayment amount and a premium, being 30% of the prepayment amount.

The 2029 Convertible Loans are secured by (i) assignment by way of security of certain intercompany loan(s) by the Company; (ii) security over a property located in the US with a carrying value of approximately US$45 million as at 31 December 2024; and (iii) share mortgage in respect of all issued ordinary shares of two subsidiaries.

The 2029 Convertible Loans are accounted for as compound financial instruments which contain a debt component, derivative components and an equity component. The debt component is initially measured as the present value of the future cash flows, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. The derivative components represent the aforesaid early redemption rights granted to the lenders and the Company and are initially measured at fair value. Any excess of proceeds over the amount initially recognised as the debt components and derivative components is recognised as the equity component. The debt component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the debt component is calculated using the effective interest method. Changes in the fair value of the derivative components are recognised in profit or loss. The equity component is recognised in the capital reserve until the 2029 Convertible Loans are either converted or redeemed.

As at 31 December 2024, the outstanding principal of the 2029 Convertible Loans was US$200 million. The carrying value of the liability component of the 2029 Convertible Loans was US$155,417,000 as at 31 December 2024.

(iv) Movement of the convertible bonds/loans issued by the Company during the year

	Derivative component ***US$'000***	**Liability component** ***US$'000***	**Equity component** ***US$'000***	**Total** ***US$'000***
At 1 January 2024	–	669,901	41,093	710,994
Issued by the Company, net of transaction costs	5,947	145,785	42,558	194,290
Interest charged *(note 6(a))*	–	33,416	–	33,416
Interest paid	–	(17,538)	–	(17,538)
Changes in fair value recognised in profit or loss during the year	(413)	–	–	(413)
Repurchase by the Company	–	(461,619)	–	(461,619)
At 31 December 2024	5,534	369,945	83,651	459,130

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

(c) Convertible bonds issued by a subsidiary

In April 2024, Shenzhen MicroPort Surgical Medical (Group) Co., Ltd. ("Shenzhen Surgical") entered into a convertible bond agreement with an investor, pursuant to which, the investor agreed to subscribe for a convertible bond in a principal amount of CNY30,000,000 (equivalents to US$4,227,000) issued by Shenzhen Surgical (the "Surgical Convertible Bond"). The Surgical Convertible Bond bears an interest of 3.45% per annum and will be mature in April 2027. The investor has right to convert the entire Surgical Convertible Bond to the shares of Shenzhen Surgical based on the valuation of Shenzhen Surgical's next round financing.

The conversion right does not meet the fixed-for-fixed criteria and therefore is recognised as a derivative financial liability. Considering the conversion is based on the fair value of Shenzhen Surgical, the fair value of the conversion right is immaterial as at the initial recognition and 31 December 2024. The debt component is subsequently carried at amortised cost. The interest expenses recognised in profit or loss on the debt component is calculated using the effective interest method.

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

	2024
	US$'000
Balance at 1 January	**–**
Issued during the year	**4,227**
Interest charged *(note 6(a))*	**107**
Exchange adjustments	**(55)**
Balance at 31 December	**4,279**

14 Capital, reserves and dividends

(a) Dividends

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

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

(b) Share capital

(i) Ordinary shares

	2024		2023	
	Number of shares ***'000***	**Amount** ***US$'000***	Number of shares *'000*	Amount *US$'000*
Authorised:				
Ordinary shares of US$0.00001 each	**5,000,000**	**50**	5,000,000	50
Ordinary shares, issued and fully paid:				
At 1 January	**1,834,477**	**18**	1,827,618	18
Shares issued under share schemes *(note 14(b)(iii))*	**12,248**	**–**	6,859	–
At 31 December	**1,846,725**	**18**	1,834,477	18

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Purchase of own shares

During the year ended 31 December 2024, the Company purchased its own ordinary shares (2023: nil) through the designated trustees under the share award scheme.

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

Repurchased shares held at the end of the reporting period under the share award scheme are classified as treasury shares and are presented as a decrease in the capital reserve.

At 31 December 2024, the trustee under a long-term benefit plan held 172,000 ordinary shares of the Company (31 December 2023: 172,000 ordinary shares). These shares are treated as plan assets and carried at fair value with reference to the share price of ordinary shares of the Company, which are presented as a deduction of non-current defined benefit obligation.

(iii) Shares issued under the share schemes

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

15 Disposal or dilution of interests in subsidiaries

MP Urocare

In November 2024, the Group transferred certain equity interest in MP Urocare to two investors at a consideration of CNY131 million, and one of the investor also contributed CNY15 million in MP Urocare. Upon the completion of the transactions, the Group's equity interests in MP Urocare were decreased from 64.55% as at 31 December 2023 to 49.41%. In addition, pursuant to the shareholder agreement, the board of shareholders is the highest authority and relevant activities of MP Urocare shall be approved by more than three-fourths of votes of shareholders. Management considers the Group has lost control over MP Urocare.

A gain on disposal of US$89 million was recognised in profit or loss and the Group's remaining equity interest in MP Urocare was recognised as an equity-accounted investee. A reconciliation of the gain on disposal is set out below:

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

Notes:

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

ii As at 31 December 2024, the Group has outstanding consideration receivables of CNY52 million (equivalent to US$7.2 million) due from an investor, which is expected to be settled within one year in accordance with the agreement.

16 Acquisition of subsidiaries

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

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

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

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

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

BUSINESS REVIEW

Overview

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

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

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

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

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

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

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

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

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

Cardiovascular Devices Business

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

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

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

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

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

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

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

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

Orthopedics Devices Business

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

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

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

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

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

CRM Business

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

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

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

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

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

Endovascular and Peripheral Vascular Devices Business

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

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

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

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

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

Neurovascular Devices Business

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

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

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

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

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

Structural Heart Disease Business

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

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

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

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

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

Surgical Robot Business

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

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

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

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

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

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

Research and Development ("R&D")

During the Reporting Period and as at the date of this announcement, the Group had a total of 58 Class III medical devices initial registration certificates from the NMPA, and 9 innovative medical devices were admitted in the Green Path, reaching a total of 39 "Green Path" innovative medical devices, ranking first in the medical device industry for ten consecutive years. The Group has established a global network for innovation, which includes overseas R&D, clinical trials, and other activities, to continuously promote the launch of its innovative products in overseas markets. In terms of overseas business, during the Reporting Period and as at the date of this announcement, the Group obtained 249 initial registration certificates in 43 overseas markets (countries and regions). Among them, 18 products have obtained the CE Mark and 4 products have obtained FDA registration license[Note].

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

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

The Group will continue to efficiently promote the expansion and marketing of its products in both domestic and overseas markets, enhance the market strategy of penetrating hospitals with product mix through the global distribution of high-value diversified products, fully leverage the advantages of "group-type" operation in order to accelerate the process of turning losses into gains.

Global Commercialisation Platform

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

Through years of relentless growth, our Group has ascended to the forefront as a leading enterprise of high-end medical devices, operating multiple business segments across the globe. We boast a comprehensive network of research and development, manufacturing, marketing, and service that spans across Asia, North America, Europe, Latin America, and beyond. Up to date, our innovative products have reached more than 20,000 hospitals in over 100 countries and regions. The global platform consolidates all business resources within the Group, including overseas local business resources within the system, radiating from core countries/regions to surrounding areas. Each regional platform supports the integrated sales of business sub-segments products and provides functional services such as medical services, customer operations, government affairs, and regulatory compliance. The HQ Going-abroad Platform (the "HQ Going-abroad Platform") modeled after the commercialization team of the cardiovascular devices business under the global platform is crafted to empower the domestically developed products of diverse business segments, enabling swift international market entry and boosting overseas sales. During the Reporting Period, the HQ Going-abroad Platform recorded revenues of US$56.3 million, representing a year-on-year growth of 75.4% (excluding the foreign exchange impact).

The Group's various business segments have presented robust growth momentum in the sales of going-abroad products (the "going-abroad business"), leveraging both their independent overseas sales channels and the synergistic advantages of the HQ Going-abroad Platform. During the Reporting Period, the revenue of the HQ going-abroad business amounted to US$95.8 million, representing a year-on-year growth of 84.7% (excluding the foreign exchange impact). Specifically, the cardiovascular device business increased by 47.0% year-on-year(excluding the foreign exchange impact), the surgical robot business increased by 388.2% year-on-year (excluding the foreign exchange impact), the neurovascular devices business increased by 137.6% year-on-year, the endovascular and peripheral vascular devices business increased by 99.4% (excluding the foreign exchange impact), and the structural heart disease business increased by 108.3% (excluding the foreign exchange impact).

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

HUMAN RESOURCES AND TRAINING

As at 31 December 2024, the Group had a total of 6,347 employees around the world, of which 1,709 or approximately 27% were overseas employees in the Asia Pacific region, Europe, the Middle East, Africa, North America, South America and Australia.

To cope with the increasing uncertainty in the external market, the Group is committed to building a flexible and resilient organizational competence system. By reviewing the key work of various business segments within the Group and checking the distribution of human resources, the Group has optimized its workflow, deepened collaboration mechanisms, and continuously expanded the scope of the Group's platform-based shared service operational functions, promoting the improvement of overall synergy. During this process, the Group has also prudently streamlined some projects and positions to achieve overall efficiency enhancement for the organization. The Group is committed to providing employees with more diverse development opportunities by building a comprehensive organizational competence system, integrating resources and empowering platforms as well as upgrading management and operation methods. The Group provides employees with sufficient room for advancement in combined directions horizontally and vertically by continuously adhering to the principle of "maturity, usage, remuneration, cultivation and care" regarding human resources, and helps talents accelerate their development and pursue the realization of self-worth through internal learning institutions within the enterprise, so as to work together to achieve its belief of "helping hundreds of millions of earthlings to have a lifespan of over 115 years old in a healthy manner".

PROSPECTS

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

In the short term, in 2025, the global economy is still subject to macro-economic factors such as the uncertainty of the development trend, the tightening of trade protection policies and the intensification of geopolitical conflicts. On the industry side, competition in the domestic medical device sector continues to intensify. Centralized volume-based procurement of high-value medical consumables, reforms in medical insurance payments, and measures for refined management of medical expenses, such as pharmaceutical price control, are continuously being advanced, leading to an impending adjustment in the industry's landscape. The above factors will all increase uncertainty and may have an adverse impact on the Group's operations and the value of its related business segments.

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

1. Consolidating our leading position in the medical device market in the PRC. With our strong brand recognition, extensive distribution network, and the economies of scale achieved by the deployment of multiple channels, we will further increase our market share in the PRC and continue to give full play to the advantages of being a leading enterprise in the industry and make all-round breakthroughs in the domestic high-end medical device industry, thereby maximising value for the shareholders, customers, employees and society.

2. Expediting the global expansion to realize integration of MicroPort® brand and global operations. We will continuously deepen the globalized branding and operation strategy based on localization by consistently implementing the operation model of "globalization in operational strategy, localized implementation, deployment with diversification, and unified positioning", thereby realising global deployment through effective integration of resources and markets around the world, which in turn will bring the products of MicroPort® to more countries or regions and benefit patients and doctors around the world.

3. Constantly improving our existing production processes, and carrying out innovation to gain high returns so as to create a diversified product portfolio. We will continuously improve the manufacturing processes of existing products to enhance their production efficiency; and pay more attention to the input-output ratio of research and development from the perspective of enterprise strategy, committing ourselves to providing more high-quality and affordable integrated medical solutions for doctors and patients while improving profitability.

4. Deepening the reform of our management system. In order to further enhance the competitiveness and risk prevention capability of the Company, we will constantly improve the system development and enhance the efficiency of internal governance by integrating resources and streamlining processes, thereby maintaining the unique entrepreneurial vitality, flexibility and efficiency of MicroPort® to the greatest extent while rapidly expanding the scale of the Company.

FINANCIAL REVIEW

Overview

Despite facing the impact of complex and changing unfavorable factors in China and abroad, the revenue of the Group for the year ended 31 December 2024 increased by 9.6% excluding the foreign exchange impact or increased by 8.5% in US$ as compared to the year ended 31 December 2023. The Group persisted in continuously providing a diversified product portfolio and continuously carrying out its globalization strategy, with non-China sales contributing to 49.5% of the total revenue. The Group aimed to continuously bring its innovations, technologies and services to millions of global patients and become a patient-oriented global leading enterprise in high-tech medical segments represented by minimal invasive treatment and other emerging medical markets.

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

Revenue

US$'000	**Year ended 31 December**		**Percent change**	
	2024	2023 (Re-presented) *(Note)*	in US$	excluding the foreign exchange impact
Cardiovascular devices business	**165,735**	156,469	5.9%	9.9%
Orthopedics devices business	**252,706**	238,366	6.0%	6.2%
CRM business	**220,613**	207,041	6.6%	7.2%
Endovascular and peripheral vascular devices business	**169,537**	168,221	0.8%	1.6%
Neurovascular devices business	**106,981**	94,169	13.6%	14.4%
Structural heart disease business	**50,697**	47,515	6.7%	7.5%
Surgical robot business	**36,022**	14,806	143.3%	146.0%
Surgical devices business	**12,003**	7,761	54.7%	42.5%
Other business*	**39,721**	28,065	41.5%	41.2%
Elimination adjustments	**(22,952)**	(11,688)	96.4%	102.7%
Total	**1,031,063**	950,725	8.5%	9.6%
Including: the HQ Going-abroad Platform	**56,324**	37,317	50.9%	75.4%

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

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

The Group's revenue for the year ended 31 December 2024 was US$1,031.1 million, representing an increase of 8.5% as compared to US$950.7 million for the year ended 31 December 2023. The Group's reported revenue was impacted by the appreciation or depreciation of US dollars against functional currencies in the process of converting from non-dollar functional currencies of the Group's subsidiaries to US dollars, the presentation currency of the Group. Excluding the foreign exchange impact, the Group's revenue increased by 9.6%. Such increase was mainly attributable to the rapid market penetration and the revenue contribution from new products. The following discussion was made based on the Group's major business segments.

– *Cardiovascular devices business*

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

– *Orthopedics devices business*

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

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

– *CRM business*

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

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

– *Endovascular and peripheral vascular devices business*

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

– *Neurovascular devices business*

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

– *Structural heart disease business*

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

– *Surgical robot business*

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

– *Surgical devices business*

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

– *Other business*

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

Cost of Sales

For the year ended 31 December 2024, the Group's cost of sales was US$457.0 million, representing an increase of 9.2% as compared to US$418.6 million for the year ended 31 December 2023. Such increase was driven by increased sales volume.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit increased by 7.9% from US$532.1 million for the year ended 31 December 2023 to US$574.1 million for the year ended 31 December 2024. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin for the year ended 31 December 2024 decreased to 55.7% as compared to the gross profit margin of 56.0% for the year ended 31 December 2023, which was mainly attributable to unfavorable sales mix.

Research and Development Costs

Research and development costs decreased by 42.9% from US$379.4 million for year ended 31 December 2023 to US$216.5 million for the year ended 31 December 2024. Such significant decrease resulted from the proactive cost control and resource focus measures taken by the Group to prioritize and focus on core projects and improve R&D efficiency.

Distribution Costs

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

Administrative Expenses

Administrative expenses decreased by 11.3% from US$201.7 million for the year ended 31 December 2023 to US$178.9 million for the year ended 31 December 2024. Such decrease primarily resulted from the Group's strategic realignment of global resource allocation, executing targeted corporate streamlining and cost-discipline initiatives that enhanced operational efficiency.

Other Net Income

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

Finance Costs

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

Impairment Losses of Non-current Assets

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

Income Tax

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

Loss for the Year

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

Non-HKFRS Measures

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

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

The following table sets out the reconciliation to net loss for the periods indicated:

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

Capital Management

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

The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign the capital structure, the Group may raise capital by way of bank loans, issuance of equity or convertible bonds.

Liquidity and Financial Resources

As at 31 December 2024, the Group had US$713.0 million of cash and cash equivalents, as compared to US$1,019.6 million as at 31 December 2023. Such decrease was mainly attributable to (i) operating expenditure on the research and development, registration, commercialization and other activities actively carried out for the surgical robot business, the structural heart disease business and others by leveraging independent financing channels; (ii) capitalized expenditure of the Group; and (iii) cash paid to distribute dividends and pay interest. The approach of the Board to managing liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities in order to avoid any unacceptable losses or damage to the Group's reputation.

Borrowings and Liabilities to Assets Ratio

Total borrowings of the Group, including interest-bearing borrowings and convertible bonds, as at 31 December 2024 were US$1,597.1 million, representing an increase of US$30.6 million as compared to US$1,566.5 million as at 31 December 2023. During the Reporting Period, the Liabilities to Assets ratio (calculated as total liabilities divided by total assets) of the Group increased from 64.3% as at 31 December 2023 to 68.5% as at 31 December 2024.

Net Current Assets

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

Foreign Exchange Exposure

The Group is exposed to currency risk primarily from sales, purchases, borrowing and lending which give rises to receivables and payables that are denominated in a foreign currency (mainly CNY, Euro and JPY). For the year ended 31 December 2024, the Group recorded a net exchange loss of US$12.3 million, as compared to a net foreign exchange loss of US$7.7 million for the year ended 31 December 2023. The Group did not have any significant hedging arrangements to manage foreign exchange risk but has been actively monitoring and overseeing its foreign exchange risk.

Capital Expenditure

Except for the abovementioned items, the Group's total capital expenditure for the year ended 31 December 2024 amounted to approximately US$108.4 million, which was used for (i) construction of buildings; (ii) acquiring equipment and machinery; and (iii) expenditures for R&D projects in development stage.

Charge on Assets

As at 31 December 2024, for the purpose of securing bank loans with a carrying value of US$556.3 million, the Group had mortgaged its production buildings held for own use and land use right, and pledged the equity interest held by the Group in several subsidiaries and certain patents. In order to obtain convertible loans with a principal amount of US$200.0 million, the Group pledged (i) a property situated in the US and (ii) shares held in certain subsidiaries.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

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

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report issued by the Group's independent auditor, KPMG, Certified Public Accountants of Hong Kong on the consolidated financial statements of the Group for the year ended 31 December 2024:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 1(b) to the consolidated financial statements, which indicates that as at 31 December 2024, the Group had (i) bank borrowings of US$318,066,000 due within 1 year, (ii) convertible bonds issued by a subsidiary (the "Subsidiary") of US$147,133,000 due within one year, and (iii) share repurchase obligations (included in current portion of other payables) issued by the Subsidiary with a carrying value of US$240,690,000. In addition, certain non-current bank borrowings and convertible bonds amounting to US$595,268,000 are subject to the fulfilment of covenants relating to certain of the Group's financial performance and ratios. For the year ended 31 December 2024, the Group incurred a net loss of US$268,459,000 and had a net operating cash outflow of US$49,669,000. These conditions, along with other matters as set forth in note 1(b) to the consolidated financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The aforesaid "note 1(b) to the consolidated financial statements" in the extract from the independent auditor's report is disclosed as note 2 to this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability. Throughout the year ended 31 December 2024, the Company has complied with all the applicable code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") with the exceptions as addressed below:

Pursuant to Code Provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. The Chairman and Chief Executive Officer of the Company are held by Dr. Zhaohua Chang ("Dr. Chang"). Dr. Chang has assumed the responsibility of the Executive Director and the Chairman of the Board and is responsible for managing the Board and Group's business. As the Board considers that Dr. Chang has in-depth knowledge of the Group's business and can make appropriate decisions promptly and efficiently, he also assumed the position of the chief executive officer of the Company. Nevertheless, the Board will continue to review the efficacy of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer of the Company is necessary.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by directors.

Specific enquiry has been made of all the directors of the Company (the "Directors") and the Directors have confirmed that they have complied with the Model Code for transactions in the Company's securities throughout the financial year ended 31 December 2024.

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

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

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

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

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

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

Save as disclosed in Notes 15 and 16 to this announcement, there was no other significant investment or material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2024.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times during the financial year ended 31 December 2024 as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2024 (2023: nil).

AUDIT COMMITTEE

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members: Mr. Jonathan H. Chou (Chairman), Mr. Norihiro Ashida and Mr. Chunyang Shao. The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2024.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.microport.com). The 2024 annual report of the Company will be dispatched to shareholders (if requested) and will also be available at the websites above in due course.

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

Shanghai, the PRC, 28 March 2025

As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Hiroshi Shirafuji, Mr. Norihiro Ashida and Ms. Weiqin Sun; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.