MicroPort™
心通医疗

MicroPort CardioFlow Medtech Corporation
微创心通医疗科技有限公司
(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2160

ANNUAL REPORT 2024

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DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"2022 Equipment Procurement Framework Agreement"	the 2022 Equipment Procurement Framework Agreement dated June 23, 2022 between MP CardioFlow and Medical Product Innovation, pursuant to which MP CardioFlow agreed to procure certain equipments from Medical Product Innovation for a term commencing from June 23, 2022 till December 31, 2024 (both days inclusive)
"2023 Distribution Framework Agreement"	the 2023 Distribution Framework Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among other things, grant a non-exclusive right to the Retained MicroPort® Group to market and distribute the Group's products overseas for a term commencing from January 1, 2024 till December 31, 2026 (both days inclusive)
"2023 Master Raw Materials Procurement Agreement"	the 2023 Master Raw Materials Procurement Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates), pursuant to which we agreed to, among others, procure raw materials from the Retained MicroPort® Group and its joint ventures and associates for a term commencing from January 1, 2024 till December 31, 2026 (both days inclusive)
"2023 Master Service Procurement Agreement"	the 2023 Master Service Procurement Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates), pursuant to which we agreed to, among others, procure animal test services, balloon processing services, sterilization services, product testing services and numerical simulation service from the Retained MicroPort® Group for a term commencing from January 1, 2024 till December 31, 2026 (both days inclusive)
"2023 Promotion and Patient Health Management Service Procurement Framework Agreement"	the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement dated December 6, 2023 between the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group), pursuant to which we agreed to, among others, procure promotion and health management services from the Retained MicroPort® Group for a term commencing from January 1, 2024 till December 31, 2026 (both days inclusive)

"2024 MP CardioAdvent Service Procurement Agreement"	the 2024 MP CardioAdvent Service Procurement Agreement dated April 15, 2024 between the Company (for itself and on behalf of its subsidiaries, joint ventures and associates other than MP CardioAdvent) and MP CardioAdvent, pursuant to which, MP CardioAdvent will procure certain supporting services for its R&D and commercialization activities for a term commencing from April 15, 2024 to December 31, 2025 (both days inclusive)
"2024 Kewei Distribution Framework Agreement"	the 2024 Kewei Distribution Framework Agreement dated July 19, 2024 between MP CardioFlow and Kewei Medical, pursuant to which, Kewei Medical agreed to grant an exclusive right to MP CardioFlow to distribute the Kewei Distribution Products (as defined in the section headed "Directors' Report — Connected Transactions" in this annual report) in China, for a term commencing from July 19, 2024 to December 31, 2025 (both days inclusive)
"4C Medical"	4C Medical Technologies, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral and tricuspid valve devices
"501(c)(3) not-for-profit organization"	the United States corporation, trust, unincorporated association or other type of organization exempted from federal income tax under section 501(c)(3) of Title 26 of the United States Code
"AccuSniper™"	AccuSniper™ double-layer balloon catheter
"AGM"	the annual general meeting to be held on Friday, June 27, 2025 at No. 1661 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai, China or any adjournment thereof
"AltaValve™"	AltaValve™ human mitral valve replacement medical device product
"Alwide®"	Alwide® balloon catheter
"Alwide® Plus"	Alwide® Plus balloon catheter
"AnchorMan® LAAA System"	AnchorMan® left atrial appendage access system
"AnchorMan® LAAC System"	AnchorMan® left atrial appendage closure system
"Angelguide®"	our first-generation tip-preshaped super stiff guidewire
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle

"AR"	aortic regurgitation
"Articles of Association" or "Articles"	the 6th amended and restated Memorandum and Articles of Association of our Company adopted on June 26, 2024, as amended or supplemented from time to time
"associate(s)"	has the meaning as defined in the Listing Rules
"Audit Committee"	the audit committee of the Board
"Auditor's Report"	the auditor's report prepared by KPMG
"Board"	the board of directors of our Company
"BoCom Shanghai Branch"	Bank of Communication Co., Ltd., Shanghai Branch (交通銀行股份有限公司上海市分行)
"BoCom Mid-term Facility Agreement"	the facility agreement dated September 30, 2024 between MP CardioAdvent and BoCom Shanghai Branch, pursuant to which, BoCom Shanghai Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB5.0 million for a term of two years commencing from September 30, 2024
"BoCom Mid-term Guarantee Agreement"	the guarantee agreement dated September 30, 2024 between MP CardioFlow and BoCom Shanghai Branch in respect of the guarantee provided by MP CardioFlow in accordance with the BoCom Mid-term Facility Agreement
"BoCom Short-term Facility Agreement"	the facility agreement dated September 30, 2024 between MP CardioAdvent and BoCom Shanghai Branch, pursuant to which, BoCom Shanghai Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB5 million for a term of one year commencing from September 30, 2024
"BoCom Short-term Guarantee Agreement"	the guarantee agreement dated September 30, 2024 between MP CardioFlow and BoCom Shanghai Branch in respect of the guarantee provided by MP CardioFlow in accordance with the BoCom Short-term Facility Agreement
"Business Day"	a day on which banks in the PRC are generally open for business to the public and which is not a Saturday, Sunday or other days on which banks are required by law or authorized to suspend business in the PRC

"Catering Services Framework Agreement"	the catering services framework agreement dated January 17, 2023 entered into between MP CardioFlow and MicroPort Sinica for the provision of catering services and beverages by the MicroPort Sinica Group and/or any third party engaged by the MicroPort Sinica Group for an initial term commencing from January 17, 2023 to December 31, 2025 (both dates inclusive)
"CE Mark" or "CE Certification"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended from time to time
"China", "mainland China", or "PRC"	People's Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires otherwise, references in this annual report do not apply to Hong Kong, Macau and Taiwan
"CICC Kangrui"	CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期(寧波)股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC and our pre-IPO investor
"CMO(s)"	contract manufacturing organizations, which provide support to the pharmaceutical industry in the form of manufacturing services outsourced on a contract basis
"Code Provision(s)"	the principles and code provisions set out in the CG Code
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"connected person(s)"	has the meaning as defined in the Listing Rules
"connected transaction(s)"	has the meaning as defined in the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and unless the context requires otherwise, refers to MicroPort® and/or Shanghai MicroPort

"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"EU"	European Union
"FDA"	U.S. Food and Drug Administration
"FIM"	first-in-human, a stage of clinical trial
"GFA"	gross floor area
"Global Offering"	the offer of the Shares for subscription as described in the Prospectus
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "our Group", "we", "us", or "our"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IDE"	Investigational device exemptions
"Independent Physicians"	physicians who can perform TAVI with our products independently
"Independent Third Party(ies)"	persons who are not the connected person(s) of the Group
"KOL(s)"	doctors that influence their peers' medical practice, including but not limited to prescribing behavior

"Kewei Loan Agreement"	Kewei Loan Agreement dated July 19, 2024 between MP CardioFlow and Kewei Medical, pursuant to which, for a term commencing from July 19, 2024 to December 31, 2025 (both days inclusive), pursuant to which, MP CardioFlow agreed to grant Kewei Medical a loan facility in a principal amount of RMB10.0 million, at an interest rate equivalent to the one-year LPR on the date of the Kewei Loan Agreement for a term of two years from the date of drawdown
"Kewei Medical"	Dongguan Kewei Medical Instrument Co., Ltd. (東莞科威醫療器械有限公司), a limited liability company established in the PRC on April 15, 1993
"LAA"	left atrial appendage
"LAAA"	left atrial appendage access
"LAAC"	left atrial appendage closure
"Latest Practicable Date"	April 22, 2025, being the latest practicable date prior to the printing of this annual report for the purpose of ascertaining the information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
"Medical Product Innovation"	Medical Product Innovation, Inc, a company incorporated in the California, United States on June 28, 2011 and a wholly-owned subsidiary of MicroPort®
"MicroPort®"	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
"MicroPort® Group"	MicroPort® and all of its subsidiaries

"MicroPort Sinica"	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), (formerly known as MicroPort Group Co., Ltd. (上海微創投資控股有限公司)), a limited liability company established in the PRC on April 9, 2013 and a wholly-owned subsidiary of MicroPort®
"MicroPort Sinica Group"	MicroPort Sinica, its subsidiaries, associates and joint ventures
"mitral valve"	the valve that prevents the blood in left ventricle from flowing back to left atrium
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules
"MP CardioAdvent"	Shanghai MicroPort CardioAdvent Co., Ltd, (上海佐心醫療科技有限公司), a limited liability company established in the PRC on September 10, 2019
"MP CardioAdvent Acquisition"	the purchase of the equity interest in MP CardioAdvent under the MP CardioAdvent Equity Transfer Agreement
"MP CardioAdvent Equity Transfer Agreement"	the equity transfer agreement dated January 1, 2024 among MicroPort Sinica, Shanghai Zuoqing, MP CardioAdvent and MP CardioFlow in respect of the MP CardioAdvent Acquisition
"MP CardioFlow"	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of our Company
"MR"	mitral regurgitation
"nitinol"	nickel titanium, a metal alloy of nickel and titanium, where the two elements are present in roughly equal atomic percentages
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor the China Food and Drug Administration (國家食品藥品監督管理總局), including its sub-division, such as the Center for Medical Device Evaluation (國家藥品監督管理局醫療器械技術審評中心)
"Nomination Committee"	the nomination committee of our Company

"one-year LPR"	one-year loan prime rate, i.e. the one-year loan prime rate announced by the National Interbank Funding Center (全國銀行間同業拆借中心) of the PRC on the 20th day of each month (or the next Business Day in case of holidays)
"PAV"	prosthetic aortic valve, the artificial valve of our TAVI products
"PET"	polyethylene terephthalate
"President"	the president of our Company
"Prospectus"	the prospectus issued by the Company on January 26, 2021
"Property Management Services Framework Agreement"	the property management services framework agreement dated January 17, 2023 entered into between MP CardioFlow and MicroPort Sinica for the provision of property management services for the production facilities and offices of the Group for a term commencing from January 17, 2023 to December 31, 2025 (both days inclusive)
"PVL"	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or surgical aortic valve replacement
"R&D"	research and development
"Retained MicroPort® Group"	MicroPort® and its subsidiaries, excluding the Group
"Remuneration Committee"	the remuneration committee of our Company
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the year ended December 31, 2024
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai MicroPort"	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort® and one of our Controlling Shareholders
"Shanghai MicroPort Medical"	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司), a limited liability company established in the PRC on May 15, 1998 and a wholly-owned subsidiary of MicroPort®

"Shanghai Xinyong"	Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司), a limited liability company established in the PRC on June 21, 2024, whose establishment is solely for the purpose of being used as a vehicle to acquire and hold the target property from Shanghai MicroPort Medical
"Shanghai Xinyong Acquisition"	the acquisition of the entire equity interest in the Shanghai Xinyong under the Shanghai Xinyong Equity Transfer Agreement
"Shanghai Xinyong Equity Transfer Agreement"	the equity transfer agreement dated August 22, 2024, pursuant to which MP CardioFlow, as the Purchaser, has conditionally agreed to acquire, and Shanghai MicroPort Medical, as the Vendor, has conditionally to sell, the entire equity interest in Shanghai Xinyong
"Shanghai Zuoqing"	Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership) (上海佐擎企業管理諮詢服務中心(有限合夥)), a limited partnership established in the PRC on May 12, 2020 and an employee shareholding platform of MP CardioAdvent
"Share(s)"	ordinary share(s) in the share capital of our Company of US$0.000005 each
"Shareholder(s)"	holder(s) of our Share(s)
"SHRCB Facility Agreement"	the facility agreement dated September 30, 2024 between MP CardioAdvent and SHRCB Zhangjiang Hi-Tech Branch, pursuant to which, SHRCB Zhangjiang Hi-Tech Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB6 million for a term of one year commencing from September 30, 2024
"SHRCB Guarantee Agreement"	the guarantee agreement dated September 30, 2024 between MP CardioFlow and SHRCB Zhangjiang Hi-Tech Branch in respect of the guarantee provided by MP CardioFlow in accordance with the SHRCB Facility Agreement
"SHRCB Zhangjiang Hi-Tech Branch"	Shanghai Rural Commercial Bank Limited, Zhangjiang HiTech Branch (上海農村商業銀行股份有限公司張江科技支行)
"subsidiary(ies)"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules

"Share Award Scheme"	the share award scheme adopted by our Company on March 30, 2021, as amended from time to time
"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020 and terminated and replaced by the Share Scheme on June 27, 2023
"Share Scheme"	the share scheme adopted by our Company on June 27, 2023, as amended from time to time
"SMOs"	site management organizations, which provide clinical trial related services to medical device companies having adequate infrastructure and staff to meet the requirements of the clinical trial protocol
"sq.m"	square meter, a unit of area
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"STS Score"	Society of Thoracic Surgery risk score or percentage point, a validated risk-prediction model for open surgery, the higher value of which indicates the higher risk of patients to conduct a surgery
"TAVI"	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery to correct severe aortic stenosis
"TMV"	transcatheter mitral valve, which refers to treatment methods for mitral valve diseases through transcatheter approach
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"Treasury Share(s)"	has the meaning ascribed thereto under the Listing Rules
"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery

"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollar(s)" or "US$"	United States dollars, the lawful currency of the United States
"Valcare"	Valcare, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral valve and tricuspid valve medical devices
"VitaFlow®"	unless the context indicates otherwise, "VitaFlow®" refers to the VitaFlow® transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and certain procedural accessories
"VitaFlow Liberty®"	unless the context indicates otherwise, "VitaFlow Liberty®" refers to the VitaFlow Liberty® transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and the tip-preshaped super stiff guidewire Angelguide®
"VitaFlow Liberty® Flex"	VitaFlow Liberty® Flex transcatheter aortic valve implantation system, an upgrade to VitaFlow Liberty® delivery system, designed to work with the Group's approved aortic valve products
"Witney Put Option"	the put option granted to Witney Global Limited
"%"	per cent

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Zhang Ruinian
(appointed with effect from March 27, 2025)
Mr. Zhao Liang
Ms. Yan Luying
Mr. Jeffrey R Lindstrom
(resigned with effect from March 27, 2025)

Non-Executive Directors

Mr. Chen Guoming *(Chairman of the Board)*
Mr. Zhang Junjie
Ms. Wu Xia

Independent Non-Executive Directors

Mr. Jonathan H. Chou
Ms. Sun Zhixiang
Dr. Ding Jiandong

JOINT COMPANY SECRETARIES

Ms. Li Xiangmei *(ACG HKACG)*
Ms. Chan Lok Yee *(ACG HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. Chen Guoming
Ms. Chan Lok Yee *(ACG HKACG)*

AUDIT COMMITTEE

Mr. Jonathan H. Chou *(Chairman)*
Ms. Sun Zhixiang
Dr. Ding Jiandong

REMUNERATION COMMITTEE

Ms. Sun Zhixiang *(Chairwoman)*
Mr. Chen Guoming
Mr. Jonathan H. Chou

NOMINATION COMMITTEE

Mr. Chen Guoming *(Chairman)*
Ms. Sun Zhixiang
Dr. Ding Jiandong

REGISTERED OFFICE

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman
KY1-1205
Cayman Islands
(with effect from December 31, 2024)

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1661 Zhangdong Road
Zhangjiang Hi-Tech Park
Pudong New District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.cardioflowmedtech.com

PRINCIPAL BANKS

Shanghai Pudong Development Bank
Zhangjiang Innovation Sub-branch
56 Boyun Road
Pudong New District
Shanghai, PRC

LEGAL CONSULTANT

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

KPMG
Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

OVERVIEW

We are a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases, dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. Our vision is to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies. Deeply rooted in the vast, rapid-growing and substantially underpenetrated structural heart diseases medical device market, we have developed a comprehensive product pipeline for the treatment of structural heart diseases. We attach great importance to R&D and innovation and have created a technological innovation system integrating industry-university-research cooperation to profoundly involve in the field of structural heart diseases with higher standards and better practice to provide high-quality products and services to the global market.

OUR MISSION

Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases.

OUR VISION

Our vision is to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies.

OUR PIPELINE

Currently, the Company's self-developed TAVI series products have entered into more than 650 hospitals in China, and have successfully landed in nearly 100 overseas hospitals in Argentina, Colombia, Thailand, Russia, Italy, Spain, Chile and Switzerland. The AnchorMan® LAAC System and LAAA System, independently developed by our subsidiary MP CardioAdvent, has been approved by the NMPA and CE, realizing a strategic pipeline in the non-valve area of structural heart disease by introducing innovative therapies into the field of stroke prevention. In addition, through in-house R&D and joint R&D with global partners, we have established a comprehensive and innovative R&D layout covering TAVI products, LAA products, TMV products, TTV products and procedural accessories. We are dedicated to building our product core competitiveness and providing universal access to state of-the-art total solutions to physicians and patients for the treatment of structural heart diseases.

CHAIRMAN'S STATEMENT

Mr. Chen Guoming
Chairman

Dear Shareholders,

In 2024, with breakthroughs and maturation in innovative technologies, structural heart disease interventions have advanced towards greater precision and multidisciplinary integration. While the industrial scale of TAVI expanded steadily, the development of innovative technologies in LAA therapy has also achieved remarkable breakthroughs.

During the Reporting Period, the Group delivered robust business growth and significant financial improvement through multi-faceted efforts, including new product promotion, deepened global expansion, optimized resource allocation, and enhanced operational efficiency. Thanks to the seamless collaboration of our industry-leading commercialization, R&D, and management teams, as well as our unwavering commitment to the highest product quality and superior patient outcomes, the Group has advanced towards a healthier and more sustainable business model.

Lean Management Drives Operational Efficiency, Leads to Significant Narrowing of Net Loss

During the Reporting Period, the Group's global commercialization efforts continued to yield outstanding results. In China, the number of qualified medical centers covered by our TAVI and LAAC products reached a new milestone, with implantations hitting record highs.

Through sustained market penetration and physician training, we have cultivated a large and growing community of experts and Independent Physicians. The corporate brand of our Company, as well as the market-wide recognition of our VitaFlow Liberty® and AnchorMan® series, has been further strengthened, laying a solid foundation for sustained and stable growth.

In overseas markets, VitaFlow Liberty® has achieved procedural success in nearly 100 hospitals across three continents, with hundreds of commercial implantations. The product's global reputation has been reinforced, attracting attention from prestigious medical centers and key opinion leaders. By rigorously implementing lean management strategies, the Group significantly improved sales efficiency, driving simultaneous growth in revenue and gross margin. Coupled with disciplined cost control, the Group substantially narrowed its losses during the Reporting Period, advancing rapidly towards profitability.

Globalization Strategy Delivers Remarkable Results and Expands Brand Influence

Global expansion remains a core strategy for the Group. With the innovative design and outstanding clinical performance, our products have earned widespread recognition and trust from global experts and patients, solidifying our leading position in the globalization of China's structural heart disease treatment sector. Thanks to our persistent efforts in global market cultivation, the Group achieved rapid growth in overseas TAVI revenue (up 108%) and implant volume (up 63%) in 2024, alongside record-high numbers of new partner hospitals and Independent Physicians.

In terms of global registrations, the Group obtained three new CE Marks, including the VitaFlow Liberty® and AnchorMan® LAAC and LAAA. The approval of VitaFlow Liberty® in the Europe marked a historic milestone as the first China-developed TAVI system to enter the European market. Besides, VitaFlow Liberty® and Alwide® Plus has achieved commercialization in nearly 20 emerging markets. Our global branding strategy has become a powerful driver of high-quality growth.

Expanding into New Frontier of Structural Heart Disease: LAA Products Bring Hope to Patients

During the Reporting Period, the Group successfully acquired 51% equity interest in MP CardioAdvent and rapidly commercialized the AnchorMan® LAAC & LAAA system leveraging our Company's industry-leading commercialization capabilities. Following its NMPA approval in January 2024, the AnchorMan® LAAC system received the CE Mark in February 2025, making it the only domestic semi-occlusive LAAC certified by both NMPA and CE–a testament to its innovation and market acceptance.

To date, the AnchorMan® series has achieved 100% procedural success in hundreds of commercial implantations, with zero major complications. Its superior clinical outcomes have earned widespread acclaim from physicians and patients. In 2025, the Group will continue to accelerate the commercialization of our LAAC products, setting new records and bringing life-changing solutions to more patients.

Accelerated R&D Breakthroughs, Achieving Product Pipeline Enrichment

Guided by our mission "to provide trustworthy and universal access to state-of-art total solutions to treat structural heart disease," the Group prioritizes exceptional patient experience and long-term clinical outcomes in R&D. Eight-year follow-up data for our VitaFlow® product demonstrate significantly lower all-cause and cardiac mortality rates compared to competing products.

Committed to delivering the best treatment options throughout a patient's lifecycle, the Group launched VitaFlow Liberty® Flex–the third-generation product in the VitaFlow® series–in December 2024 after securing NMPA approval. As the world's only truly coaxial, steerable, self-expanding TAVI delivery system, it further solidifies our technological leadership in the TAVI field.

Aligned with our vision to "building a people-centric medical group ranking as a global leader of evolving and emerging medical technologies", we allocate resources strategically, uphold the highest standards to enhance our market-leading innovations while exploring superior solutions for physicians and patients. Our TMVR product has completed multiple human implants with up to two years of follow-up, yielding highly encouraging results. The AltaValve™ TMVR system, developed with our partner, is undergoing pivotal trials in the U.S. and the Europe.

In our advantageous pipelines, the fourth-generation TAVI product VitaFlow® IV, AR-indication products and TTVR products are progressing rapidly, while next-generation AnchorMan® innovations are under active development. These advancements will further diversify our portfolio in structural heart disease solutions to provide patients a wider range of optimal treatment pathways.

Looking Ahead

In 2024, despite a complex and rapidly evolving economic and competitive landscape, Our Company remained true to its mission, achieving breakthroughs through high-standard innovation and lean management. In 2025, the Group will deepen its global presence in structural heart disease treatment by expanding hospital coverage, enhancing patient screening and referrals, and strengthening our academic brand.

In overseas markets, we will further penetrate the European and emerging economies. In LAAC, we will keep accelerating the commercialization of the AnchorMan® series. Additionally, we will continue executing our proven lean management initiatives–optimizing supply chains, tightening cost controls, and improving operational efficiency-relentlessly pursuing rapid profitability underpinned by sustainable growth to deliver Shareholder value.

Every step of our progress is made possible by the trust and support of our Shareholders, partners, medical experts, and employees. On behalf of the Board, I extend our deepest gratitude.

Chairman
Mr. Chen Guoming

FINANCIAL HIGHLIGHTS

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial information and financial statements is set out below:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	For the year ended December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**361,565**	336,215	251,026	200,813	103,934
Gross profit	**251,210**	229,931	162,130	118,701	45,380
Loss from operations	**(62,620)**	(313,651)	(376,579)	(159,238)	(252,496)
Loss for the year	**(53,267)**	(471,534)	(454,395)	(183,264)	(398,087)
Loss per share — Basic and diluted (in RMB)	**(0.02)**	(0.20)	(0.19)	(0.08)	(0.23)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,				
	2024	2023	2022	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	**1,001,279**	535,772	729,493	762,193	392,213
Current assets	**1,674,483**	2,041,336	2,271,768	2,599,799	719,968
Total assets	**2,675,762**	2,577,108	3,001,261	3,361,992	1,112,181
Non-current liabilities	**20,182**	48,662	70,317	101,084	25,671
Current liabilities	**433,891**	193,583	177,229	164,434	1,431,694
Total liabilities	**454,073**	242,245	247,546	265,518	1,457,365
Total equity/(deficit)	**2,221,689**	2,334,863	2,753,715	3,096,474	(345,184)

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Chen Guoming (陳國明), aged 40, is the chairman of the Board and a non-executive Director. He was redesignated as a non-executive Director and appointed as the chairman of the Board and the chairman of the board of directors of MP CardioFlow on August 29, 2023. He joined the Group as a vice president on September 1, 2016 and was mainly responsible for R&D since then and participating in the management and strategic development of our Group. He served as an executive Director, President of the Company and general manager of MP CardioFlow from September 29, 2020 to August 29, 2023.

Mr. Chen has over 10 years' experience in R&D, clinical application and supply chain management of devices in the field of valves. Mr. Chen has served as senior vice president of project & knowledge management and technology development of MicroPort® since August 29, 2023. Before joining the Group in September 2016, he joined the MicroPort® Group in March 2010 and worked as senior R&D manager at Shanghai MicroPort Medical from March 2010 to August 2016.

Mr. Chen obtained a bachelor's degree in engineering mechanics from Shanghai Jiao Tong University (上海交通大學) in China in June 2007 and a master's degree in mechatronics engineering from Shanghai Jiao Tong University in China in March 2010. He is also the inventor or a co-inventor of over 100 invention patents in China and overseas as of the Latest Practicable Date.

EXECUTIVE DIRECTORS

Mr. Zhang Ruinian (張瑞年), aged 61, was appointed as an executive Director and the President of our Company, and a director and the general manager of MP CardioFlow on March 27, 2025. He is primarily responsible for participating in the total management and strategic development of our Group.

Mr. Zhang has over 20 years of experience in the fields of cardiovascular, general surgery, orthopedics, neurosurgery and neurovascular, in vitro diagnosis, diabetes and medical analytical instruments. From January 2023 to May 2024, Mr. Zhang served as the vice president of Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), whose shares are listed on the Stock Exchange (stock code: 9877), where he also served as a consultant from July 2024 to March 2025. From April 2021 to December 2022, Mr. Zhang served as the general manager of the Greater China region at Corcym Medical Technology (Shanghai) Co., Ltd. (恪心醫療科技(上海)有限公司). From April 2018 to June 2020, he served as the chief executive director of Suzhou Jiecheng Medical Technology Co., Ltd. (蘇州傑成醫療科技有限公司). Prior to that, he also held senior management positions in various well known global and domestic companies, including Xi'an Janssen Pharmaceutical Co., Ltd. (西安楊森製藥公司), Rhone Poulenc Rorer S.A (China) Limited (羅納普朗克(中國)公司), Medtronic (China) Co., Ltd. (美敦力中國有限公司), Baxter Healthcare Co., Ltd., Edward Lifesciences Corporation (愛德華生命科學公司), Applied Biosystems Inc. (美國應用生物系統公司), Johnson & Johnson Medical(China) Ltd. (強生(中國)醫療器材有限公司), MicroPort Scientific Corporation (微創醫療科學有限公司), whose shares are listed on the Stock Exchange (stock code: 0853), Alcon Vision Products (China) Co., Ltd. (愛爾康(中國)眼科產品有限公司), among others.

Mr. Zhang obtained his bachelor's degree in clinical medicine from the Shanghai Jiao Tong University School of Medicine (上海交通大學醫學院) (formerly known as the Shanghai Second Medical University) (上海第二醫科大學) in July 1987, and his master's degree in business administration from the University of British Columbia in January 2004.

Mr. Zhao Liang (趙亮), aged 46, is an executive Director and the First Vice President of Total Solutions of our Company. He was appointed as our First Vice President of Total Solutions of the Group on October 1, 2021, and was appointed as an executive Director and director of MP CardioFlow on May 26, 2022. Mr. Zhao is responsible for promotion of the Group's total solutions of structural heart diseases and participating in the management and strategic development of our Group.

Prior to joining us, Mr. Zhao joined MicroPort® Group in 2006 and has over 15 years of experience in the promotion and sales management of cardiovascular medical devices, and possess expertise in promotion strategy, market and channel expansion, team management, etc. Prior to joining the Company, Mr. Zhao was the First Vice President of China regional sales and marketing of interventional cardiology of MicroPort® Group.

Mr. Zhao obtained his bachelor's degree in economic management from Nanjing University in 2002.

Ms. Yan Luying (閆璐穎), aged 44, is an executive Director and a Vice President of our Company. She was appointed as our Vice President on September 1, 2016 when she joined our Group, and was appointed as an executive Director and director of MP CardioFlow on September 29, 2020. Ms. Yan is responsible for regulatory affairs and clinical trial and quality management, and participating in the management and strategic development of our Group.

Ms. Yan has more than 20 years of experience in registration, clinical investigation and management regarding active, non-active, interventional, and implantable devices. Prior to joining our Group in September 2016, Ms. Yan has been working as regulatory affairs senior manager at the MicroPort® Group from July 2004 to August 2016.

Ms. Yan obtained a bachelor's degree and a master's degree in biomedical engineering from Capital Medical University (首都醫科大學) in China in July 2004 and December 2012, respectively.

NON-EXECUTIVE DIRECTOR

Mr. Zhang Junjie (張俊傑), aged 48, is a non-executive Director. He was appointed as a non-executive Director on August 5, 2019 and is mainly responsible for participating in decision-making of important matters of our Group and the high-level oversight of the management and operations of our Group. Mr. Zhang also serves as a director of MP CardioFlow since he joined our Group in October 2017.

Mr. Zhang has over 21 years of experience in the healthcare investment industry. He is currently a non-executive director of Chemclin Diagnostics Co., Ltd. (科美診斷技術股份有限公司), a company listed on the Shanghai Stock Exchange from April 9, 2021 (stock code: 688468) since September 2019 and a non-executive director of Suzhou Nanomicro Technology Company Limited (蘇州納微科技股份有限公司), a company listed on the Shanghai Stock Exchange from June 23, 2021 (stock code: 688690) since November 2019. From July 2018 to November 2023, he served as a director 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), a company listed on the Shanghai Stock Exchange (stock code: 688016).

Prior to joining our Group, Mr. Zhang served as a consultant of Deloitte Consulting (Beijing) Co., Ltd. (德勤諮詢(北京)有限公司) from July 2004 to March 2006 and an investment manager of H&Q Asia Pacific Ltd. (漢鼎亞太有限公司) from March 2006 to December 2006. From December 2006 to September 2016, he was as a global partner of Actis (Beijing) Investment Consulting Center (L.P.) (英聯(北京)投資諮詢中心(有限合夥)) and he has been a founding partner of Huaxing Healthcare Fund (華興醫療產業基金) since November 2016.

Mr. Zhang received a bachelor's degree in organic chemistry from Lanzhou University (蘭州大學) in China in June 2000 and a master's degree in management and professional accounting from University of Toronto in Canada in November 2004.

Ms. Wu Xia (吳夏), aged 43, is a non-executive Director. She was appointed as a non-executive Director on August 5, 2019 and is mainly responsible for participating in decision-making of important matters of our Group and the high-level oversight of the management and operations of our Group. Ms. Wu also serves as a director of MP CardioFlow since she joined our Group in October 2017.

Ms. Wu has over 13 years of experience in research and private equity investment focusing on healthcare industry. She is currently serving as a managing director of CICC Capital Management Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**") since January 2019 and is responsible for the overall investment and management of CICC Kangrui. Ms. Wu joined CICC Jia Cheng Investment Management Company Limited (中金佳成投資管理有限公司) in July 2008 and served as vice president from January 2012 to December 2014 and as executive director from January 2015 to August 2018. In August 2018, Ms. Wu transferred into CICC Capital as executive director. Ms. Wu has been a director of Genetron Holdings Limited (泛生子基因(控股)有限公司) since September 2017. Ms. Wu has been a non-executive director of MicroPort NeuroTech Limited (微創腦科學有限公司) (a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 2172)) since November 2021.

Ms. Wu obtained her bachelor's degree in finance from Peking University (北京大學) in China in July 2003, and a master's degree in economics and finance from Warwick Business School of the Warwick University in the United Kingdom in January 2005. She was honored "Outstanding Young PE Investor of the Year 2018" by China Renaissance (華興資本) in 2018.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Jonathan H. Chou (周嘉鴻), aged 60, is an independent non-executive Director of our Company. He was appointed as an independent non-executive Director, chairman of Audit Committee and a member of Remuneration Committee of our Company on January 15, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Mr. Jonathan H. Chou is a seasoned advisor, and finance executive with over 30 years of professional experience in international banking and various ascending leadership positions, from Fortune 500 companies to Asia headquartered U.S. listed companies. He was most recently the CFO of UTAC Holdings Ltd., a global semiconductor assembly and test services provider. He has been serving as an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of MicroPort®.

Before his tenure at UTAC, Mr. Chou held the pivotal role of CFO at Kulicke & Soffa Industries (a company listed on the NASDAQ under the trading symbol of "KLIC"), with a market capitalization exceeding $2 billion, from 2010 to 2018. Kulicke & Soffa Industries is a leading provider of semiconductor packaging and electronic assembly solutions supporting the global automotive, consumer, communications, computing, and industrial segments. His leadership was instrumental in the company's success, demonstrating his ability to drive results in high pressure environments. He started his career as a management associate at Citibank and spent over 10 years in banking. Subsequently, he held several senior finance leadership positions with Fortune 500 companies, including Honeywell, Tyco ADT, Lucent Technologies/Bell Labs, and the Public Service Enterprise Group.

He volunteers and serves on the board of directors of Emerging Markets Investors Alliance, a 501(c)(3) not-for-profit organization that enables institutional investors to support good governance, promote sustainable development, and improve investment performance in the governments and companies they invest.

Mr. Chou holds a B.A. in Economics from the University at Buffalo, the State University of New York and an MBA from Duke University's Fuqua School of Business.

Ms. Sun Zhixiang (孫志祥), aged 57, is an independent non-executive Director. She was appointed as an independent non-executive Director of our Company on January 15, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Ms. Sun served as a lawyer at Shanghai Foreign Economic Law Office (上海市對外經濟律師事務所) from July 1990 to December 1996. She served as a Chinese law consultant at Helen Yeo & Partners (Singapore) from January 1997 to January 1998. From February 1998 to February 1999, she worked at Shanghai Xin Min Law Firm (上海市新閔律師事務所) as the director of corporate and finance division. Since March 1999, she has been working at Shanghai Pu Dong Law Office (上海市浦棟律師事務所) and served as a senior partner. She has also been a secretary general at Shanghai Donghai Ci Hui Charitable Foundation (上海東海慈慧公益基金會) since June 2018. Since May 2023, she has been serving as an independent non-executive director of Shanghai Baosight Software Co., Ltd. (上海寶信軟件股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600845). Since November 2024, Ms. Sun has been serving as an independent director of Shanghai Foreign Service Holding Group Co., Ltd. (上海外服控股集團股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600662).

Ms. Sun obtained her bachelor's degree in law and master's degree in international economic law from Fudan University (復旦大學) in July 1990 and January 1997, respectively. She was a visiting scholar in East Asian Legal Studies of Harvard Law School from August 2009 to July 2010.

Dr. Ding Jiandong (丁建東), aged 60, is an independent non-executive Director. He was appointed as an independent non-executive Director on August 27, 2021 and is primarily responsible for supervising and providing independent judgment to our Board.

Dr. Ding has been serving as a professor of Fudan University (復旦大學) since May 1998. His main research field is biomedical materials. He has been serving as the chairman of the board of directors of Shanghai Fu Ning Technology Co., Ltd. (上海複凝科技有限公司) and its subsidiary, Shanghai Fu Ning Biomaterials Co., Ltd (上海複凝生物材料有限公司), both of which are engaged in the R&D of biomedical materials, since January 2017 and August 2018, respectively.

Dr. Ding obtained his bachelor's degree in biophysics and master's degree in polymer chemistry and physics from Fudan University in China in June 1988 and June 1991, respectively, and received his doctoral degree in polymer chemistry and physics from Fudan University in China in January 1995.

Dr. Ding was awarded the "Science and Technology Prize of China Youth" by the China Association for Science and Technology (中國科學技術協會) in January 1997. His work on biochemical materials was awarded the "First-Place Prize of Natural Science" by the Ministry of Education of the People's Republic of China (中華人民共和國教育部) in January 2014, and won the Gold Medal at the International Exhibition of Inventions of Geneva in March 2021.

Except as otherwise disclosed in this annual report, none of our Directors held a position of director in any other listed companies during the three years prior to the Latest Practicable Date, and no other information relating to our Directors is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and no other matters are required to be brought to the attention of our Shareholders.

SENIOR MANAGEMENT

Mr. Zhang Ruinian (張瑞年), aged 61, is an executive Director and the President of our Company since March 27 2025. Please refer to "Board of Directors — Mr. Zhang Ruinian (張瑞年)" for his biography.

Mr. Zhao Liang (趙亮), aged 46, is an executive Director and the First Vice President of Total Solutions of our Company. Please refer to "Board of Directors — Mr. Zhao Liang (趙亮)" for his biography.

Ms. Yan Luying (閆璐穎), aged 44, is an executive Director and a Vice President of our Company. Please refer to "Board of Directors — Ms. Yan Luying (閆璐穎)" for her biography.

Ms. Yao Yao (姚瑤), aged 40, joined the Group as Advanced Director of R&D on 1 February, 2024, and the executive director and general manager of MP CardioAdvent. Ms. Yao has focused on R&D, clinical application and project management of Class III medical devices in the field of high-risk cardiovascular implants for over 10 years. Before joining the Group on 1 February, 2024, she joined the MicroPort® Group in April 2010 and acted as general manager of MP CardioAdvent since September 2019.

Ms. Yao obtained her bachelor's degree in materials science from Tianjin University of Technology (天津理工大學) in China in June 2007. Ms. Yao obtained master's degree in materials from Shanghai Jiao Tong University (上海交通大學) in China in March 2010. Ms. Yao is also the inventor or a co-inventor of over 100 invention patents in China and overseas as of the Latest Practicable Date.

Ms. Wang Lina (王麗娜), aged 38, the Advanced Financial Director of the Group. She joined our Group in August 2024 and is responsible for financial management. Ms. Wang has over 15 years of experience in finance management and auditing. Prior to joining our Group, Ms. Wang worked at MicroPort Urocare Co., Ltd. (微創優通醫療科技(上海)有限公司) from November 2022 to July 2024, and served as the financial director. From December 2015 to October 2022, Ms. Wang served as FP&A director at MicroPort Sinica. From December 2009 to December 2015, Ms. Wang worked at the audit department of Ernst & Young Hua Ming LLP Shanghai Branch (安永華明會計師事務所上海分所).

Ms. Wang obtained a bachelor's degree in international accounting from Shanghai University of Finance and Economics (上海財經大學) in June 2009.

Mr. Sun Wei (孫偉), aged 42, is the Advanced Director of Supply Chain of the Group, joined the Group in September 2021 and is responsible for management of supply chain. He is also the general manager of Chengdu Xintuo. Mr. Sun has nearly 16 years of experience regarding the management of factories of foreign companies in different industries and fields, and is familiar with the lean manufacturing system, as well as the ISO13485 Medical Device Quality Management System. Mr. Sun served as the operation director of Alere (Shanghai) Diagnostics Co., Ltd. (雅培診斷產品(上海)有限公司) from July 2018 to June 2021. From September 2014 to July 2018, Mr. Sun served as an engineering manager of Dumex Baby Food Co., Ltd. (多美滋嬰幼兒食品有限公司). From August 2012 to September 2014, he served as an electrical manager at the manufacturing and engineering department of Perfetti Van Melle (China) Limited (不凡帝范梅勒糖果(中國)有限公司). From July 2009 to August 2012, Mr. Sun served as the electrical and energy director of the engineering maintenance department of Owens Corning (Shanghai) Fiberglas Co., Ltd. (上海歐文斯科寧玻璃纖維有限公司). From July 2007 to June 2009, he served as an electrical engineer at the engineering department of Saint-Gobain Gypsum Shanghai Co., Ltd. (聖戈班石膏建材(上海)有限公司).

Mr. Sun obtained a bachelor's degree in electrical engineering and automation from Shanghai University of Engineering Science (上海工程技術大學) in June 2007.

Dr. Qin Rui (秦瑞), aged 37, is the Advanced Director of Corporate Development and Project Management of the Group. She joined the Group in December 2022 and is responsible for project management, corporate strategy and business development. Dr. Qin has nearly ten years of experience in general management, business development and investment and financing management in the field of medical device. Prior to joining the Group, she served as a chief operating officer at Shanghai Psytech Electronic Technology Co., Ltd. from September 2021 to October 2022, Deputy General Manager at Hangzhou Oway Medical Technology Co., Ltd. from March 2019 to August 2021, and worked at Berlin headquarter of Neuromotion Group from March 2016 to February 2019 as a senior manager of project management and business development.

Dr. Qin obtained her bachelor's degree in international Chinese language from Wu Yuzhang Honors College of Sichuan University (四川大學吳玉章榮譽學院) in China in August 2010. She obtained her master's degree and doctoral degree in clinical linguistics and neuroscience from the University of Groningen in the Netherlands in August 2012 and January 2016, respectively.

Ms. He Xiaoyan (何小燕), aged 42, is the Advanced Director of Human Capital and Integrated Management of the Group. She joined our Group in October 2023. Ms. He has nearly 21 years of experience in human resources management with profound understanding of medical devices industry. Prior to joining our Group, Ms. He worked at Johnson & Johnson China Medical Devices Co., Ltd. for more than ten years, and held different core human resources positions supporting various business segments such as orthopedics and surgery, and accumulated solid experience. Before joining Johnson & Johnson, Ms. He worked at P&G China.

Ms. He obtained her bachelor's degree in English from Nanjing Normal University (南京師範大學) in China in June 2005.

Director and Senior Management Resigned Subsequent to December 31, 2024

Mr. Jeffrey R Lindstrom, aged 59, had been an executive Director and the President of our Company, and a director and the general manager of MP CardioFlow from August 29, 2023 to March 27 2025. He joined our Group in January 2022 as the vice president (R&D) of the Company.

Mr. Lindstrom has over 27 years R&D experience in the minimally invasive interventional medical device industry. Prior to joining the Group, he served as senior director of engineering in Edwards Lifesciences Corporation (New York Stock Exchange ticker symbol: EW) since 2012, where he was responsible for developing the R&D strategy, directing and managing the R&D activities, overseeing the full product development lifecycle, leading the development and commercialization of the electric transcatheter heart valve system and leading the development and clinical evaluation of the embolic protection system. From 2008 to 2012, he served as R&D director of The Spectranetics Corporation. From 1998 to 2006, he served as R&D manager of Abbott Vascular (formerly known as Guidant Corporation). Mr. Lindstrom obtained his bachelor's degree in chemical engineering from Illinois Institute of Technology in the United States in 1996. He also obtained the certificate of general management from UCLA Anderson School of Management in the United States in 2016. He owns six patents relating to the cardiovascular medical devices.

Mr. Lindstrom resigned as an executive Director, President of our Company, and a director and the general manager of MP CardioFlow with effect from March 27, 2025. Please refer to the announcement dated March 27, 2025.

Save as disclosed above, none of our Directors and senior management held any directorship in any public companies, the shares of which are listed in the Stock Exchange or overseas stock markets during the three years prior to the date of this annual report.

To the best of the Board's knowledge, information and belief, save as disclosed in the annual report, our Directors and senior management do not have any relationship amongst them.

JOINT COMPANY SECRETARY

Ms. Li Xiangmei (李香梅) was appointed as one of our joint company secretaries on October 27, 2020. She has been taking the position of the Board secretary of our Group since she joined our Group in February 2020. Prior to that, she has been working as senior manager and manager of shareholders and securities affairs in the MicroPort® Group from December 2014 to January 2020.

Prior to joining the MicroPort® Group, Ms. Li worked at Sinopec Shanghai Petrochemical Company Limited (中國石化上海石油化工股份有限公司), a petrochemical company listed on the Stock Exchange (stock code: 0338) and the Shanghai Stock Exchange (stock code: 600688) as an investor relations manager from February 2006 to December 2014, during which she also received the senior economist qualification issued by China Petrochemical Corporation (中國石油化工集團公司) in November 2014.

Ms. Li obtained a bachelor's degree of arts and bachelor's degree of business administration (double degree) from Zhengzhou University (鄭州大學) in China in July 2002. She obtained a master's degree of corporate governance from the Open University of Hong Kong (currently known as Hong Kong Metropolitan University) in 2021. She has been an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute since 2021.

Ms. Chan Lok Yee (陳樂而) was appointed as one of our joint company secretaries on October 27, 2020. Ms. Chan is currently a senior manager of Company Secretarial Services of Vistra Corporate Services (HK) Limited, a professional provider of corporate services. She has had over ten years of experience in providing company secretarial and compliance services to private and listed companies. Ms. Chan obtained a bachelor's degree of arts from The Hong Kong Polytechnic University and a master's degree of science in professional accounting and corporate governance from The City University of Hong Kong. She has been an associate member of The Hong Kong Institute of Chartered Secretaries (now known as The Hong Kong Chartered Governance Institute) and an associate member of The Institute of Chartered Secretaries and Administrators (now known as The Chartered Governance Institute) in the United Kingdom since 2015.

CHANGES TO DIRECTORS' INFORMATION

On March 27, 2025, (i) Mr. Jeffrey R Lindstrom resigned as an executive Director, President, and a director and the general manager of MP CardioFlow; and (ii) Mr. Zhang Ruinian (張瑞年) has been appointed as an executive Director, President, and a director and the general manager of MP CardioFlow.

Save as disclosed in this section, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

In 2024, driven by policy support, market demand and medical insurance access, the China's structural heart diseases industry achieved steady growth, but also faced the challenges from the sophisticated economic environment and intensified competition in the industry. As one of the important means of interventional treatment of structural heart diseases, 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 of the TAVI procedures has increased, with a further increase in the penetration rate and a steady growth in the industry scale. In addition, as an effective means for stroke prevention in patients with nonvalvular atrial fibrillation, the LAAC has made breakthroughs in several key areas, including evidence-based medical research, clinical application, development of new technologies and updating of guidelines. Meanwhile, with the promotion of the "catheter ablation + LAAC" one-stop procedure, the number of procedures has also increased rapidly.

During the Reporting Period, the Group's TAVI products made significant progress in global commercialization based on their excellent clinical results and high recognition from physicians and patients in real-world applications. In China, new access to more than 80 additional hospitals brought the Company's current business coverage to more than 650 hospitals, and maintained stable growth in leading hospitals. In overseas, VitaFlow Liberty® obtained CE Mark in April 2024, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, and laying a solid foundation for the rapid growth of our overseas revenue. By the end of the Reporting Period, our TAVI products have entered nearly 100 overseas hospitals in Argentina, Colombia, Thailand, Russia, Italy, Spain, Chile and Switzerland.

During the Reporting Period, we acquired 51% equity interest in MP CardioAdvent, marking the official expansion of the Group's business into stroke prevention in patients with nonvalvular atrial fibrillation, a market segment with high growth potential in the field of structural heart diseases, which will further expand the revenue sources of the Group, and enhance its competitiveness. The self-developed AnchorMan® LAAC System by MP CardioAdvent was approved by the NMPA in January 2024, and received CE Mark in February 2025, making it the only semi-closed type LAAC product approved by the NMPA in China so far, and the only LAAC System certified by both CE and the NMPA in China, while its supporting AnchorMan® LAAA System has also successively received the NMPA and CE Mark approvals.

As of the date of this annual report, AnchorMan® LAAC System and its access system have achieved over 400 commercial applications in more than 50 medical centers across 15 provinces and cities in China, with no serious complications and a 100% success rate.

Our global registrations were also progressing steadily during the Reporting Period: our third-generation TAVI product, VitaFlow Liberty® Flex, which is equipped with a newly upgraded coaxial steerable delivery system, has received the approval from the NMPA in December 2024, making it the world's only "true" coaxial steerable self-expanding transcatheter aortic heart valve delivery system. As of the date of this annual report, including the CE Mark of VitaFlow Liberty®, AnchorMan® LAAC System and its access system, VitaFlow Liberty® has received registration approval in 18 countries/territories in total. The registrations of VitaFlow Liberty® and Alwide® Plus have also reached milestone achievements in emerging markets such as Brazil, Australia and Mexico; the registration of AnchorMan® LAAC System and AnchorMan® LAAA System in emerging markets was also under preparation. With the successive registrations of our products in overseas markets, we will further expand our business coverage and accelerate global business development by continuously leveraging on the global visibility of the MicroPort® brand and the existing sales network of the MicroPort® Group.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. During the Reporting Period, adhering to the principle of intensification, we have consolidated resources for projects candidates, and planned progress of projects reasonably, thereby more efficiently advancing the R&D process of products that can quickly generate revenues, and orderly promoting the medium-and long-term projects to achieve the R&D milestones. Our self-developed four-generation TAVI product, VitaFlow® IV, is about to finalize its design, while our self-developed TMVR product has completed multiple human applications, and successfully completed the postoperative follow-ups of relevant patients for up to two years with an inspiring result.

In addition to self-development, we have been actively seeking opportunities to collaborate with advanced products and technologies, both domestic and overseas, in the field of structural heart disease in order to expand our product portfolio. During the Reporting Period, AltaValve™, a TMVR product in collaboration with our business partners, was granted two breakthrough device designations by the FDA for the treatment of (a) moderate-to-severe or severe MR, and (b) moderate-to-severe or severe MR with moderate/severe mitral annular calcification, which fully demonstrated the innovative results and leading position of the AltaValve™ system in the field of mitral regurgitation interventional therapy. As of the date of this annual report, AltaValve™ has conducted pivotal clinical study based on the IDE approved by the FDA.

Our Pipeline

As of the date of this annual report, our in-house developed product portfolio consists of seven registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), VitaFlow Liberty® Flex, Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAAA System, and various TAVI products, TMV products, TTV products, LAA products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

The following chart summarizes our product portfolio comprised of the products that we developed in house and in collaboration with our business partners as of the end of the Reporting Period:

Product				Pre-clinical	Clinical trial	Registration
Aortic valve products	VitaFlow® System	VitaFlow®				Launched Successfully registered in Argentina and Thailand
		Alwide® balloon catheter*				Launched Successfully registered in Argentina and Thailand
	VitaFlow Liberty® System	VitaFlow Liberty® *(Retrievable)*	★			Launched Successfully registered in 16 countries/regions including EU, Argentina, India and Russia
			★			Registration in emerging markets in progress
		Angelguide® tip-preshaped super stiff guidewire*				Launched Successfully registered in Argentina, Colombia, and Brazil
	VitaFlow Liberty® Flex *(Steerable delivery system)*		★			Launched
	VitaFlow® IV *(Lower profile, better durability and hydrodynamic properties)*		★	Design stage		
	Self- developed AR product		★	Design stage		
Mitral valve products	Self-developed replacement product		★	FIM Study		
	AltaValve™ – Replacement product		★	FIM Study		
	(Partnership with 4C Medical – commercialization rights in China)		★	Pivotal IDE study in progress		
Tricuspid valve products	Self-developed replacement product		★	Design stage		
	Replacement product *(Partnership with 4C Medical)*		★	Design stage		
Procedural accessories	Alwide® Plus balloon catheter		★			Launched Successfully registered in 10 countries including Argentina, Colombia and Russia
			★			CE Marking registration and registration in emerging markets in progress
	AccuSniper™ double-layer balloon catheter					Launched
Left Atrial Appendage products	AnchorMan® Left Atrial Appendage Access System		★			Launched Received CE mark
	AnchorMan® Left Atrial Appendage Closure System		★			Launched
			★			Received CE mark
	New Gen. AnchorMan® Left Atrial Appendage Closure System		★	Design stage		
	New Gen. AnchorMan® Left Atrial Appendage Access System (steerable)		★	Design stage		

China status Global status

★ Major Progress during the Reporting Period

* These procedural accessories are registered and commercialized offered as part of VitaFlow® or VitaFlow Liberty® system and are not registered as standalone product in China.

VitaFlow®

Our self-developed first-generation TAVI product, VitaFlow®, obtained the NMPA approval for registration in July 2019 and started to commercialize in China in August 2019. VitaFlow® primarily consists of a PAV, a motorized delivery system and certain procedural accessories. The PAV is a self-expanding bio-prosthesis valve that is manufactured by suturing bovine pericardial valve leaflets and a double-layer PET skirt onto a self-expanding nitinol frame. The motorized delivery system consists of a catheter and a motorized handle. The procedural accessory is our first-generation Alwide® balloon catheter, which is designed to help physicians overcome the challenges in performing TAVI procedures.

We conducted a prospective, multi-center and single-arm pivotal clinical trial in China with VitaFlow®, which enrolled 110 patients with STS Score of 8.8%. The 5-year follow-up results of the clinical trial were released in July 2022, in which the all-cause mortality rate at 5-year follow-up was 18.2%, and the incidence of major stroke cases was only 2.1%; during the Reporting Period, the 8-year follow-up results of the clinical trial were released, in which the all-cause mortality rate at 8-year follow-up was 39.1%, and the cardiac mortality rate was only 20.6%. Compared with other commercially available TAVI products in China, VitaFlow® performed better in terms of all-cause mortality rate and postoperative complications (including moderate/severe PVL, major stroke and vascular complications). This excellent clinical data provides strong support for the safety and efficacy of VitaFlow®, as well as a solid clinical basis for the global expansion of the product.

In July 2020 and November 2020, VitaFlow® was registered in Argentina and Thailand, respectively.

VitaFlow Liberty®

VitaFlow Liberty® is our self-developed second-generation TAVI product, which consists of a PAV, a motorized delivery system and a tip-preshaped super stiff guidewire Angelguide®, where the PAV adopts the same design with VitaFlow®. Compared with VitaFlow®, the key upgrade for VitaFlow Liberty® lies in the unique and innovative structure of the delivery system that enables retrieval of the PAV while ensuring excellent navigability, which helps to traverse challenging anatomical structures. The system is equipped with the only commercialized motorized handle worldwide, enabling deployment and retrieval of the PAV being conducted in a stable, accurate and fast manner. A physician may retrieve the PAV up to three times if it is not placed accurately at the designated position during deployment of the PAV, provided that the deployment does not exceed 75% of the maximal deployment range. The retrieval function helps increase the accuracy of positioning the PAV, thereby further improving the overall success rate of the TAVI procedure. In addition, Angelguide® features high guidewire rail support and smooth transition to reduce the risk of vascular damage and enhance the accuracy of deployment. VitaFlow Liberty® has won the German Red Dot Award: Product Design and the Italy A' Design Award for its innovative design concept and outstanding product performance, showing the international recognition of our innovative product design and the CardioFlow brand and laying a solid foundation for the internationalization of VitaFlow Liberty®.

VitaFlow Liberty® obtained the NMPA approval for registration in August 2021 and received CE-MDR certification in April 2024. In addition, as of the date of this annual report, VitaFlow Liberty® was successively registered in 17 overseas countries/territories, such as Argentina, Colombia, Thailand and Russia, etc.. We are also in the process of registering VitaFlow Liberty® in emerging markets, such as Australia and Mexico, etc..

VitaFlow Liberty® Flex

VitaFlow Liberty® Flex is our third-generation TAVI product, which has received the approval from the NMPA in December 2024, making it the world's only "true" coaxial steerable self-expanding transcatheter aortic heart valve delivery system. It inherits all the advantages of VitaFlow Liberty®, and innovatively adds a 3D spatial steerable function. Its unique Capsule segment internal control steerable technology allows the valve to remain coaxial during release, resulting in a more stable and precise implantation as well as a smoother and safer over-arching and trans-valve. In addition, the system realizes junctional alignment during valve release, protecting the coronary artery pathway and reserving space for future coronary artery interventions. VitaFlow Liberty® Flex will provide physicians with more excellent ease-of-use that will benefit more patients. As of the date of this annual report, VitaFlow Liberty® Flex has realized commercialization and its results of several early exploratory clinical implantations have been announced, with excellent immediate surgical outcomes, significant improvement in relevant indicators of patients at 30-day follow-up compared to pre-surgery, and good health recovery in patients whose postoperative follow-ups for up to one year.

AnchorMan® LAAC System and AnchorMan® LAAA System

The Group's self-developed AnchorMan® LAAC System and AnchorMan® LAAA System are interventional medical solutions for stroke prevention in nonvalvular atrial fibrillation. Compared to traditional open and closed LAAC, AnchorMan® LAAC System combines their merits. Through the semi-closed structure formed by the 12 "3D folding" units and the frame, it solves the clinical pain point that the access sheath of the traditional plug-in closure device must deep into the atrial appendage, and achieves stable anchoring; its rounded and soft distal end could reduce damage to the atrial appendage tissue; the dense NiTi alloy frame design allows very tight conformity to the anatomy of atrial appendage and achieves better sealing performance; in addition, two deployment models of advancement and unsheathe are available to provide more options for physicians. AnchorMan® LAAA System is compatible with AnchorMan® LAAC System to provide the femoral venous and trans-atrial septal access.

VitaFlow® IV

We are developing the fourth-generation product of the VitaFlow series, which will continue the technical features of this series, such as controllable bending and strong support. At the same time, we are continuously focusing on enhancing safety and effectiveness, and such as providing better choices for physicians in terms of low profile, durability and hydrodynamics to provide patients with products that are both reliable and affordable. The product is currently in the R&D and design stage.

We may not be able to successfully develop and commercialize the fourth-generation TAVI product.

TMVR Product

We are developing a TMVR product for the treatment of patients with MR, which is featured with large orifice, low subvalvular height and dry tissue technology, and its operation is simple and physician-friendly. We have now completed multiple human applications of the TMVR product and postoperative follow-ups of relevant patients for up to two years and are advancing the human application and validation of the product in multiple centers, so as to accumulate clinical experience for the subsequent large scale clinical trials of the product.

We may not be able to successfully develop and commercialize TMVR product.

R&D

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases" by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group's sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of our Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protections such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

In January 2024, the Company acquired 51% equity in MP CardioAdvent, which then owned 16 Chinese patents, 22 pending Chinese patent applications, 3 overseas patents, 23 pending overseas patent applications, and 19 approved trademarks worldwide.

During the Reporting Period, we newly registered 39 patents and submitted 29 pending patent applications in China. Meanwhile, we added a total of 17 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 231 patents in China, including 67 invention patents, 153 utility models and 11 industry designs, and 145 pending patent applications, including 139 invention patents and 6 utility models. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 129 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our R&D team. As of the end of the Reporting Period, with 12 newly registered ones, the total number of our approved trademarks worldwide reached 120.

Supply Chain

Our production plant with a total GFA of approximately 14,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of TAVI products and 6,000 sets of LAAC products, providing a solid supply guarantee for the continuous improvement on sales and supporting our Group's rapid development in the future. Our production facilities and equipment follow the GMP of the EU and China. During the Reporting Period, we completed the acquisition of 100% equity in Shanghai Xinyong. Shanghai Xinyong holds the state-owned land use right for a high-tech designated land parcel in Shanghai with an area of 13,320 sq.m, as well as buildings on the target land with a total GFA of nearly 9,000 sq.m. We plan to develop this site as the Group's global headquarters for the expansion of our business operations in R&D, production, and office purposes, as well as establish it as a R&D and production base for LAA medical devices. This addresses the anticipated near-term shortage of R&D and production space across several business lines of the Group, particularly to timely meet the capacity expansion demands for LAA medical devices.

Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and agility, and continuously optimize product costs. We have also achieved in-house production of certain key raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality control system, further introduced the concept of excellent operation, and continued to strengthen the construction of the manufacturing system to realize the continuous improvement on production efficiency.

Commercialization

As of the date of this annual report, we had commercialized our TAVI products in 18 countries, including China, Argentina, Colombia, Thailand, Russia, Chili and Switzerland through over 650 domestic hospitals and nearly 100 overseas hospitals. The Independent Physicians of our TAVI products are over 450 in China and nearly 50 overseas. Our LAAC products have been adopted in over 50 domestic hospitals, completed over 400 commercial applications and cultivated nearly 50 Independent Physicians.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions, which aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases, including TAVI and LAAC. As of the end of the Reporting Period, our Total Solutions Team had over 160 full-time employees. We leverage on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which brought synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play. We are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care, and helped more TAVI patients complete their diagnosis and treatment conveniently.

We carry out logistics, dispatch, warehousing and other works with the help of platform providers, and sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who are provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a strong supplement of our Total Solutions team.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's influence within the international academic circle of structural heart diseases. During the Reporting Period, we participated in well-known international academic conferences such as Hangzhou Valves, Annual Meeting of the Asian Society for Cardiovascular and Thoracic Surgery (ASCVTS), 2024 West China Atrial Fibrillation Week, the Oriental Congress of Cardiology and the World Congress of Cardiology (OCC-WCC 2024), Beijing Valves, Chinese Heart Rhythm Society Scientific Sessions (CHRS 2024), EuroPCR, Italian Society of Interventional Cardiology National Congress (GISE), Coronary and Structural Course (CSC) and London Valves (PCR London Valves), shared the latest clinical information of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Employees and Remuneration

As of December 31, 2024, our Group had a total of 430 full-time employees (as of December 31, 2023: 592 full-time employees), of which 10.70% were R&D staff and 36.74% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives. The Company has adopted the Share Scheme, the Share Award Scheme and Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

On January 1, 2024, MicroPort Sinica and Shanghai Zuoqing (as the sellers), MP CardioFlow (as the purchaser) and MP CardioAdvent entered into the MP CardioAdvent Equity Transfer Agreement, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, 51% equity interest in MP CardioAdvent at a consideration of approximately RMB141,316,920. Upon completion, MP CardioFlow held 51% equity interest in MP CardioAdvent and MP CardioAdvent became a subsidiary of the Company. Please refer to the announcement of the Company dated January 1, 2024 for details.

On August 22, 2024, MP CardioFlow and Shanghai MicroPort Medical entered into the Shanghai Xinyong Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and the Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in Shanghai Xinyong at a consideration not exceeding RMB380.0 million. Upon completion, Shanghai Xinyong become a subsidiary of our Company. Such transaction was approved by the Shareholders on September 30, 2024. Please refer to the Company's circular dated August 29, 2024 and announcements dated August 22, 2024 and September 20, 2024, for further details.

Save as disclosed above, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Important Events after the Reporting Period

On March 5, 2025, an associate of the Group, 4C Medical, has closed its series D financing round, raising gross proceeds of up to US$175.0 million.

With effect from March 27, 2025, Mr. Jeffrey R Lindstrom resigned as an executive Director, President of the Company, and a director and the general manager of MP CardioFlow and Mr. Zhang Ruinian (張瑞年) has been appointed as an executive Director and President of the Company, and a director and the general manager of MP CardioFlow. For further details, please refer to the Company's announcement dated March 27, 2025.

On April 1, 2025 (after trading hours), MP CardioFlow entered into a property lease agreement with Shanghai MicroPort Medical, pursuant to which MP CardioFlow agrees to lease a property to Shanghai MicroPort Medical for the R&D and offices purposes for a term from April 1, 2025 to March 31, 2028 (both days inclusive). For further details, please refer to the Company's announcement dated April 1, 2025.

Save as disclosed above, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to December 31, 2024 and up to the date of this annual report.

Future Development

We intend to capitalize our strengths to pursue our business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase the sales of our TAVI products in China through the following:

- Deepen multi-level hospital coverage and procedure penetration. With the positive clinical trial results of VitaFlow® and VitaFlow Liberty® and positive feedback from physicians and patients in real-world applications, we will accelerate the penetration of qualified medical centers in China, use layered management onto the hospitals covered according to the volume of TAVI procedures and the number of Independent Physicians, achieve/consolidate advantages by formulating differentiated sales strategies and training programs, and continue to enhance the penetration of TAVI procedures and the market share of our TAVI products.

- Enhance patient discovery and referral. We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there are still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.

- Build academic brand to achieve professional education and promotion. We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.

- Conduct long-term postoperative follow-ups and efficacy evaluation. We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

Strengthen promotion of LAAC products to improve its market share in China

Based on the excellent clinical results of our LAAC products and our years of experience and resources in the field of structural heart disease, we will strengthen the promotion of LAAC products and strive to rapidly increase its market share in China.

By collaborating with electrophysiology manufacturers to promote the "catheter ablation + LAAC" one-stop procedure, we are accelerating the commercialization of LAAC.

Continue to advance our international strategy

Including CE mark, VitaFlow Liberty® has received registration approvals in 17 overseas countries and territories. AnchorMan® LAAC System and AnchorMan® LAAA System have received the CE Mark, and Alwide® Plus has entered the key stages of CE Mark registration, which lays a good foundation for our international strategy. We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy.

We have selected European and other emerging markets, especially countries that recognize CE Mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, AnchorMan® LAAC System and AnchorMan® LAAA System, and leverage on the global recognition of the MicroPort® brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets. Leveraging on the extensive experience and the expertise of our international scientific advisory board, we intend to participate in more internationally renowned cardiovascular disease conferences, and to introduce our products by organizing presentations, publishing case studies and demonstrating live surgeries, so as to enhance our brand awareness globally.

Orderly advance the R&D of new products

Capitalizing our market position and extensive know-how in structural heart diseases, and working closely with our international scientific advisory board and KOLs to understand the clinical demands, market trends and technology breakthroughs, we continue our focus on the development of other pipeline products to expand our product portfolio, including TAVI, TMV, TTV, LAAC and next-generation procedural accessories designated to strengthen our leading market position in medical devices for structural heart diseases.

Seek external cooperation to expand product portfolio

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of structural heart diseases, explore opportunities for cooperation and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Strengthen full life cycle management of products, and improve operational efficiency

We will fully initiate the full life cycle management of products by introducing a cross-functional team from the planning and pre-research stage of new products to accelerate the development process of new products through close cooperation with the cross-functional team, to continuously improve the design for assembly and design for manufacturability during product design, to help achieve the smooth transition between new product R&D and mass production, further improve our production efficiency, and continuously lower the manufacturing costs under the premise of ensuring product quality, so as to cope with increasingly fierce market competition and support the long-term growth of our Company. At the same time, we will also apply advanced information technology systems to further enhance and improve the quality and efficiency of our operations and management.

Focus on costs reduction and expenditures control to accelerate the profitability process

With the robustness of the financial statements as our priority, we will further minimize our losses by focusing on our business, increasing revenues, cutting costs and reducing expenses, and strive to achieve breakeven as soon as possible while maintaining a steady growth in revenues.

FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, our revenue was generated from the sales of our commercialized products, VitaFlow®, VitaFlow Liberty®, AnchorMan® LAAA System and AnchorMan® LAAC System.

For the year ended December 31, 2024, the Group recorded revenue of RMB361.6 million, representing an increase of 7.5% compared to RMB336.2 million for the year ended December 31, 2023, primarily attributable to the rapid growth in our overseas revenue of TAVI products, which mainly contributed by the continued advancement of the VitaFlow Liberty® and the Alwide® Plus in terms of global commercialization during the Reporting Period. In addition, the AnchorMan® LAAA System and AnchorMan® LAAC System independently developed by our subsidiary, MP CardioAdvent, were officially commercialized in the PRC during the Reporting Period, contributing incremental revenue to the Group as well.

Cost of Sales

During the Reporting Period, our cost of sales was related to the manufacturing of VitaFlow®, VitaFlow Liberty®, AnchorMan® LAAA System and AnchorMan® LAAC System. Our cost of sales increased by 3.8% from RMB106.3 million for the year ended December 31, 2023 to RMB110.4 million for the year ended December 31, 2024, primarily due to the increase of raw materials costs, staff costs and manufacturing expenses as a result of the increased sales volumes.

Gross Profit and Gross Profit Margin

Our gross profit increased by 9.3% from RMB229.9 million for the year ended December 31, 2023 to RMB251.2 million for the year ended December 31, 2024, and the gross profit margin increased by 1.1 percentage points from 68.4% for the year ended December 31, 2023 to 69.5% for the year ended December 31, 2024, primarily due to our effective costs reduction and expenditures control measures and the economies of scale we achieved in line with our business growth.

Other Net Income

For the year ended December 31, 2024, we recorded RMB84.3 million in other net income, compared to RMB91.8 million for the year ended December 31, 2023, primarily due to the decrease in interest income arising from time deposits during the Reporting Period.

R&D Costs

Our R&D costs decreased by 35.4% from RMB237.3 million for the year ended December 31, 2023 to RMB153.4 million for the year ended December 31, 2024, primarily attributable to the adjustments in the priority and resource investment of projects based on the prevailing market outlook and the efficiency analysis on input-output in a prudent manner. The following table provides information regarding the breakdown of the R&D costs of the Company for the years indicated:

	For the year ended December 31,	
	2024	2023
	RMB'000	RMB'000
Staff costs	**48,280**	80,746
Depreciation and amortization	**43,840**	38,967
Third-party contracting costs	**35,104**	43,112
Cost of materials and consumables	**19,221**	60,714
Share-based compensation expenses	**2,547**	3,949
Others	**4,417**	9,854
Total	**153,409**	237,342

Distribution Costs

Our distribution costs decreased by 26.1% from RMB223.0 million for the year ended December 31, 2023 to RMB164.8 million for the year ended December 31, 2024, primarily attributable to the effort to strengthen the synergies and interconnections of sales channels while expanding our sales, and the improvement of operational efficiency.

Administrative Expenses

Our administrative expenses decreased by 18.0% from RMB70.2 million for the year ended December 31, 2023 to RMB57.6 million for the year ended December 31, 2024, primarily attributable to the Company's stringent control and reduction of administrative expenses to further enhance the operational efficiency.

Fair Value Changes in Financial Instruments

The gain on fair value changes in financial instruments was RMB21.7 million for the year ended December 31, 2024 (a loss on fair value changes for the year ended December 31, 2023 of RMB50.2 million), which mainly arose from the fair value changes of the convertible instruments issued by 4C Medical.

Other Operating Costs

Our other operating costs decreased from RMB54.6 million for the year ended December 31, 2023 to RMB44.0 million for the year ended December 31, 2024, primarily due to the decrease in donations made during the Reporting Period.

Finance Costs

Our finance costs decreased from RMB4.1 million for the year ended December 31, 2023 to RMB4.0 million for the year ended December 31, 2024, primarily attributable to a decrease in interest expense on lease liabilities.

Share of Losses of Associates

Our share of losses of associates increased from RMB49.7 million for the year ended December 31, 2023 to RMB61.7 million for the year ended December 31, 2024, which was primarily attributable to the losses incurred by 4C Medical under the equity method during the Reporting Period.

Share of Losses of a Joint Venture

For the year ended December 31, 2024, we did not record any share of losses of a joint venture (as of December 31, 2023: RMB14.7 million), primarily since our Group has obtained the control of Rose Emblem Ltd. (a former joint venture of the Group) in November 2023.

Impairment Loss on Investment in an Associate

The reversal of impairment loss on investment in an associate was RMB82.0 million for the year ended December 31, 2024, compared to a provision of RMB81.3 million for impairment loss on investment in an associate for the year ended December 31, 2023, which was primarily attributable to the reversal of impairment loss previously recognized for the equity investment in 4C Medical.

Inventories

Our inventories increased from RMB122.9 million as of December 31, 2023 to RMB135.4 million as of December 31, 2024, which was primarily attributable to the stock built up for the newly launched LAA products and TAVI products in various overseas markets.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables and (iii) interest receivables; (iv) prepayments to suppliers and service providers; and (v) deposits and other debtors.

Our trade and other receivables increased from RMB144.8 million as of December 31, 2023 to RMB180.0 million as of December 31, 2024, primarily attributable to the increased revenue.

Interests in Associates

Our interest in associates increased from RMB143.1 million as of December 31, 2023 to RMB165.8 million as of December 31, 2024, mainly attributable to the reversal of impairment loss on the equity investment in 4C Medical partially offset by the losses recognized under equity method.

Other Financial Assets

Our financial assets increased from RMB24.3 million as of December 31, 2023 to RMB92.6 million as of December 31, 2024, mainly attributable to the newly acquired convertible instruments issued by 4C Medical and the gain on fair value changes therein during the Reporting Period.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges.

Our trade and other payables increased from RMB152.9 million as of December 31, 2023 to RMB358.6 million as of December 31, 2024, primarily due to consideration payables in connection with the acquisition of Shanghai Xinyong, during the Reporting Period.

Capital Expenditure

Our capital expenditure amounted to RMB158.4 million during the Reporting Period (RMB14.1 million during 2023), which was used for acquiring (i) properties; and (ii) equipment, machinery and software.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of December 31, 2024, a portion of the Group's bank balances was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of December 31, 2024.

Contingent Liabilities

As of December 31, 2024, we did not have any contingent liabilities.

Capital Management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and make adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents decreased from RMB1,773.7 million as of December 31, 2023 to RMB1,359.1 million as of December 31, 2024, primarily attributable to continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Borrowings and Gearing Ratio

Our Group's total borrowings as of December 31, 2024 were RMB41.5 million (as of December 31, 2023: nil). As of December 31, 2024, the gearing ratio of our Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity as of the same date) increased to 3.5%, compared to 3.0% as of December 31, 2023, which was mainly due to the borrowings of our subsidiary, MP CardioAdvent.

Net Current Assets

The Group's net current assets as of December 31, 2024 were RMB1,240.6 million, as compared to the net current assets of RMB1,847.8 million as of December 31, 2023. Such decrease was mainly attributable to a decrease in cash and cash equivalents.

Charge on Asset

As of December 31, 2024, there was no charge on assets of the Group.

DIRECTORS' REPORT

The Board is pleased to present this report of Directors together with the consolidated financial statements of the Group for the year ended December 31, 2024.

BOARD OF DIRECTORS

The Board currently comprises three executive Directors, three non-executive Directors and three independent non-executive Directors.

The Directors during the year ended December 31, 2024 and up to the date of the Latest Practicable Date are:

Executive Directors

Mr. Zhang Ruinian *(appointed with effect from March 27, 2025)*
Mr. Zhao Liang
Ms. Yan Luying
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*

Non-Executive Directors

Mr. Chen Guoming *(Chairman of the Board)*
Mr. Zhang Junjie
Ms. Wu Xia

Independent Non-Executive Directors

Mr. Jonathan H. Chou
Ms. Sun Zhixiang
Dr. Ding Jiandong

GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on January 10, 2019 as an exempted limited liability company under the laws of the Cayman Islands. The Shares were listed on the Main Board of the Stock Exchange on February 4, 2021.

PRINCIPAL ACTIVITIES

We are a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases, dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases.

RESULTS

The results of the Group for the year ended December 31, 2024 are set out in the consolidated statement of profit or loss on page 167 of this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year is set out in the section headed "Important Events after the Reporting Period" in this annual report. The discussion of the Company's key relationships with its employees, suppliers and others that have a significant impact on the Company is set out in the section headed "Relationships with Key Stakeholders" in this annual report.

PRINCIPAL RISKS AND UNCERTAINTIES

The following list is a summary of certain principal risks and uncertainties faced by the Group, some of which are beyond its control:

- we have incurred significant net losses since inception and expect to continue to incur losses, and may never achieve or maintain profitability. As a result, you may lose substantially all of your investment in us if our business fails;

- we just begun commercializing our products in 2019 and our sales currently mainly rely on our seven commercial products, VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), VitaFlow Liberty® Flex, Alwide® Plus and AccuSniper™ as well as the self developed AnchorMan® LAAC System and AnchorMan® LAAA System of MP CardioAdvent, which may make it difficult to evaluate our future prospects. As a result, you may lose substantially all of your investment in us given the nature of biotech industry;

- our future growth depends substantially on the success of our pipeline products. If we are unable to successfully complete clinical development, obtain regulatory approval and commercialize our pipeline products, or experience significant delays in doing so, our business may be materially and adversely affected;

- if our products cause, or are perceived to cause, severe adverse events, our reputation, revenue and profitability could be materially and adversely affected;
- if we fail to effectively expand our overseas business, our business prospects may be adversely affected; and
- if we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected.

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

ENVIRONMENTAL POLICIES AND PERFORMANCE

It is our corporate and social responsibility in promoting a sustainable and environmental-friendly environment. We strive to minimize our environmental impact and to build our corporation in a sustainable way.

We are subject to environmental protection and occupational health and safety laws and regulations in China. In 2024, we complied with the relevant environmental and occupational health and safety laws and regulations in China, and we did not have any incidents or complaints, which had a material and adverse effect on our business, financial condition or results of operations.

A comprehensive review on the Company's environmental policies and performance during the year of 2024 is provided in the "Environment, Social and Governance Report" from page 108 to page 160 of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. For the year ended December 31, 2024, there was no material breach of, or non-compliance with, applicable laws and regulations by the Group.

EMPLOYEE AND REMUNERATION POLICIES

As of December 31, 2024, the Group had a total of 430 full-time employees (as of December 31, 2023: 592 full-time employees).

The number of employees employed by the Group varies from time to time depending on need. The remuneration package of our employees includes salary and bonus, which are generally determined by their qualifications, industry experience, position and performance. The Company makes contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

The Company has adopted the Share Scheme, the Share Award Scheme and the Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants. Please refer to the section headed "Share Incentive Schemes" in this annual report for further details. For the year ended December 31, 2024, the Group did not experience any material labor disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations, or any difficulty in recruiting employees.

MAJOR SUPPLIERS

Our principal raw materials for the manufacturing of TAVI products are bovine pericardium and nitinol components. To ensure the quality of our principal raw materials, we only procure bovine pericardium and nitinol components from selected suppliers that can satisfy our stringent raw material requirements. We procure bovine pericardium from Chengdu Xintuo Biotechnology Company Limited (成都心拓生物科技有限公司), a wholly-owned subsidiary of the Company, and one qualified supplier in Australia, where bovine pericardium has not been affected by bovine spongiform encephalopathy. Our nitinol components are mainly procured from Germany.

For the year ended December 31, 2024, purchases from the Group's five largest suppliers amounted to RMB65.5 million (2023: RMB68.5 million), accounting for approximately 39.5% (2023: 19.8%) of the Group's total purchase amount in the same year. The Group's purchase from the largest supplier for the year ended December 31, 2024 amounted to RMB19.9 million (2023: RMB27.5 million), accounting for approximately 12.0% (2023: 2.2%) of the Group's total purchase amount for the same year.

To the best knowledge of the Company, none of the Directors, their respective close associates, or any shareholder of the Company who, owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest suppliers.

For the year ended December 31, 2024, the Group did not experience any significant disputes with its suppliers.

MAJOR CUSTOMERS

At the end of the Reporting Period, we owned seven in-house developed commercialized products, VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), VitaFlow Liberty® Flex, Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAAA System. We carry out logistics, dispatch, warehousing and other works through platform providers, and then sell our products to hospitals through distributors and ultimately use them to treat our patients. During the Reporting Period, all of our products were sold through distributors. As of the Latest Practicable Date, we had 10 distributors in the PRC. In addition, our distributors may from time to time, engage sub-distributors to assist them, penetrating a broader network of eligible hospitals for TAVI procedures. Under the distribution agreements with our distributors, we require our distributors to seek our written consent before engaging sub-distributors.

In addition, with respect to our overseas strategies, we plan to engage local agent or distributor to assist us to penetrate local markets. We normally select local distributors/agents based on their relevant experiences in the territory, especially whether they have access to eligible hospitals for TAVI procedures. As of December 31, 2024, we had directly engaged local distributors to assist us to penetrate local markets. We had also engaged the subsidiaries of MicroPort® in South America, Russia and some countries and territories in Europe to serve as our local distributors.

For the year ended December 31, 2024, revenue from the Group's five largest customers amounted to RMB312.6 million (2023: RMB305.7 million), accounting for approximately 86.5% (2023: 91.9%) of the Group's total revenue amount in the same year. The Group's largest customer for the year ended December 31, 2024 amounted to RMB95.3 million (2023: RMB81.8 million), accounting for approximately 26.4% (2023: 24.3%) of the Group's total revenue for the same year.

To the best knowledge of the Company, none of the Directors, their respective close associates, or any Shareholders who owns more than 5% of the Company's issued capital, has any interest in any of the Group's five largest customers.

For the year ended December 31, 2024, the Group did not experience any significant disputes with its customers.

RELATIONSHIP WITH KEY STAKEHOLDERS

The Group recognizes that various stakeholders including customers, suppliers, employees, Shareholders and other business associates are key to Group's success. The Group strives to achieve corporate sustainability through engaging, collaborating, and cultivating strong relationship with them.

Employees

The Company builds its success on employees' dedication and commitment. Our Company is committed to providing as much opportunities as possible for employees' skills enhancement and career development. We aim at cultivating talents in the long run, encouraging employees to realize their full potential and to keep pace with growth of the Company. Details of employees of the Company during the Reporting Period are set out in the "Environmental, Social and Governance Report" from page 108 to page 160 of this annual report.

Customers and Suppliers

The Group's principal customers are distributors. We procure bovine pericardium and nitinol components from selected suppliers. We have been devoted to maintaining long term cooperation, enhancing product quality, increasing sales volume and improving profitability.

We have established relationships with many key opinion leaders in medical community, including physicians, researchers and hospital administrators. Through regular visits with specialists, attendance of conferences, holding physician education programs and other activities, our brand recognition is enhanced greatly.

Shareholders

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Company's business performance and strategies. Apart from transparent and timely disclosure of corporate information in accordance with the Listing Rules, the Company has kept effective communication with Shareholders through the Company's website, WeChat platform, Shareholder's hotline, and IR mailbox. Senior managements are also glad to receive the Shareholders' on-site visit and have one-on-one meetings with them to share the information which they are concerned and enable them to make rational investment decisions.

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 19 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's major subsidiaries are set out in note 12 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group for the year ended December 31, 2024 are set out in note 10 to the consolidated financial statements.

SHARE CAPITAL AND SHARES ISSUED

Details of movements in the share capital of the Company for the year ended December 31, 2024 are set out in note 25 to the consolidated financial statements.

DONATION

For the year ended December 31, 2024 the Group made charitable donations of RMB38.0 million.

DEBENTURE ISSUED

The Group did not issue any debenture for the year ended December 31, 2024.

EQUITY-LINKED AGREEMENTS

Save for the Share Scheme, the Share Option Scheme and the Share Award Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or existed for the year ended December 31, 2024.

DIVIDENDS

The Board did not recommend the distribution of a final dividend for the year ended December 31, 2024.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices.

Such permitted indemnity provision has been in force for the year ended December 31, 2024. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

DISTRIBUTABLE RESERVES

The Company may pay dividends out of the share premium account, retained earnings and any other reserves provided that immediately following the payment of such dividends, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

As at December 31, 2024, the Company's reserves available for distribution amounted to approximately RMB3,723.9 million (2023: RMB3,694.6 million).

Details of movements in the reserves of the Group and the Company during the year ended December 31, 2024 are set out in the consolidated statement of changes in equity on page 171 and note 25 to the consolidated financial statements, respectively.

BANK LOANS AND OTHER BORROWINGS

Details of the bank borrowings of the Group as of December 31, 2024 are set out in note 20 to the financial statements.

CONVERTIBLE BONDS

As of the date of the Latest Practicable Date, the Company has not issued any convertible bonds.

LOAN AGREEMENT WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDERS

As of the date of the Latest Practicable Date, the Company has not entered into any loan agreement which contains covenants requiring specific performance of the Controlling Shareholders.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract or a letter of appointment with the Company, respectively, for an initial term of three years.

The above appointments are always subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

None of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year ended December 31, 2024.

DIRECTORS AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Prospectus and save for their respective interests in the Group, none of the Directors and the Controlling Shareholders was interested in any business which competes or is likely to compete with the businesses of the Group for the year ended December 31, 2024.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed for the year ended December 31, 2024.

PENSION SCHEME

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

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

As of December 31, 2024, the interests and short positions of the Directors and chief executives of our Company and their associates in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the underlying Shares of the Company

Name of Directors/Chief Executive	Nature of interest	Number of underlying Shares in respect of the options granted under the Share Options Scheme and Share Scheme	Approximate percentage of shareholding interest
Mr. Chen Guoming	Beneficial owner	8,905,892	0.37%
Mr. Zhao Liang	Beneficial owner	10,458,260	0.43%
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*	Beneficial owner	6,000,000	0.25%
Ms. Yan Luying	Beneficial owner	7,243,914	0.30%
Dr. Ding Jiandong	Beneficial owner	479,683	0.02%
Ms. Sun Zhixiang	Beneficial owner	449,683	0.02%
Mr. Jonathan H. Chou	Beneficial owner	449,683	0.02%

Notes:

(1) All the above Shares are held in long position.

(2) The calculation is based on the total number of 2,412,592,839 Shares in issue as at December 31, 2024.

Save as disclosed above, as of December 31, 2024, none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Substantial shareholders' interests and short positions in shares and underlying shares

As of December 31, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company or their associates) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Shanghai MicroPort[1]	Beneficial owner	1,112,855,680	46.13%
CICC Kangrui[2]	Beneficial owner	181,592,220	7.53%

(1) Shanghai MicroPort was wholly owned by MicroPort®. Therefore, MicroPort® was deemed to be interested in the Shares that Shanghai MicroPort was interested in under the SFO.

(2) CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智(寧波)股權投資管理有限公司), "**CICC Kangzhi**") was the general partner of CICC Kangrui. As confirmed by CICC Kangrui, CICC Kangzhi was controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, each of CICC Kangzhi, CICC Capital Management Co., Ltd. (中金資本運營有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) was deemed to be interested in the Shares that CICC Kangrui was interested in under the SFO.

(3) All the above Shares are held in long position.

(4) The calculation is based on the total number of 2,412,592,839 Shares in issue as at December 31, 2024.

Save as disclosed above, as of December 31, 2024, no person, other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company and any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

Share Scheme

The Share Scheme was adopted by ordinary resolution passed by shareholders of the Company on June 27, 2023 (the "**Adoption Date of the Share Scheme**") in compliance with the amendments of Chapter 17 of the Listing Rules that came into on January 1, 2023 to replace the Share Option Scheme. The terms of the Share Scheme are governed by Chapter 17 of the Listing Rules. A summary of the principal terms of the Share Scheme is set out below:

(a) Purpose

The purpose of the Share Scheme is to provide incentive to the eligible participants in order to promote the development and success of the business of our Group. The Share Scheme will give the eligible participants an opportunity to have a personal stake in our Company and will help motivate the eligible participants in optimizing their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of our Group.

(b) The Eligible Participants

The eligible participants are the employee participants, the related entity participants and the service provider participants.

In determining the basis of eligibility for employee participants, the factors in assessing whether any person is eligible to participate in the Share Scheme include:

(i) the performance of the employee participant;

(ii) the skill, knowledge, experience, expertise and other personal qualities of the employee participant;

(iii) the time commitment, responsibilities or employment conditions of the employee participant according to the prevailing market practice and industry standard;

(iv) the length of employment with our Group; and

(v) the contribution or potential contribution of the employee participant to the development and growth of our Group.

In determining the basis of eligibility for related entity participants, the Board would take into account, among others:

(i) the experience of the related entity participant on the Group's businesses;

(ii) his/her expertise and skill, the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the related entity participant has established with the Group;

(iii) the positive impacts brought by, or expected from, the related entity participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;

(iv) whether the related entity participant has assisted the Group in tapping into new markets and/or increased its market share;

(v) the amount of support, assistance, guidance, advice, efforts and contributions the related entity participant has exerted and given towards the success of the Group in research, product development or commercialization, and/or the amount of other potential support, assistance, guidance, advice, efforts and contributions the related entity participant is likely to be able to give or make towards the success of the Group in the future; and

(vi) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the related entity participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.

A service provider participant refers to a person who provides services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and fall into (1) consultants and advisers or (2) suppliers, contractors, distributors and agents, provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall be excluded. The Board shall use its absolute discretion to decide eligible service provider participants.

(c) Exercise Price and Issue Price and Exercise of Awards

(i) The exercise price shall, subject to any adjustment made pursuant to the terms of the Share Scheme, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of:

(a) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a Business Day;

(b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the shares are traded on the Stock Exchange immediately preceding the offer date; and

(c) the nominal value of the share on the offer date.

(ii) The issue price shall be such price determined by the Board in its absolute discretion and notified to the grantee in the offer letter. For the avoidance of doubt, the Board may determine the issue price to be nil.

(iii) Where an award is to be granted under the Share Scheme, the date of the meeting of the Board (or its authorized committee for the administration of the Share Scheme) or the remuneration committee thereof (as the case may be) at which the grant was proposed shall be taken to be the offer date for the relevant award, and the provisions as set above shall apply mutatis mutandis.

(iv) Subject to the terms of the Share Scheme, an award shall be exercisable in whole or in part by the grantee (or, in the case of death of the grantee, by the grantee's personal representative) giving notice in writing to the Company stating that the award is thereby exercised and the number of award Shares in respect of which it is so exercised.

(a) Each of such notice must be accompanied by a remittance for the full amount of the exercise price or the issue price (as applicable) for the award Shares in respect of which the notice is given.

(b) Within twenty-one (21) days (or such longer period if the Company in its sole discretion considers it appropriate due to applicable legal or regulatory restrictions) after receipt of the notice and the remittance, the Company shall, at its discretion, arrange for the exercised award Shares to be satisfied in the following methods:

(1) allot and issue the relevant number of Shares to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) credited as fully paid and instruct the share registrar to issue to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) a share certificate for the shares so allotted and issued;

(2) arrange for the exercised award Shares to be transferred to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) credited as fully paid and issue to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) a share certificate in respect of the shares so transferred;

(3) pay to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) by remittance to the bank account designated and provided by the grantee (or the grantee's personal representative), the actual selling price from on-market sale of the exercised award Shares through the facilities of the Stock Exchange at prevailing market prices; and

(4) arrange for exercised award Shares to be issued or designated as vested shares held for the economic benefit of the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative), following which, the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) shall be entitled to future dividends paid or payable on the exercised award Shares and the grantee (or the grantee's personal representative) will have a one-time option to request the Company to cause payment to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) by remittance to the bank account designated and provided by the grantee, the difference in the prevailing market prices of the exercised award Shares between the vesting date and the date that the grantee notifies the Company of exercising the one-time option.

(d) Vesting Period

Save for the circumstances prescribed below, an award must be held by the grantee for a period that is not shorter than the minimum period before the award can be exercised.

The Board may at its absolute discretion grant awards to employee participants only with a vesting period shorter than the minimum period in the following circumstances:

(i) grants of "make-whole" awards to new joiners to replace the share options or award Shares they forfeited when leaving the previous employers;

(ii) grants to an employee participant whose employment is terminated due to death or occurrence of any out of control event;

(iii) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;

(iv) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months; or

(v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

(e) Scheme Limits and Additional Approvals

The Scheme Mandate Limit

(i) The total number of Shares which may be issued in respect of all awards which may be granted at any time under the Share Scheme together with options and awards which may be granted under any other schemes of our Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date of the Share Scheme (the "**Scheme Mandate Limit**") (i.e. 241,106,331). Awards lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.

As of the Latest Practicable Date, 213,998,549 Shares are available for issue underlying options under the Share Scheme, representing approximately 8.87% of the total number of Shares in issue as of the same date.

The Service Provider Participant Sublimit

(ii) Subject to paragraph (i) above, the total number of awards which may be issued in respect of all awards which may be granted at any time under the Share Scheme together with options and awards which may be granted under any other share schemes for the time being of our Company to service provider participants shall not exceed such number of Shares as equals to 1% of the Shares in issue as at the Adoption Date of the Share Scheme (the "**Service Provider Participant Sublimit**") within the Scheme Mandate Limit. Awards lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilized for the purpose of calculating the Service Provider Participant Sublimit. The number of options and awards available for grant under the Service Provider Participant Sublimit at both the beginning and the end of the Reporting Period was 24,110,633 as no options or awards were granted or to be granted to any service providers during the Reporting Period.

Refreshment

(iii) (a) our Company may seek approval of the Shareholders in a general meeting of our Company to refresh the Scheme Mandate Limit and/or the Service Provider Participant Sublimit under the Share Scheme on or after the third anniversary of the date of the Shareholders' approval for the last refreshment or the Adoption Date of the Share Scheme. The total number of Shares which may be issued upon exercise of all (1) the awards under the Share Scheme and (2) the options and awards to be granted under any other schemes of our Company as "refreshed" must not exceed 10% of the Shares in issue as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under this paragraph, our Company must send a circular to the Shareholders containing the information required under the Listing Rules; and

(b) any refreshment within any three-year period shall be subject to independent Shareholders' approval.

Grant in excess of the Scheme Mandate Limit

(iv) Our Company may seek separate approval of the Shareholders in a general meeting of our Company for granting awards exceeding the Scheme Mandate Limit provided that the awards in excess of the Scheme Mandate Limit are granted only to eligible participants specifically identified by our Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this paragraph, our Company must send a circular to the Shareholders containing a generic description of the specified eligible participants who may be granted such awards, the number and terms of the awards to be granted, the purpose of granting awards to the specified eligible participants with an explanation as to how the terms of the awards serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the exercise price or the issue price) of the awards to be granted to such eligible participant must be fixed before Shareholders' approval. For the grant of share options, the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price.

(f) Grant of Awards to a Director, Chief Executive or Substantial Shareholder of the Company or Any Their Respective Associate

(i) Any grant of an award to a Director, a chief executive of the Company or substantial shareholder (as defined under the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the award).

(ii) (a) Where any grant of an award to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules), or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the shares in issue, or

(b) where any grant of share awards (i.e., excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12) month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue at the date of such grant, such grant of award must be approved by the shareholders in a general meeting of the Company.

(iii) The Company must send a circular to the shareholders. The circular must contain such information required by the Listing Rules.

(iv) The grantee, his/her associates and all the core connected persons must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour of the proposed grant at the general meeting of the Company pursuant to the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the shareholders.

(v) Any vote taken at the general meeting of the Company to approve the grant of such award must be taken on a poll and comply with the requirements under the Listing Rules.

(vi) Any change in the terms of awards granted to an eligible participant who is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates must be approved by the shareholders in the manner as set out in the Listing Rules if the initial grant of the award requires such approval (except where the changes take effect automatically under the existing terms of the Share Scheme).

(g) Maximum Entitlement of Each Eligible Participant

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

The Company must send a circular to the Shareholders and the circular must disclose the identity of the eligible participant, the number and terms of the awards to be granted (and awards previously granted to such eligible participant during the twelve (12)-month period), the purpose of granting the awards to the eligible participant, an explanation as to how the terms of the awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the exercise price or issue price) of the award to be granted to such eligible participant must be fixed before the general meeting of the Company. For the grant of share options, the date of the meeting of the Board for proposing such grant should be taken as the offer date for the purpose of calculating the exercise price.

(h) Performance Targets and Clawback Mechanism

Save as determined by the Board and provided in the offer letter of the grant of an award, the Share Scheme does not stipulate any performance target a grantee is required to achieve before the relevant award can be exercised nor any clawback mechanism for the Company to recover or withhold any awards granted to any eligible participants.

The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the awards under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group.

(i) Time of Exercise of Options

Subject to the terms of the Share Scheme, an award may be exercised in whole or in part at any time during the period stipulated in the offer, provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the offer date with respect of the relevant award.

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

(j) Remaining Life of the Share Scheme

The Share Scheme shall be valid and effective until the Business Day on which falls on the date immediately prior to the tenth anniversary of the Adoption Date of the Share Scheme (the "**Termination Date**"), after which period no further awards will be granted but the provisions of the Share Scheme shall remain in force to the extent necessary to give effect to the exercise of any awards granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of the Share Scheme. Subject to the early termination, the remaining life of the Share Scheme is approximately eight years and two months as of the date of this annual report.

(k) Outstanding Options Granted as of December 31, 2024

As of the beginning of the Reporting Period, 228,222,354 options or awards were available for grant under the Share Scheme. During the Reporting Period, the number of Shares underlying the options granted under the Share Scheme by the Company was 14,323,805. As of December 31, 2024, the aggregate number of Shares underlying the options and awards available for grant under the Share Scheme was 213,998,549. The status of the share options under the Share Scheme granted as of December 31, 2024 is as follows:

Name	Position	Number of Shares underlying the outstanding granted options under the Share Scheme as of December 31, 2023	Granted options under the Share Scheme during the Reporting Period	Exercised options under the Share Scheme during the Reporting Period	Lapsed options under the Share Scheme during the Reporting Period	Cancelled options under the Share Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding granted options under the Share Scheme as of December 31, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Scheme[1]	Fair value of options granted under the Share Scheme during the Reporting Period at the date of grant[2] (RMB'000)
EMPLOYEE PARTICIPANTS														
Directors and chief executive of our Company														
Mr. Chen Guoming	Non-executive Director and Chairman of the Board	1,209,992	–	–	–	–	HK$2.054	1,209,992	July 11, 2023	July 11, 2023–July 11, 2026	July 11, 2024–July 10, 2033	HK$2.00	N/A	N/A
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*	Executive Director and President	4,000,000	–	–	–	–	HK$1.91	4,000,000	August 30, 2023	August 30, 2023–August 30, 2028	August 30, 2024–August 29, 2033	HK$1.91	N/A	N/A
Mr. Zhao Liang	Executive Director and First Vice President	1,624,933	–	–	–	–	HK$2.054	1,624,933	July 11, 2023	July 11, 2023–July 11, 2026	July 11, 2024–July 10, 2033	HK$2.00	N/A	N/A
		–	1,876,016	–	–	–	HK$1.002	1,876,016	April 8, 2024	August 8, 2029	August 8, 2029–August 7, 2034	HK$0.90	N/A	862
Ms. Yan Luying	Executive Director and Vice President	391,499	–	–	–	–	HK$2.054	391,499	July 11, 2023	July 11, 2023–July 11, 2026	July 11, 2024–July 10, 2033	HK$2.00	N/A	N/A
		–	872,428	–	–	–	HK$1.002	872,428	April 8, 2024	August 8, 2029	August 8, 2029–August 7, 2034	HK$0.90	N/A	400
Subtotal		7,226,424	2,748,444	–	–	–		9,974,868						1,262

Name	Position	Number of Shares underlying the outstanding granted options under the Share Scheme as of December 31, 2023	Granted options under the Share Scheme during the Reporting Period	Exercised options under the Share Scheme during the Reporting Period	Lapsed options under the Share Scheme during the Reporting Period	Cancelled options under the Share Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding granted options under the Share Scheme as of December 31, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Scheme[1]	Fair value of options granted under the Share Scheme during the Reporting Period at the date of grant[2] (RMB'000)
Other employee participants of our Company														
–	–	4,822,654	–	–	–	1,043,422	HK$2.054	3,779,232	July 11, 2023	July 11, 2023–July 11, 2026	July 11, 2024–July 10, 2033	HK$2.00	N/A	N/A
–	–	600,000	–	–	–	600,000	HK$2.054	–	July 11, 2023	July 11, 2024–July 11, 2028	July 11, 2024–July 10, 2033	HK$2.00	N/A	N/A
–	–	–	4,060,136	–	–	697,654	HK$1.002	3,362,482	April 8, 2024	August 8, 2029	August 8, 2029–August 7, 2034	HK$0.90	N/A	1,865
–	–	–	4,950,000	–	100,000	600,000	HK$1.002	4,250,000	April 8, 2024	April 8, 2024–April 8, 2029	April 8, 2025–April 7, 2034	HK$0.90	N/A	1,771
–	–	–	2,565,225	–	–	–	HK$1.002	2,565,225	April 8, 2024	April 8, 2024–April 8, 2028	April 8, 2026–April 7, 2034	HK$0.90	N/A	873
Subtotal		5,422,654	11,575,361	–	100,000	2,941,076		13,953,939						4,509
Total		12,649,078	14,323,805	–	100,000	2,941,076		23,931,807						5,771

Notes:

(1) The fair value was determined using the binomial lattice model. The measurement date is the date on which the share options were granted.

(2) The vesting of above options is not subject to any performance targets. The purpose of the Share Scheme is to provide incentive to eligible participants in order to promote the development and success of the business of the Group. The options granted under the Share Scheme will give the grantees an opportunity to have a personal stake in the Company and will help motivate such grantees in optimizing their performance and efficiency. The number of options to be granted are based on the work performance and potential of the grantees and no additional performance target is imposed before the options are vested to the grantees. In view of the above, the Remuneration Committee considered the grant of options aligned with the purpose of the Share Scheme.

Save as disclosed above, none of the grantees for options and awards granted and to be granted under the Share Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with options or awards granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with options or awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No options or awards were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

Share Option Scheme

The Share Option Scheme was adopted by ordinary resolution of the shareholders of MicroPort® ("**MicroPort Shareholders**") in the extraordinary general meeting of MicroPort® dated March 13, 2020 ("**Adoption Date of the Share Option Scheme**") and amended on March 17, 2022. The terms of the Share Option Scheme are governed by Chapter 17 of the Listing Rules. The Share Option Scheme was terminated by ordinary resolution passed by Shareholders on June 27, 2023 and replaced by the Share Scheme adopted on the same date. Options granted under the Share Option Scheme prior to its termination shall remain valid in accordance with its items.

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

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as our Board may approve from time to time.

(b) Grant of Options and Time of Exercise of Options

Each offer of an option (the "**Offer**") shall be in writing made to an eligible person by letter in such form as our Board may from time to time determine at its discretion (the "**Offer Letter**"). The Offer Letter shall state, among others, the period during which the option may be exercised (the "**Option Period**"), which period is to be determined and notified by our Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option. Our Board may specify in the Offer Letter any conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as our Board may determine from time to time. Our Board shall specify in the Offer Letter a date by which the grantee must accept the Offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier.

(c) Eligible Participants

Eligible persons include:

(i) any employee (whether full-time or part-time) of our Group;

(ii) any director (including executive, non-executive and independent non-executive directors) of our Group; and

(iii) any director (including executive, non-executive and independent non-executive directors) or employee (whether full-time or part-time) of MicroPort® who, in the sole and absolute direction of our Board, has contributed or will contribute to the development of our Group.

The basis of eligibility of any of the above classes of eligible persons to the grant of any options shall be determined by our Board from time to time on the basis of their contribution to the development and growth of our Group.

(d) Maximum Number of Shares Available for Issue under the Share Option Scheme

At the time of adoption of the Share Option Scheme or any new subsidiary share option scheme (the "**New Scheme**"), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the "**Existing Scheme(s)**") of our Group must not in aggregate exceed 10% of the total number of Shares in issue as of the date of the Shareholders' approval or the date of the MicroPort Shareholders' approval, whichever is later, of the increase of the original scheme mandate limit (the "**Scheme Mandate Limit**"). For the purposes of calculating the Scheme Mandate Limit, the Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted. The Scheme Mandate Limit may be refreshed by both ordinary resolution of the MicroPort Shareholders and special resolution of our Shareholders in their respective general meeting, provided that:

(i) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of Shares in issue as of the date of the MicroPort Shareholders' approval or the date of the Shareholders' approval, whichever is later, of the refreshing of the Scheme Mandate Limit;

(ii) options previously granted under the Share Option Scheme and any other share option scheme(s) of our Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and

(iii) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the MicroPort Shareholders and our Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

Our Company may seek separate approvals from the MicroPort Shareholders and our Shareholders in their respective general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:

(i) the grant is to eligible persons specifically identified by our Company before the approval is sought; and

(ii) a circular regarding the grant has been despatched to the MicroPort Shareholders and our Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain the name of each specified participant who may be granted such options, the number and terms of the options to be granted to each participant, and the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, and other information required to comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

As the Share Option Scheme was terminated and replaced by the Share Scheme on June 27, 2023, no more options will be granted under the Share Option Scheme. As of the date of the annual report, 60,579,249 Shares underlying the outstanding options already granted under the Share Option Scheme are available for issue, representing approximately 2.51% of the total number of Shares in issue as of the same date.

(e) Maximum Entitlement of each Eligible Person

No option shall be granted to any eligible person if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the eligible person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, unless: (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the eligible person and his close associates (or his associates if the eligible person is a connected person) abstained from voting; (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose identity of the participant, the number and terms of the options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting options to the participant and an explanation as to how the terms of the options serve such purpose; and (c) the number and terms (including the subscription price) of such options are fixed before the general meeting of the Company at which the same are approved.

(f) Subscription Price and Consideration for the Option

The price at which each Share subject to an option may be subscribed for on the exercise of that option shall be a price solely determined by the Board and notified to an eligible person and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of such option(s) (the "**Offer Date**"), which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (c) the nominal value of the Shares. No consideration is required upon acceptance of the grant of options.

(g) Remaining Life of the Share Option Scheme

The Share Option Scheme is valid and effective for a period commencing on the date of the Adoption Date of the Share Option Scheme and ending on June 27, 2023 (the "**Termination Date of the Share Option Scheme**"). No further options shall be granted under the Share Option Scheme upon the Termination Date of the Share Option Scheme but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(h) Outstanding Options Granted as of December 31, 2024

As of December 31, 2023, the number of options available for grant under the Share Option Scheme was nil as the Share Option Scheme was terminated on June 27, 2023 and no further options will be granted under the Share Option Scheme thereafter. As of December 31, 2024, the aggregate number of outstanding options granted under the Share Option Scheme is 60,579,249, representing approximately 2.51% of the total issued share capital of our Company as of December 31, 2024. The status of the share options granted up to December 31, 2024 is as follows:

Name	Position	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2023	Granted options under the Share Option Scheme during the Reporting Period	Exercised options under the Share Option Scheme during the Reporting Period	Lapsed options under the Share Option Scheme during the Reporting Period	Cancelled options under the Share Option Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Option Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Option Scheme[1]	Fair value of options granted under the Share Option Scheme during the Reporting Period at the date of grant[2] (RMB'000)
EMPLOYEE PARTICIPANTS														
Directors and chief executive of our Company														
Mr. Chen Guoming	Non-executive Director and Chairman of our Board	5,000,000	–	–	–	–	US$0.16	5,000,000	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2023–March 30, 2030	N/A	N/A	N/A
		1,209,992	–	–	–	–	HK$3.754	1,209,992	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK$3.65	N/A	N/A
		332,654	–	–	–	–	HK$2.63	332,654	March 30, 2022	March 30, 2027	March 30, 2027–March 29, 2032	HK$2.54	N/A	N/A
		410,300	–	–	–	–	HK$2.534	410,300	March 30, 2023	March 30, 2028	March 30, 2028–March 29, 2033	HK$2.57	N/A	N/A
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*	Executive Director and President	2,000,000	–	–	–	–	HK$3.754	2,000,000	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK$3.65	N/A	N/A
Mr. Zhao Liang	Executive Director and First Vice President	2,000,000	–	–	–	–	HK$6.406	2,000,000	October 4, 2021	October 4, 2021–October 4, 2026	October 4, 2022–October 3, 2031	HK$6.24	N/A	N/A
		1,624,933	–	–	–	–	HK$3.754	1,624,933	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK$3.65	N/A	N/A
		117,039	–	–	–	–	HK$2.63	117,039	March 30, 2022	March 30, 2022	March 30, 2027–March 29, 2032	HK$2.54	N/A	N/A
		700,000	–	–	–	–	HK$2.802	700,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK$2.9	N/A	N/A
		750,000	–	–	–	–	HK$2.534	750,000	March 30, 2023	March 30, 2024–March 29, 2033	March 30, 2024–March 29, 2033	HK$2.57	N/A	N/A
		355,146	–	–	–	–	HK$2.534	355,146	March 30, 2023	March 30, 2028–March 29, 2033	March 30, 2028–March 29, 2033	HK$2.57	N/A	N/A
Ms. Yan Luying	Executive Director and Vice President	4,000,000	–	–	–	–	US$0.16	4,000,000	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2023–March 30, 2030	N/A	N/A	N/A
		391,499	–	–	–	–	HK$3.754	391,499	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK$3.65	N/A	N/A
		318,924	–	–	–	–	HK$2.63	318,924	March 30, 2022	March 30, 2027	March 30, 2027–March 29, 2032	HK$2.54	N/A	N/A
		257,213	–	–	–	–	HK$2.534	257,213	March 30, 2023	March 30, 2028	March 30, 2028–March 29, 2033	HK$2.57	N/A	N/A

Name	Position	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2023	Granted options under the Share Option Scheme during the Reporting Period	Exercised options under the Share Option Scheme during the Reporting Period	Lapsed options under the Share Option Scheme during the Reporting Period	Cancelled options under the Share Option Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Option Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Option Scheme[1]	Fair value of options granted under the Share Option Scheme during the Reporting Period at the date of grant[2] (RMB'000)
Mr. Jonathan H. Chou	Independent non-executive Director	449,683	–	–	–	–	HK$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK$2.57	N/A	N/A
Dr. Ding Jiandong	Independent non-executive Director	449,683	–	–	–	–	HK$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK$2.57	N/A	N/A
Ms. Sun Zhixiang	Independent non-executive Director	449,683	–	–	–	–	HK$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK$2.57	N/A	N/A
Subtotal		20,816,749	–	–	–	–		20,816,749						N/A
Other Employee Participants in our Group														
		11,837,184	–	110,827	–	1,365,716	US$0.16	10,360,641	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2021–March 30, 2030	N/A	HK$1.35	N/A
		3,340,000	–	–	–	770,000	HK$13.72	2,570,000	March 31, 2021	March 31, 2021–March 31, 2026	March 31, 2022–March 30, 2031	HK$14.08	N/A	N/A
		800,000	–	–	–	200,000	HK$6.406	600,000	October 4, 2021	October 4, 2021–October 4, 2026	October 4, 2021–October 3, 2031	HK$6.24	N/A	N/A
		7,217,654	–	–	–	1,504,634	HK$3.754	5,713,020	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK$3.65	N/A	N/A
		1,759,000	–	–	–	569,000	HK$2.802	1,190,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK$2.9	N/A	N/A
		6,708,008		–	–	2,541,369	HK$2.534	4,166,639	March 30, 2023	March 30, 2023–March 30, 2028	March 30, 2024–March 29, 2033	HK$2.57	N/A	N/A
Subtotal		31,661,846	–	–	–	6,950,719		24,600,300						N/A
Related Entity Participants														
Dr. Chang Zhaohua	Director of MicroPort®	6,000,000	–	–	–	–	US$0.16	6,000,000	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2021–March 30, 2030	N/A	N/A	N/A
Other employees of MicroPort®		8,666,000	–	3,800	–	–	US$0.16	8,862,200	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2021–March 30, 2030	N/A	N/A	N/A
		300,000	–	–	–	–	HK$2.802	300,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK$2.9	N/A	N/A
Subtotal		15,166,000	–	3,800	–	–	–	15,162,200						N/A
Total		67,644,595	–	114,627	–	6,950,719	–	60,579,249						N/A

Notes:

(1) The fair value was determined using the binomial lattice model. The measurement date is the date on which the share options were granted.

(2) The vesting of above options is not subject to any performance targets.

Save as disclosed above, none of the grantees for options granted and to be granted under the Share Option Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with options granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No options were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

Share Award Scheme

The Share Award Scheme was adopted by the Company on March 30, 2021 and amended on August 29, 2023. Currently, as no new Shares will be issued under the Share Award Scheme, the Share Award Scheme will constitute a share scheme that is funded by existing Shares as referred to under Rule 17.01(1)(b) of the Listing Rules and shall be subject to the applicable requirements under Rule 17.12 of the Listing Rules. A summary of the principal terms of the Share Award Scheme is set out below:

(a) Purpose

The purpose of the Share Award Scheme is to recognize certain directors, employees, consultants and advisors of the Group in order to incentivize them to retain with the Group, and to motivate them to strive for the future development and expansion of the Group.

(b) Eligible Participants

The directors, employees, consultants and advisors of the Group.

(c) Total Number of Shares Available for Issue under the Share Award Scheme

The Board shall not make any further award of award Shares which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time (i.e. 241,259,283 Shares as of the Latest Practicable Date). The Company revised the scheme rules of the Share Award Scheme on August 29, 2023, after which the Share Award Scheme constitutes a share scheme that is funded only by existing Shares and no Shares are available for issue under the Share Award Scheme as of the Latest Practicable Date.

(d) Maximum Entitlement of Each Participant

The maximum number of Shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time, save and except with the approval from the Shareholders.

(e) Remaining Life of the Share Award Scheme

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme is valid and effective for a term of 10 years commencing on the adoption date (i.e. March 30, 2021).

The Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant. Upon termination, all award Shares and the related income shall become vested on the selected participant so referable on such date of termination. Net sale proceeds (after making appropriate deductions) of the returned Shares and such non-cash income together with the residual cash and such other funds remaining in the trust shall be remitted to the Company forthwith after the sale.

Subject to the early termination, the remaining life of the Share Award Scheme is approximately five years and 11 months as of the date of this annual report.

(f) Vesting and Lapse

When the selected participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the trustee shall transfer the relevant award Shares to the selected participant(s) or his/her nominee(s).

An award lapses when, (i) the relevant selected participant ceases to be an employee of the Group, or (ii) the subsidiary of the Company by which a selected participant is employed ceases to be a subsidiary of the Company (or of a member of the Group), or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the award shall automatically lapse forthwith and the award Shares shall not vest on the relevant vesting date but shall become returned Shares for the purposes of the Share Award Scheme.

(g) Subscription Price and Consideration of the Award Shares

The price at which each award Share may be subscribed for shall be a price solely determined by the Remuneration Committee.

Prior to the year 2024, the Company had granted 2,416,647 share awards pursuant to the Share Award Scheme to then Directors and senior management of the Group, details of which are set out below:

Name	Position	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2021	Granted awards under the Share Award Scheme	Vested awards under the Share Award Scheme	Lapsed awards under the Share Award Scheme	Cancelled awards under the Share Award Scheme	Subscription Price	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2023	Date of grant	Vesting date	Closing price of the Shares immediately before the date of grant	Weighted average closing price of the Shares immediately before the vesting date	Fair value of awards under the Share Award Scheme at the date of grant[1] (RMB'000)
Directors and chief executive of our Company													
Mr. Chen Guoming	Non-executive Director and Chairman of our Board	—	332,654	332,654	—	—	HK$2.63	—	March 30, 2022	March 30, 2022	HK$2.54	HK$2.54	711
		—	410,300	410,300	—	—	HK$2.534	—	March 30, 2023	March 30, 2023	HK$2.57	HK$2.57	875
Ms. Yan Luying	Executive Director and Vice President	—	318,924	318,924	—	—	HK$2.63	—	March 30, 2022	March 30, 2022	HK$2.54	HK$2.54	681
		—	257,213	257,213	—	—	HK$2.534	—	March 30, 2023	March 30, 2023	HK$2.57	HK$2.57	549
Mr. Zhao Liang	Executive Director and First Vice President	—	117,039	117,039	—	—	HK$2.63	—	March 30, 2022	March 30, 2022	HK$2.54	HK$2.54	250
		—	355,146	355,146	—	—	HK$2.534	—	March 30, 2023	March 30, 2023	HK$2.57	HK$2.57	757
Subtotal		—	1,791,276	1,791,276	—	—							3,823
Other grantees in aggregate		—	228,620	228,620	—	—	HK$2.63	—	March 30, 2022	March 30, 2022	HK$2.54	HK$2.54	488
		—	6,344	6,344	—	—	HK$2.62	—	January 19, 2022	April 30, 2022	HK$3.65	HK$2.77	19
		—	7,034	7,034	—	—	HK$3.27	—	February 15, 2022	April 30, 2022	HK$3.21	HK$2.77	22
		—	11,067	11,067	—	—	HK$2.08	—	March 15, 2022	April 30, 2022	HK$2.17	HK$2.77	34
		—	8,742	8,742	—	—	HK$2.64	—	April 19, 2022	April 30, 2022	HK$2.78	HK$2.77	27
		—	363,564	363,564	—	—	HK$2.534	—	March 30, 2023	March 30, 2023	HK$2.57	HK$2.57	775
Subtotal		—	625,371	625,371	—	—							1,365
Total		—	2,416,647	2,416,647	—	—							5,188

Notes:

(1) The fair value of the awarded Shares was calculated based on market prices of the Company's Shares as at the respective grant dates.

During the Reporting Period, the Company had granted 3,254,407 share awards pursuant to the Share Award Scheme to Directors and senior management of the Group, representing 0.13% of the issued share capital of the Company, details of which are set out below:

Name	Position	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2023	Granted awards under the Share Award Scheme during the Reporting Period	Vested awards under the Share Award Scheme during the Reporting Period	Lapsed awards under the Share Award Scheme during the Reporting Period	Cancelled awards under the Share Award Scheme during the Reporting Period	Subscription Price	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2024	Date of grant	Vesting date	Closing price of the Shares immediately before the date of grant	Weighted average closing price of the Shares immediately before the vesting date	Fair value of awards under the Share Award Scheme at the date of grant[1] (RMB'000)
Directors and chief executive of our Company													
Ms. Yan Luying	Executive Director and Vice President	—	436,214	436,214	—	—	HK$0.90	—	April 8, 2024	April 8, 2024	HK$0.90	HK$0.90	356
Mr. Zhao Liang	Executive Director and First Vice President	—	938,008	938,008	—	—	HK$0.90	—	April 8, 2024	April 8, 2024	HK$0.90	HK$0.90	765
Subtotal		—	1,374,222	1,374,222	—	—	HK$0.90	—					1,121
Other grantees in aggregate		—	1,880,185	1,880,185	—	—	HK$0.90	—	April 8, 2024	April 8, 2024	HK$0.90	HK$0.90	1,533
Total		—	3,254,407	3,254,407	—	—		—					2,654

Notes:

(1) The fair value of the Awarded Shares was calculated based on market prices of the Company's shares as at the respective grant dates.

(2) The vesting of above awards is not subject to any performance targets.

Save as disclosed above, none of the grantees for awards granted and to be granted under the Share Award Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with awards granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No awards were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

The number of Shares that may be issued in respect of options and awards granted under all share incentive schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is 0.59%.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time for the year ended December 31, 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

EMOLUMENT POLICY AND DIRECTORS' REMUNERATION

In compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, the Company has established the Remuneration Committee to formulate remuneration policies. The remuneration is determined and recommended based on each Director's and senior management personnel's qualification, position and seniority. As for the independent non-executive Directors, their remuneration is determined by the Board. The Directors and the senior management personnel are eligible participants of the Share Incentive Schemes.

The Company has adopted the Share Scheme, the Share Award Scheme and the Share Option Scheme (terminated on June 27, 2023) to provide incentives for certain employees. Please refer to the section headed "Share Incentive Schemes" in this annual report for further details.

Details of the remuneration of the Directors, senior management and the five highest paid individuals are set out in note 7 and note 8 to the consolidated financial statements, respectively.

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

CONNECTED TRANSACTIONS

Among the related party transactions disclosed in note 29 to the consolidated financial statements, the following transactions constitute connected transactions for the Company under Rule 14A.31 of the Listing Rules and are required to be disclosed in this annual report in accordance with Rule 14A.71 of the Listing Rules. The Company confirmed that the related party transactions do not fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules. The Company further confirmed that it complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules. The following transactions constitute the connected transaction or continuing connected transactions (each defined in the Listing Rules) for the Company and are required to be disclosed in this annual report in accordance with Chapter 14A of the Listing Rules.

The Connected Relationships

The relevant parties to the below connected transaction and continuing connected transaction with the Group and a description of their connected relationships with the Group as of the Latest Practicable Date are as follows:

Connected Person	Connected Relationship
MicroPort®	one of our Controlling Shareholders
MicroPort Sinica	a subsidiary of MicroPort®
Medical Product Innovation	a subsidiary of MicroPort®
Shanghai MicroPort Medical	a subsidiary of MicroPort®
Kewei Medical	a subsidiary of MicroPort®
MP CardioAdvent	a connected subsidiary of our Company

Connected Transactions and Continuing Connected Transactions

MP CardioAdvent Equity Transfer Agreement

On January 1, 2024, MicroPort Sinica and Shanghai Zuoqing (as the sellers), MP CardioFlow (as the purchaser) and MP CardioAdvent entered into the MP CardioAdvent Equity Transfer Agreement, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, 51% equity interest of MP CardioAdvent at a consideration of approximately RMB141,316,920, which was reached after arms' length negotiation among parties after taking into consideration of a number of factors, including but not limited to the valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer engaged for the MP CardioAdvent Acquisition to determine the fair value of MP CardioAdvent, the business prospect of MP CardioAdvent, and the other reasons for and benefits of entering into the MP CardioAdvent Equity Transfer Agreement (as listed in the announcement of the Company dated January 1, 2024). Upon completion of the MP CardioAdvent Acquisition, MP CardioFlow held 51% equity interest in MP CardioAdvent and MP CardioAdvent became a subsidiary of the Company.

The MP CardioAdvent Acquisition is expected to enhance synergies among the Company's products and product candidates in the field of structural heart disease, especially in terms of R&D, manufacturing capabilities, distribution channels, therefore enhancing the cost control of our Group. Our Company is a public company facing increasingly fierce competition in the field of valvular heart disease, which falls within the range of structural heart diseases. The MP CardioAdvent Acquisition presents the Company an opportunity to enter new market segments within the field of structural heart diseases with high growth potential, thereby diversifying its revenue streams and expanding its strategic initiatives to deliver state-of-the-art total solutions for treating structural heart diseases so as to further enhance its competitiveness. This also adheres to the Company's mission to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases. With the expected launch of AnchorMan® LAAO in Europe, our Company is expected to broaden our geographic coverage and further enhance our presence in the global market. The MP CardioAdvent Acquisition is also expected to increase the capital investment efficiency of our Company.

The Directors (including the independent non-executive Directors) are of the view that the terms of the MP CardioAdvent Equity Transfer Agreement and the transaction contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Please refer to the announcement of the Company dated January 1, 2024 for details.

Shanghai Xinyong Equity Transfer Agreement

On August 22, 2024, MP CardioFlow and Shanghai MicroPort Medical entered into the Shanghai Xinyong Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and the Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in Shanghai Xinyong at a consideration that shall not exceed RMB380.0 million, which was reached after arms' length negotiation among parties after taking into consideration of a number of factors. Such transaction was approved by the Shareholders on September 20, 2024.

This Shanghai Xinyong Acquisition aligns with the Company's long-term objectives of operational stability and market leadership. Through the Shanghai Xinyong Acquisition, with production capacities improved, the Company can focus more on market expansion and R&D innovation for LAA medical devices, strengthening its position in the LAA market. The Board believes that this Shanghai Xinyong Acquisition will not only ensure the necessary expansion of our production capacities and meet the immediate needs for LAA medical devices but will also enhance shareholder value through improved operational efficiencies and reduced long-term operational costs. The Directors (including the independent non-executive Directors) are of the view that the terms of the Shanghai Xinyong Equity Transfer Agreement are on normal commercial terms or better and the entering into of the Shanghai Xinyong Equity Transfer Agreement and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Please refer to the Company's circular dated August 29, 2024 and announcements dated August 22, 2024 and September 20, 2024, respectively, for details.

2022 Equipment Procurement Framework Agreement

On June 23, 2022, MP CardioFlow entered into the 2022 Equipment Procurement Framework Agreement with Medical Product Innovation, pursuant to which MP CardioFlow will procure relevant equipment in relation to the R&D and manufacturing of our products (the "**Equipment**") from Medical Product Innovation.

The 2022 Equipment Procurement Framework Agreement has an initial term commencing from June 23, 2022 to December 31, 2024. Subject to compliance with Listing Rules and applicable laws and regulations, the 2022 Equipment Procurement Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term. Upon renewal of the 2022 Equipment Procurement Framework Agreement, the parties may amend the terms of the agreement based on the then prevailing circumstances.

As a biotechnology medical device company, we may need to procure sophisticated medical equipment from professional medical equipment suppliers to facilitate the R&D and manufacturing of our products. Certain such medical equipment needs to be imported from the United States.

Typically, the suppliers of the Equipment in the United States do not have branches or sales representatives in China. As a result of the differences in time zone and language as well as the geographical distance, such suppliers may not be able to maintain timely and efficient communications with our Company. Therefore, we normally procure the Equipment through import agents in order to improve the efficiency of overseas procurement and ensure the stability of our equipment supply. Among the import agents in the market, Medical Product Innovation has a proven record of providing sophisticated medical equipment for medical device company with competitive price and timely delivery. In addition, Medical Product Innovation has been very familiar with our requirements of the Equipment. It is therefore believed that engaging Medical Product Innovation to provide the Equipment will be beneficial for us.

Our procurements of Equipment from Medical Product Innovation have been and will be conducted in the ordinary and usual course of business of our Group, on an arm's length basis and on normal commercial terms or better. Furthermore, the risk of Medical Product Innovation terminating the connected transactions is remote as the parties under the relevant agreements have limited termination rights and the termination would not be in the commercial interest of Medical Product Innovation in a commercial aspect. In an unlikely event that Medical Product Innovation terminates the 2022 Equipment Procurement Framework Agreement, we do not consider such termination will materially and adversely affect our business.

The annual caps for the transactions under the 2022 Equipment Procurement Framework Agreement for the years ended December 31, 2022, 2023 and 2024 are RMB5,000,000, RMB5,000,000 and RMB5,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2022 Equipment Procurement Framework Agreement for the year ended December 31, 2024 was RMBNil.

Please refer to the announcement of the Company dated June 23, 2022 for details.

Catering Services Framework Agreement

MP CardioFlow and MicroPort Sinica entered into the Catering Services Framework Agreement on January 17, 2023, which sets out the principal terms for the provision of catering services and beverages by the MicroPort Sinica Group and/or any third party engaged by the MicroPort Sinica Group at its staff canteens and other internal dining areas to the employees and guests of the Group such as (i) provision of breakfast, lunch, dinner and beverages; and (ii) provision of catering services for conferences, banquets and business meals.

The Catering Services Framework Agreement has an initial term commencing from January 17, 2023 to December 31, 2025 (both dates inclusive).

The entering into of the Catering Services Framework Agreement allows the Group to provide subsidized quality food and beverage services for its employees as part of their benefit package and to ensure quality food to be offered to the guests of the Group during its business functions. The Directors (including the independent non-executive Directors) are of the view that the terms of the Catering Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The annual caps for the transactions under the Catering Services Framework Agreement for the years ended December 31, 2023, 2024 and 2025 are RMB3,000,000, RMB3,500,000 and RMB4,000,000, respectively. The aggregate transaction amount incurred in accordance with the Catering Services Framework Agreement for the year ended December 31, 2024 was RMB1,250,000.

Please refer to the announcement of the Company dated January 17, 2023 for details.

Property Management Services Framework Agreement

MP CardioFlow and MicroPort Sinica entered into the Property Management Services Framework Agreement on January 17, 2023, which sets out the principal terms for the provision of property management services for the production facilities and offices of the Group including but not limited to (i) common areas management and maintenance services; (ii) public facilities management and maintenance services (excluding settlement of utility fees in these common areas such as (i) water; (ii) electricity; and (iii) industrial gas; and (iii) purification plant equipment and facilities maintenance and repair services.

The Property Management Services Framework Agreement has an initial term commencing from January 17, 2023 to December 31, 2025 (both dates inclusive).

The Group requires property management services for its premises. The entering into of the Property Management Services Framework Agreement can ensure a safe working environment for the employees of the Group. The Directors (including the independent non-executive Directors) are of the view that the terms of the Property Management Services Framework Agreement and the transactions contemplated thereunder (including the proposed annual caps thereof) are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The annual caps for the transactions under the Property Management Services Framework Agreement for the years ended December 31, 2023, 2024 and 2025 are RMB4,000,000, RMB4,000,000 and RMB4,000,000, respectively. The aggregate transaction amount incurred in accordance with the Property Management Services Framework Agreement for the year ended December 31, 2024 was RMB1,458,000.

Please refer to the announcement of the Company dated January 17, 2023 for details.

2023 Master Raw Materials Procurement Agreement

To continue the transactions under the Master Raw Materials Procurement Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates) entered into the 2023 Master Raw Materials Procurement Agreement on December 6, 2023, pursuant to which, the Company will procure raw materials (the "**Raw Materials**") from the Retained MicroPort® Group and its joint ventures and associates.

The 2023 Master Raw Materials Procurement Agreement has an initial term commencing from January 1, 2024 and end on December 31, 2026 (both dates inclusive) after approval by the independent Shareholder at the extraordinary general meetings of the Company dated December 29, 2023. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Master Raw Materials Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

We plan to procure the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates as the prices are more favorable as compared to other third-party suppliers. The production of the Raw Materials requires specialized production line, facilities and personnel. The Retained MicroPort® Group and its joint ventures and associates currently have such production capacity and offer to provide customization of such products for Independent Third Parties, while we do not have or plan to build up such production capacity. Thus, it is commercially sensible to procure the Raw Materials from the Retained MicroPort® Group and its joint ventures and associates or Independent Third Parties instead of building up our own production capacity. The Raw Materials produced by Retained MicroPort® Group and its joint ventures and associates with high quality, stable and quick delivery in reasonable prices could satisfy and ensure the efficient commercialized production of our products and further product candidates.

The annual caps for the transactions under the 2023 Master Raw Materials Procurement Agreement for the years ended December 31, 2024, 2025 and 2026 are RMB37,000,000, RMB45,000,000 and RMB67,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2023 Master Raw Material Procurement Agreement for the year ended December 31, 2024 was RMB3,925,000.

Please refer to the announcement and circular of the Company dated December 6, 2023 and December 12, 2023 for details.

2023 Promotion and Patient Health Management Service Procurement Framework Agreement

To continue the transactions under the 2022 Service Procurement Framework Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement on December 6, 2023, pursuant to which the Group will procure promotion and health management services from the Retained MicroPort® Group.

The 2023 Promotion and Patient Health Management Service Procurement Framework Agreement has an initial term commencing from January 1, 2024 and end on December 31, 2026 (both dates inclusive) after approval by the independent Shareholder at the extraordinary general meetings of the Company dated December 29, 2023. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances. The medical device industry which the Group operates in is intensely competitive and rapidly changing. The Company faces competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. In order to gain a higher market share in China and overseas TAVI

markets, it is important for the Company to further strengthen the commercialization capabilities of the Company by, among others, leveraging the promotion services provided by external suppliers. Therefore, the services provided by the Retained MicroPort® Group under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement are essential to the commercialization process and can be a supplement to the in-house sales and marketing team of the Group.

The Company is a biotechnology medical device company. Therefore, the promotion of its products and the management of the eligible patients of the Group's products require sophisticated experience and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort® Group has a proven record of successfully commercializing medical devices and has a well-established and experienced sales and marketing team familiar with the Group's products with not only a broad coverage of the Group's target departments of domestic hospitals but also global outreach. Further, the Retained MicroPort® Group has been very familiar with the Group's requirements and has been providing us with various satisfying services in a timely and cost-efficient manner. Therefore, it is believed that engaging the Retained MicroPort® Group to provide the promotion services will be beneficial for the Company to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's products. In addition, in line with the Group's globalization strategy, with the support from the overseas sales and marketing team of the Retained MicroPort® Group, the Company will further advance its global commercialization process which will enable the Company to expeditiously establish an advantageous position in market share in the relevant overseas markets.

The annual caps for the transactions under the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement for the years ended December 31, 2024, 2025 and 2026 are RMB53,000,000, RMB54,000,000 and RMB55,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2023 Promotion and Patient Health Management Service Procurement Framework Agreement for the year ended December 31, 2024 was RMB9,423,000.

Please refer to the announcement and circular of the Company dated December 6, 2023 and December 12, 2023 for details.

2023 Master Service Procurement Agreement and the Revision of Annual Cap

To continue the transactions under the Master Service Procurement Agreement after December 31, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates) entered into the 2023 Master Service Procurement Agreement on December 6, 2023, pursuant to which the Group will procure sterilization services, product testing services, numerical simulation services, animal test services and administrative support services from the Retained MicroPort® Group.

The 2023 Master Service Procurement Agreement will commence from January 1, 2024 and end on December 31, 2026 (both days inclusive). Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Master Service Procurement Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

As we are a biotechnology medical device company, the services provided by the Retained MicroPort® Group and its joint ventures and associates are essential to our development and manufacturing process and such services require sophisticated technologies and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort® Group has been providing for our Group the sterilization services, product testing services, numerical simulation services, animal test services and administrative support services of good quality at reasonable fee rate previously. Due to the geographical proximity and long-term and stable cooperation relationship between the Retained MicroPort® Group and us, we believe the Retained MicroPort® Group and its joint ventures and associates will provide such services to us in a timely and cost-efficient manner. Thus, we are of the view that continuous procurement of the services from the Retained MicroPort® Group and its joint ventures and associates are in the interest of our Company and our Shareholders as a whole and will be beneficial to our Group.

The existing annual caps for the transactions under the 2023 Master Service Procurement Agreement for the years ended December 31, 2024, 2025 and 2026 are RMB8,000,000, RMB8,000,000 and RMB8,000,000, respectively.

On September 30, 2024, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of the Retained MicroPort® Group and its joint ventures and associates) entered into the supplemental agreement to increase the existing annual cap for the 2023 Master Service Procurement Agreement (the "**Supplemental Agreement**"). Save for the revision of the annual cap, other principal terms of the 2023 Master Service Procurement Agreement shall remain unchanged.

The revision of the annual cap under the 2023 Master Service Procurement Agreement is mainly due to the development strategy of the Company and the MP CardioAdvent Acquisition, it is reasonably expected that the service procurement demand such as sterilization services, product testing services, numerical simulation services, animal test services and administrative support services of the Group will increase significantly. As we are a biotechnology medical device company, the enlarged services provided by the Retained MicroPort® Group and its joint ventures and associates are essential to our development and manufacturing process and such services require sophisticated technologies and knowledge that are better handled by service providers with such capabilities. The Retained MicroPort® Group has been providing for our Group the sterilization services, product testing services, numerical simulation services, animal test services and administrative support services of good quality at reasonable fee rate previously and thus is more familiar with our specific requirements and expectations. Due to the geographical proximity and long-term and stable cooperation relationship between the Retained MicroPort® Group and us, we believe the Retained MicroPort® Group and its joint ventures and associates will provide such high-quality services with an increased demand to us consistently in a timely and cost-efficient manner. Thus, the Directors (including the independent non-executive Directors) are of the view that the terms of the Supplemental Agreement (including the Revised Annual Cap) and transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The revised annual caps for the transactions under the Supplemental Agreement for the years ended December 31, 2024, 2025 and 2026 are RMB16,000,000, RMB16,000,000 and RMB16,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2023 Master Service Procurement Agreement for the year ended December 31, 2024 was RMB14,076,000.

Please refer to the announcement of the Company dated December 6, 2023 and September 30, 2024 for details.

2023 Distribution Framework Agreement

On December 6, 2023, the Company (for itself and on behalf of its subsidiaries) and MicroPort® (for itself and on behalf of its subsidiaries other than the Group) entered into the 2023 Distribution Framework Agreement, pursuant to which the Company agreed to grant a non-exclusive right to the Retained MicroPort® Group to market and distribute the Group's distribution products (the "**Distribution Products**") in the target markets set out in the 2023 Distribution Framework Agreement (the "**Target Markets**").

The 2023 Distribution Framework Agreement has an initial term commencing from January 1, 2024 and end on December 31, 2026 (both dates inclusive) after approval by the independent Shareholder at the extraordinary general meetings of the Company dated December 29, 2023. Subject to compliance with applicable laws and regulations (including but not limited to the Listing Rules) and requirements of securities regulatory authorities, the 2023 Distribution Framework Agreement may be renewed for a further term of no longer than three years from time to time. Upon renewal, the parties may amend the terms of such agreement based on the then prevailing circumstances.

The medical device industry in which the Group operates is intensely competitive and rapidly changing. The Company faces competition with major international medical device companies as well as domestic medical device companies which are developing heart valve disease solutions. In line with the medical device industry norm, we adopt a distributorship model and we do not sell our products directly to hospitals. In order to gain access to or even a higher market share in TAVI market in the Target Markets, it is important for the Company to further strengthen the commercialization capabilities of the Company by, among others, leveraging the global distribution channels provided by external suppliers. The Retained MicroPort® Group has a proven record of successfully commercializing medical devices globally and has a well-established and experienced global sales and marketing team familiar with the Group's Distribution Products with global outreach. Benefiting from the synergy between our Distribution Products and the comprehensive products focusing on the treatment of heart-related diseases offered by the Retained MicroPort® Group, as well as the Retained MicroPort® Group's stable business relationships with eligible hospitals in the Target Markets, the Company will be able to facilitate the admission and penetration into such hospitals in the Target Markets. In addition, after years of cooperation with us, MicroPort® Group has developed an adequate understanding of our product portfolio and business operations. Through such arrangements under the 2023 Distribution Framework Agreement, the Group will be able to leverage MicroPort® Group's global distribution network to get access to a wide range of customers in the Target Markets. It is believed that engaging the Retained MicroPort® Group as distributor will be beneficial for the Company to boost brand awareness, enhance the Group's influence, grasp market dynamics and increase the penetration rate of the Group's Distribution Products. It will also help the Group to effectively control the transaction risk and communication costs during the sales process and is beneficial to the business development of the Group.

The Group will ascertain a final price (the "**Final Price**") to be charged by the Group in each purchase order based on the pricing policy under the 2023 Distribution Framework Agreement after considering the quantity of the order, the delivery schedule, the purpose for usage and the cost of transportation.

While the annual caps under the 2023 Distribution Framework Agreement are not presented in monetary form, given that (i) the Final Price shall be consistent with the pricing policy for the same Distribution Products that Group offers to Independent Third Party distributors and will be determined primarily based on the prevailing market price of similar products; (ii) the Company will adopt the price determination and review mechanism and the relevant internal control procedures as described in the section headed "Internal Control Policies" below which will effectively ensure the Final Price is fair and reasonable; (iii) the nature of the transactions under the 2023 Distribution Framework Agreement and the formula calculating the transaction amounts thereunder are clear and do not involve complex calculations or excessive management discretion; and (iv) the sufficient disclosure in relevant announcement and in the annual report which has already included or will include the key terms of the transactions to be contemplated under the 2023 Distribution Framework Agreement, the details of the 2023 Distribution Products and Target Markets, as well as the annual transaction amounts charged by us under the 2023 Distribution Framework Agreement, the Board considers that the current proposed annual caps in formular form (i) could provide the Shareholders and potential investors with all necessary information about the fees to be received from the Retained MicroPort® Group; and (ii) enable the Shareholders and potential investors to make a properly informed assessment of the subject transactions and/or hence an informed voting decision.

The transaction amount the Group shall charge the Retained MicroPort® Group pursuant to the 2023 Distribution Framework Agreement will be determined by the following formula:

The transaction amount	**=**	**The sum of (The number of units of each Distribution Product ordered by the Retained MicroPort® Group in each Target Market**	**×**	**The Final Price of the relevant Distribution Product, which is determined primarily by the formula below:** ***The Final Price = The retail price of the Distribution Product in the relevant Target Market[1] – Distributor's gross profit[2]***

Notes:

(1) The retail price of our Distribution Product is determined based on the retail price of competing products in the Target Market and our production, shipping and insurance cost for the relevant Distribution Product, with reference to the market position and sales strategy for the relevant Distribution Product. The retail price is subject to adjustments in accordance with the market conditions from time to time.

(2) The distributor's gross profit is determined through arm's length negotiations between our Group and the Retained MicroPort® Group primarily based on the prevailing gross profit rate for distributing similar products in the relevant Target Market, which is expected to be 30%–50% of the retail price.

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements of Rule 14A.53(1) of the Listing Rules to express annual caps for the 2023 Distribution Framework Agreement in terms of monetary value. As of the conditions under the waiver, the transactions contemplated under the 2023 Distribution Framework Agreement are subject to, among others, the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The aggregate transaction amount incurred in accordance with the 2023 Distribution Framework Agreement for the year ended December 31, 2024 was RMB14,058,000.

Please refer to the announcement and circular of the Company dated December 6, 2023 and December 12, 2023 for details.

2024 MP CardioAdvent Service Procurement Framework Agreement

On April 15, 2024, the Company (for itself and on behalf of its subsidiaries, joint ventures and associates, excluding MP CardioAdvent) entered into the 2024 MP CardioAdvent Service Procurement Framework Agreement with MP CardioAdvent for a period from the date of the 2024 MP CardioAdvent Service Procurement Framework Agreement to December 31, 2025 (both days inclusive), pursuant to which, MP CardioAdvent will procure certain supporting services for its R&D and commercialization activities, such as technical services, registration, clinical trials, quality control, supply chain and sales promotion, from the Company and its subsidiaries, joint ventures and associates, excluding MP CardioAdvent.

MP CardioAdvent became a subsidiary of the Company following the MP CardioAdvent Acquisition. As the R&D activities of MP CardioAdvent and the commercialization of its products involve a significant volume of confidential and sensitive information, provision of the certain services within the Group will ensure such information is effectively safeguarded and well-protected. In addition, the internal provision of the certain services is expected to create synergistic effects and enhance collaborative efforts, allowing for more effective resource consolidation, improved cost management, and increased operational efficiency, which is expected to contribute to the overall performance enhancement of the Group. Moreover, compared to other third-party suppliers, the Company has a better understanding of MP CardioAdvent's products and product candidates and is more familiar with MP CardioAdvent's specific requirements and expectations. This intrinsic knowledge leads to reduced communication costs, the accumulation of specialized expertise in service provision, and consistently high-quality service delivery to MP CardioAdvent. The Directors (including the independent non-executive Directors) are of the view that the terms of the 2024 MP CardioAdvent Service Procurement Framework Agreement (including the proposed annual caps) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

The annual caps for the transactions under the 2024 MP CardioAdvent Service Procurement Framework Agreement for the years ended December 31, 2024 and 2025 are RMB10,000,000 and RMB16,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2024 MP CardioAdvent Service Procurement Framework Agreement for the year ended December 31, 2024 was RMB2,587,000.

Please refer to the announcement of the Company dated April 15, 2024 for details.

2024 Kewei Distribution Framework Agreement

On July 19, 2024 (after trading hours), MP CardioFlow and Kewei Medical entered into the 2024 Kewei Distribution Framework Agreement, pursuant to which, for a term commencing from July 19, 2024 to December 31, 2025 (both day inclusive), Kewei Medical agreed to grant an exclusive right to MP CardioFlow to distribute the certain self-owned products of Kewei Medical (the "**Kewei Distribution Products**") in China.

The 2024 Kewei Distribution Framework Agreement presents a strategic opportunity for the Company to venture into new and burgeoning markets within the structural heart disease field, recognized for their high growth potential. This expansion is in line with our strategic goal to diversify revenue streams and reinforce our commitment to pioneering comprehensive solutions for structural heart diseases. The agreement is expected to leverage synergies between the Company's existing products and Kewei Distribution Products, enhancing our market presence and enabling us to capture a larger share of the market. This strategic move not only boosts our competitiveness but also enhances our sustainability in the industry by aligning with our mission to provide accessible, advanced solutions for structural heart diseases globally. The Directors (including the independent non-executive Directors) are of the view that the terms of the 2024 Kewei Distribution Framework Agreement (including the proposed annual caps thereof) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of our Group and in the interests of the Company and its Shareholders as a whole.

The annual caps for the transactions under the 2024 Kewei Distribution Framework Agreement for the years ended December 31, 2024 and 2025 are RMB3,000,000 and RMB6,000,000, respectively. The aggregate transaction amount incurred in accordance with the 2024 Kewei Distribution Framework Agreement for the year ended December 31, 2024 was RMB234,000.

Please refer to the announcement of the Company dated July 19, 2024 for details.

Kewei Loan Agreement

On July 19, 2024 (after trading hours), MP CardioFlow and Kewei Medical entered into the Kewei Loan Agreement, pursuant to which, MP CardioFlow, as the lender, agreed to grant Kewei Medical, as the borrower, a loan facility in a principal amount of RMB10.0 million, at an interest rate equivalent to the one-year LPR on the date of the Kewei Loan Agreement within two years from the date of drawdown. The loan facility shall be secured by the pledge of security given by Kewei Medical under certain equipment and facilities of Kewei Medical with an aggregate net value of approximately RMB17.1 million in favour of MP CardioFlow.

The decision to enter into the Kewei Loan Agreement was driven by a strategic need for enhanced coordination and interaction between our Group and Kewei Medical. This arrangement is a cornerstone of our broader business strategy aimed at fostering deeper collaboration with Kewei Medical. Through the capital provided under the Kewei Loan Agreement, Kewei Medical will be able to allocate additional resources to optimize the operations and refinement of the Kewei Distribution Products. These products are not only complementary to our existing product pipeline but are also crucial in expanding our offerings in the market. Additionally, the Kewei Loan Agreement establishes a solid foundation for future collaborative ventures between our Group and Kewei Medical. The financial terms of the Kewei Loan Agreement were negotiated at arm's length, ensuring alignment with current market interest rates and best practices, affirming that the agreement supports our financial health and operational stability without introducing significant risks. The Directors (including the independent non-executive Directors) are of the view that the terms of the Kewei Loan Agreement (including the proposed annual caps thereof) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of our Group and in the interests of the Company and its Shareholders as a whole.

Please refer to the announcement of the Company dated July 19, 2024 for details.

BoCom Short-term Guarantee Agreement

On September 30, 2024, MP CardioAdvent and BoCom Shanghai Branch entered into the BoCom Short-term Facility Agreement, pursuant to which, BoCom Shanghai Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB5 million for a term of one year commencing from September 30, 2024. As the security for the due performance of the repayment obligations of MP CardioAdvent to BoCom Shanghai Branch under the BoCom Short-term Facility Agreement, MP CardioFlow has entered into the BoCom Short-term Guarantee Agreement in favour of BoCom Shanghai Branch on the same day, pursuant to which MP CardioFlow has agreed to provide a guarantee with an irrevocable joint and several liability in favor of BoCom Shanghai Branch for the due performance of the repayment obligations of the MP CardioAdvent under the BoCom Short-term Facility Agreement.

Please refer to the announcement of the Company dated September 30, 2024 for details.

BoCom Mid-term Guarantee Agreement

On September 30, 2024, MP CardioAdvent and BoCom Shanghai Branch entered into the BoCom Mid-term Facility Agreement, pursuant to which, BoCom Shanghai Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB5 million for a term of two years commencing from September 30, 2024. As the security for the due performance of the repayment obligations of MP CardioAdvent to BoCom Shanghai Branch under the BoCom Mid-term Facility Agreement, MP CardioFlow has entered into the BoCom Mid-term Guarantee Agreement in favour of BoCom Shanghai Branch on the same day, pursuant to which MP CardioFlow has agreed to provide a guarantee with an irrevocable joint and several liability in favor of BoCom Shanghai Branch for the due performance of the repayment obligations of the MP CardioAdvent under the BoCom Mid-term Facility Agreement.

Please refer to the announcement of the Company dated September 30, 2024 for details.

SHRCB Guarantee Agreement (together with BoCom Short-term Guarantee Agreement and BoCom Mid-term Guarantee Agreement collectively, the "Guarantee Agreements")

On September 30, 2024, MP CardioAdvent and SHRCB Zhangjiang Hi-Tech Branch entered into the SHRCB Facility Agreement, pursuant to which, SHRCB Zhangjiang HiTech Branch has agreed, subject to the terms and conditions contained therein, to grant MP CardioAdvent, the facility in an aggregate principal amount of up to RMB6 million for a term of one year commencing from September 30, 2024. As the security for the due performance of the repayment obligations of MP CardioAdvent to SHRCB Zhangjiang HiTech Branch under the SHRCB Facility Agreement, MP CardioFlow has entered into the SHRCB Guarantee Agreement in favour of SHRCB Zhangjiang Hi-Tech Branch on the same day, pursuant to which MP CardioFlow has agreed to provide a guarantee with an irrevocable joint and several liability in favor of SHRCB Zhangjiang Hi-Tech Branch for the due performance of the repayment obligations of the MP CardioAdvent under the SHRCB Facility Agreement.

MP CardioAdvent became a subsidiary of the Company following the MP CardioAdvent Acquisition. The guarantees under the Guarantee Agreements are provided as security to enable MP CardioAdvent to secure funding for the continued development of its R&D activities and the commercialization of its products, which will further improve MP CardioAdvent's development and profitability and contribute to the overall strategy layout of the Group. After reviewing the latest management accounts and performing credit risk check and considering the repayment ability and financial conditions of MP CardioAdvent, the Company considers that the risk level with reference to the Guarantees is relatively low. As a high-tech medical device company focusing on LAA solutions, MP CardioAdvent's primary products include AnchorMan® LAAA System, and AnchorMan® LAAC System. After securing the funding, MP CardioAdvent will utilize these resources to advance product iterations, marketing efforts, and promote commercialization processes, as well as to explore overseas markets and deepen its presence in the domestic market. By integrating MP CardioAdvent's offerings, the Company aims to penetrate high-growth market segments within the structural heart disease field. This strategy will diversify the Group's revenue streams and expand strategic initiatives, ultimately delivering state-of-the-art solutions for treating structural heart diseases and enhancing the Group's competitiveness. In view of the above and given the facility is provided by licensed banks in the PRC at arms' length and on normal commercial terms, and the terms of the Guarantee Agreements were negotiated at arms' length, the Directors (including the independent non-executive Directors) are of the view that the terms of the Guarantee Agreements and the Guarantees contemplated thereunder are fair and reasonable, on normal commercial terms and are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

Please refer to the announcement of the Company dated September 30, 2024 for details.

The above connected transaction and continuing connected transactions have followed the policies and guidelines under chapter 14A of the Listing Rules when determining the price and terms of the transactions conducted for the year ended December 31, 2024.

Confirmation from the Auditors and Directors

The auditors have reviewed the above continuing connected transactions and provided the Board of directors with a confirmation in accordance with Rule 14A.56 of the Listing Rules that nothing has caused them to believe that the continuing connected transactions (i) had not been approved by the Board; (ii) were not in accordance with the Company's pricing policies; (iii) were not entered into in accordance with the agreement governing them; and (iv) had exceeded the annual cap.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have confirmed that the above continuing connected transactions: (i) have been entered into, and will be carried out, in the ordinary and usual course of business of our Group and on normal commercial terms or better to us and are fair and reasonable and are in the interests of our Company and our Shareholders as a whole and (ii) the terms and proposed annual caps (if applicable) are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

The Company has designated a team of senior management from business operation, legal, risk control and finance departments and Board and Securities Affairs department to monitor the continuing connected transactions and ensure that the continuing connected transactions with the above-mentioned connected persons are on arm's length basis and that the annual caps are not exceeded. Such team of senior management continuously traces and regularly monitors the progress of the continuing connected transactions and reports to management of the Company. They review the continuing connected transactions with the finance department to ensure that annual caps are not exceeded. They will also communicate with the Audit Committee, management and the Board, monthly or as needed, to report the progress of the continuing connected transactions, and request for approval of new changes of existing transaction terms. The heads of different departments of the Company will be informed on a periodic basis in relation to the terms and pricing policies of the continuing connected transactions as well. The Audit Committee has also assigned the independent internal audit team the task to ensure that the Company's internal control measures in respect of the continuing connected transactions remain effective and complete. With these measures, the independent non-executive Directors could therefore assess and give the confirmations in the preceding paragraph.

Save for disclosed above, for the year ended December 31, 2024, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the Rules 14A.49 and 14A.71 of the Listing Rules.

Save as aforesaid, none of the "Material Related Party Transactions" as disclosed in note 29 to the consolidated financial statements for the year ended December 31, 2024 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Material Related Party Transactions" constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the year ended December 31, 2024.

CONTRACT OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" and "Significant Investments, Material Acquisitions and Disposals" above, no contract of significance was entered into between the Company, or one of its subsidiary companies, and any of its Controlling Shareholders or subsidiaries for the year ended December 31, 2024.

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

Save for the 37,982,000 Shares of the Company purchased through the trustee of the Share Award Scheme at cash consideration of HK$43 million on the Stock Exchange for the Share Award Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of Treasury Shares) of the Company during the Reporting Period.

MATERIAL LITIGATION

The Company was not involved in any material litigation or arbitration for the year ended December 31, 2024. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group during the year ended December 31, 2024.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company's Shares were listed on the Stock Exchange on February 4, 2021. The net proceeds from the Global Offering amounted to approximately HK$2,717.2 million. On December 29, 2023, the Board has resolved to reallocate of unutilized net proceeds ("**Change of Use of Net Proceeds**"). For further details of the Change of Use of Net Proceeds, please refer to the Company's announcement dated January 1, 2024. The table below sets out the actual use of the net proceeds and the revised allocation of the unutilized net proceeds. As of December 31, 2024, our Company had used the net proceeds from the Global Offering for the following purposes:

	Amount of net proceeds for the relevant use HK$ million	Percentage of total net proceeds as disclosed in the Prospectus (before Change of Use of Net Proceeds)	Amount of proceeds unutilized as of December 15, 2023[1] HK$ million	Use of proceeds after reallocation HK$ million	Revised percentage of unutilized net proceeds	Actual amount of proceeds utilized as of January 1, 2024 HK$ million	Utilized amount during the Reporting Period HK$ million	Actual amount of proceeds utilized as of December 31, 2024 HK$ million	Amount of proceeds unutilized as of December 31, 2024 HK$ million	Expected timeframe for unutilized net proceeds
VitaFlow Liberty®										
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty®	423.9	15.6%	250.2	50.2	3.52%	48.9	28.6	203.6	20.3	2025
— the ongoing sales and marketing activities of VitaFlow Liberty® in China and overseas	391.3	14.4%	154.9	104.9	7.36%	88.6	78.6	331.3	10.0	2025
Subtotal	**815.2**	**30.0%**	**405.1**	**155.1**	**10.89%**	**137.5**	**107.2**	**534.9**	**30.3**	
VitaFlow®	**92.4**	**3.4%**	**19.2**	**19.2**	**1.35%**	**16.9**	**16.9**	**92.4**	**–**	**2024**
The remaining products										
— fund the research, preclinical, clinical trial and commercialization of VitaFlow™ III, and VitaFlow® Balloon Expandable	190.2	7.0%	98.5	98.5	6.91%	94.5	28.1	123.8	66.4	2025
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	202.8	202.8	14.24%	196.3	30.8	147.0	165.5	2025
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	127.1	75.0	5.27%	73.4	8.1	45.6	65.3	2025
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	67.9	–	–	–	–	–	–	–
Subtotal	**733.6**	**27.0%**	**496.3**	**376.3**	**26.42%**	**364.2**	**67.1**	**316.5**	**297.1**	

	Amount of net proceeds for the relevant use HK$ million	Percentage of total net proceeds as disclosed in the Prospectus (before Change of Use of Net Proceeds)	Amount of proceeds unutilized as of December 15, 2023[1] HK$ million	Use of proceeds after reallocation HK$ million	Revised percentage of unutilized net proceeds	Actual amount of proceeds utilized as of January 1, 2024 HK$ million	Utilized amount during the Reporting Period HK$ million	Actual amount of proceeds utilized as of December 31, 2024 HK$ million	Amount of proceeds unutilized as of December 31, 2024 HK$ million	Expected timeframe for unutilized net proceeds
Fund the expansion of our product portfolio through collaboration with global enabler	407.6	15.0%	53.2	523.2	36.73%	523.2	197.1	551.5	326.1	2025
Expand our production capacity and strengthen our manufacturing capabilities for VitaFlow® and VitaFlow Liberty®	396.7	14.6%	299.2	299.2	21.00%	297.5	45.3	144.5	252.2	2025
Working capital and general corporate purposes	271.7	10.0%	151.5	51.5	3.62%	44.5	27.0	154.2	17.5	2025
Total	2,717.2	100.0%	1,424.5	1,424.5	100.0%	1,383.8	460.6	1,794.0	923.2	

Note:

(1) December 15, 2023, being the latest available date for calculating the use of net proceeds from the Global Offering prior to the Change of Use of Net Proceeds.

Before the Change of Use of Net Proceeds, the net proceeds from the Global Offering had been used in a manner consistent with the disclosure in the Prospectus. Since the Change of Use of Net Proceeds, the net proceeds from the Global Offering has been used in a manner consistent with the disclosure in the announcement of the Company dated January 1, 2024. As of the date of this annual report, saved as disclosed above, the Company does not anticipate any change to its plan on the use of proceeds. The Company expects that all the net proceeds from the Global Offering will be utilized in accordance with the intended uses disclosed in the announcement of the Company dated January 1, 2024 by the end of 2025. The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the Latest Practicable Date, the Company has maintained the prescribed percentage of public float under the Listing Rules.

AUDITOR

The consolidated financial statements of the Group have been audited by KPMG, Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance, who will retire and, being eligible, offer themselves for re-appointment at the AGM.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report, we do not have other plans for material investments and capital assets during the Reporting Period.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from Tuesday, June 24, 2025 to Friday, June 27, 2025, both days inclusive, in order to determine the eligibility of the Shareholders to attend and vote at the AGM to be held on Friday, June 27, 2025. In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Monday, June 23, 2025.

By order of the Board
MicroPort CardioFlow Medtech Corporation
Mr. Chen Guoming
Chairman

Shanghai, PRC
March 27, 2025

GENERAL

The Board is pleased to present this Corporate Governance Report in the Group's annual report for the financial year ended December 31, 2024.

CORPORATE GOVERNANCE PRACTICES

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the Code Provisions of the CG Code as the basis of the Company's corporate governance practices during the Reporting Period, and has complied with all applicable Code Provisions as set out in the CG Code during the Reporting Period and up to the Latest Practicable Date.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

COMPANY'S CULTURE

The Board believes that corporate culture underpins the long-term business, economic success and sustainable growth of the Group. A strong culture enables the Company to deliver long-term sustainable performance and fulfil its role as a responsible corporate citizen. The Company is committed to developing a positive and progressive culture that is built on its Vision, Mission and Values.

During the Reporting Period, the Company continued to strengthen its cultural framework by focusing on the following:

- Vision: Our vision is to build a people centric enterprise ranking as a global leader of evolving and emerging medical technologies
- Mission: Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases
- Values: Quality, Integrity, Innovation, Dedication, Responsibility, Efficiency, Collaboration, Competitiveness

The Board sets and promotes corporate culture and expects and requires all employees to reinforce. All of our new employees are required to attend orientation and training programs so that they may better understand our corporate culture, structure and policies, learn relevant laws and regulations, and raise their quality awareness. In addition, from time to time, the Company will invite external experts to provide training to our management personnel to improve their relevant knowledge and management skills.

The Board considers that the corporate culture and the purpose, values and strategy of the Group are aligned.

BOARD OF DIRECTORS

Responsibilities of the Directors

The Board is responsible for making all major decisions of the Company including the approval and monitoring of all major policies of the Group and overall strategies, internal control and risk management systems, notifiable and connected transactions, nomination of the Directors and joint company secretaries, and other significant financial and operational matters.

All of the Directors have full and timely access to all relevant information as well as the advice and services of the joint company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Each Director is entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

The day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions are periodically reviewed. Approval must be obtained from the Board before any significant transaction is entered into.

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

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

Directors' and Officers' Liabilities Insurance

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

Board Composition

The Board structure is governed by the Company's Articles of Association. The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

The Board currently comprises nine members, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

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

The Board of the Company comprises the following Directors:

Executive Directors:

Mr. Zhang Ruinian *(appointed with effect from March 27, 2025)*
Mr. Zhao Liang
Ms. Yan Luying
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*

Non-Executive Directors:

Mr. Chen Guoming *(Chairman)*
Mr. Zhang Junjie
Ms. Wu Xia

Independent Non-Executive Directors:

Mr. Jonathan H. Chou
Ms. Sun Zhixiang
Dr. Ding Jiandong

The biographical details of the current Directors are set out in the section headed "Profiles of Directors and Senior Management" on pages 20 to 27 of this annual report.

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

Independence of Independent Non-Executive Directors

During the Reporting Period and up to the Latest Practicable Date, the Company has three independent non-executive Directors, which at all times meets the requirement of the Listing Rules that the number of independent non-executive Directors must represent at least one-third of the Board and should not be less than three, and that at least one of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise.

The Board has received written annual confirmation from each independent non-executive Director of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

Each of the independent non-executive Directors has signed a letter of appointment with the Company for an initial term of three years until terminated in accordance with the terms and conditions stated in the letter.

Board Independence

The Company recognizes that Board independence is key to good corporate governance. The Company has in place effective mechanisms that underpin an independent Board and that independent views. The current composition of the Board, comprising one third of the of the independent non-executive Directors and the members of the Audit Committee are all independent non-executive Directors exceed the independence requirements under the Listing Rules. The Remuneration Committee and Audit Committee are chaired by independent non-executive Directors. The remuneration of independent non-executive Directors are subject to a regular review to maintain competitiveness and commensurate with their responsibilities and workload. The independence of each independent non-executive Director is assessed upon his/her appointment and annually.

Directors are requested to declare their direct or indirect interests, if any, in proposals or transactions to be considered by the Board at the Board meetings and abstain from voting, where appropriate. External independent professional advice is available to all Directors, including independent non-executive Directors, whenever deemed necessary. The independent non-executive Directors have consistently demonstrated strong commitment and the ability to devote sufficient time to discharge their responsibilities at the Board.

The Company has also established channels through formal and informal means whereby independent non-executive Directors can express their views in an open manner, and in a confidential manner, should circumstances requires.

Appointment and Re-election of Directors

As of the date of this annual report, Mr. Jeffrey R Lindstrom resigned as an executive Director so as to devote more time to his other commitments, Mr. Zhang Ruinian was appointed as an executive Director with effect from March 27, 2025. Mr. Jeffrey R Lindstrom has confirmed to the Company that he does not have any disagreement with the Board and that there is no matter relating to his resignation that needs to be brought to the attention of the Shareholders and/or the Stock Exchange. Prior to Mr. Zhang Ruinian's appointment becoming effective, he confirmed that (i) he fully understood the obligations, duties and responsibilities of an executive director of a company listed on the Hong Kong Stock Exchange; and (ii) he had read the directors' training materials prepared by the Hong Kong legal adviser of our Company. He also undertook to comply with such obligations, duties and responsibilities under the Listing Rules, and other applicable laws and provisions relating to securities as a director of our Company. For further details, please refer to the Company's announcement dated March 27, 2025.

Code Provision B.2.2 of the CG Code states that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Pursuant to Article 16.19 of the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Pursuant to Article 16.2 of the Articles of Association, Director either to fill a casual vacancy or as an addition to the Board shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election at that meeting. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation.

Hence, Mr. Chen Guoming, Mr. Zhang Ruinian, Mr. Zhao Liang and Dr. Ding Jiandong shall retire from office and being eligible, and will offer themselves for re-election pursuant to Article 16.19 of the Articles of Association at the 2025 AGM.

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

Induction and Continuing Development of Directors

All Directors confirmed that they had complied with Code Provision C.1.4 of the CG Code during the Reporting Period, that all Directors had participated in continuous professional development to develop and refresh their knowledge and skills. The Company has distributed training materials prepared by the legal advisor of the Company to all Directors and all Directors confirmed reading the training materials. The training materials covered topics which include, directors' duties, the disclosure obligations under laws of Hong Kong and other applicable laws, the requirements of disclosable transactions and connected transactions etc. under the Listing Rules, and the amendments of the Listing Rules.

Mr. Zhang Ruinian was appointed as an executive Director on March 27, 2025. He has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on March 27, 2025 and has confirmed that he understood his obligations as a director of a listed company.

BOARD MEETINGS

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

Code provision C.5.1 of the CG Code stipulates that board meetings should be held at least four times a year at approximately quarterly intervals with active participation of the majority of the Directors, either in person or through electronic means of communication.

The Board held 5 meetings during the year ended December 31, 2024. The attendance records of each member at the Board meeting during the year ended December 31, 2024 are set out below:-

Name of Members	Attendance/Number of meetings held during the term of office of the Board members
Mr. Chen Guoming	5/5
Mr. Jeffrey R Lindstrom *(resigned with effect from March 27, 2025)*	5/5
Mr. Zhao Liang	5/5
Ms. Yan Luying	5/5
Mr. Zhang Junjie	5/5
Ms. Wu Xia	5/5
Mr. Jonathan H. Chou	5/5
Ms. Sun Zhixiang	5/5
Dr. Ding Jiandong	5/5

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code during the Reporting Period.

Specific enquiry has been made of all the Directors and all Directors confirmed that they have complied with the Model Code for transactions in the Company's securities during the Reporting Period.

DELEGATION BY THE BOARD

Corporate Governance Functions

The Board is responsible for determining corporate governance policy of the Company and performing the functions set out in Code Provision A.2.1 of the CG Code. Such duties have been delegated to the Audit Committee.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, and the Company's compliance with the CG Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

The Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company may from time to time and as the circumstances required, provide updated written training materials relating to the roles, functions and duties of a director of a company listed on the Stock Exchange.

Board Committees

The Board reserves for its decision all major matters of the Company, in terms of approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

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

The Board has delegated a schedule of responsibilities to senior management of the Company. These responsibilities include implementing decisions of the Board, directing and coordinating day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operating and production plans and budgets, and supervising and monitoring the control systems.

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

Audit Committee

The Company established the Audit Committee on January 15, 2021 with written terms of reference in compliance with the CG Code. The Audit Committee comprises three members:

Mr. Jonathan H. Chou *(Chairman)*
Dr. Ding Jiandong
Ms. Sun Zhixiang

All the three members are independent non-executive Directors, and Mr. Jonathan H. Chou, being the chairman of the committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The main duties of the Audit Committee include the following:

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

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

During the Reporting Period, the Audit Committee reviewed the Group's annual results and annual report for the year ended 31 December 2023, interim results and interim report for the first half year of 2024, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors.

The Audit Committee held 3 meetings during the Reporting Period. The attendance records of each member at the Audit Committee meetings during the year ended December 31, 2024 are set out below:

Name of Members	Attendance/Number of meetings held during the term of office of the Audit Committee member
Mr. Jonathan H. Chou *(Chairman)*	3/3
Ms. Sun Zhixiang	3/3
Dr. Ding Jiandong	3/3

Remuneration Committee

The Company established the Remuneration Committee on January 15, 2021 with written terms of reference amended and adopted by the Board on January 12, 2023 in compliance with the CG Code.

The Remuneration Committee comprises three members:

Ms. Sun Zhixiang *(Chairwoman)*
Mr. Chen Guoming
Mr. Jonathan H. Chou

Two of the three members are independent non-executive Directors.

The primary duties of the Remuneration Committee are to review and assess the performance of our Directors and make recommendations to our Board regarding the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management, the establishment of a formal and transparent procedure for developing policy on such remuneration, and to review and/or approve matters relating to share schemes of the Company under Chapter 17 of the Listing Rules.

During the Reporting Period, the Remuneration Committee reviewed and made recommendations to the Board on the year-end bonus of senior management and the related remuneration policy pursuant to Code Provision E.1.2(c)(ii) of the CG Code.

The Remuneration Committee held 2 meetings during the year ended December 31, 2024. The attendance records of each member at the Remuneration Committee meetings during the year ended December 31, 2024 are set out below:

Name of Members	Attendance/Number of meetings held during the term of office of the Remuneration Committee member
Ms. Sun Zhixiang *(Chairwoman)*	2/2
Mr. Jonathan H. Chou	2/2
Mr. Chen Guoming	2/2

The remuneration of the members of senior management by band for the year ended December 31, 2024 is set out below:

Remuneration bands (RMB)	Number of senior management
3,000,001–5,000,000	2
1,000,001–3,000,000	1
0–1,000,000	6
Total	9

Details of the remuneration of the Directors and senior management for the year ended December 31, 2024 are set out in note 7 to the consolidated financial statements in this annual report.

Nomination Committee

The Company established a Nomination Committee on January 15, 2021 with written terms of reference in compliance with the CG Code. The Nomination Committee comprises three members:

Mr. Chen Guoming *(Chairman)*
Dr. Ding Jiandong
Ms. Sun Zhixiang

The primary duties of the Nomination Committee are to review the structure, diversity, size and composition of the Board, assess the independence of the independent non-executive Directors and make recommendations to our Board regarding the appointment of Directors and Board succession.

During the Reporting Period, 1 Nomination Committee meeting was held at which the Nomination Committee reviewed the Board composition, made recommendation to the Board on the proposed re-election of retiring Directors at the forthcoming annual general meeting.

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

Name of Members	Attendance/Number of meetings held during the term of office of the Nomination Committee member
Mr. Chen Guoming *(Chairman)*	1/1
Ms. Sun Zhixiang	1/1
Dr. Ding Jiandong	1/1

The nomination policy was approved and adopted by the Board for evaluating and selecting any candidate for directorship. The Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Board Diversity Policy

The Company adopts the board diversity policy which sets out the approach to achieving diversity. Under the board diversity policy, Board candidates are selected based on various aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience and other factors that the Nomination Committee may consider relevant from time to time towards achieving a diversified Board. The board diversity policy will be reviewed by the nomination committee annually.

The Board currently comprises of nine directors, of which 3 are executive Directors, 3 are non-executive Directors and 3 are independent non-executive Directors. Among which, 3 Directors are female and 6 directors are male and 1 in the age group of 30–40; 4 in the age group of 41–50; 3 in the age group of 51–60; 1 in the age group of 61–65. The Board has an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business, 4 directors are in executive leadership & strategy; 1 director is accounting professionals/ financial management expertise and 4 directors in legal professionals/regulatory & compliance/risk management.

The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity.

Workforce diversity

For the year ended December 31, 2024, the employees (including senior management) include 50% females and 50% males. The total gender diversity of the Group is balanced and the Group will continue to maintain the gender diversity in workforce. For further details of gender ratio and initiatives taken to improve gender diversity together with the relevant data, please refer to the disclosure in the ESG report.

ACCOUNTABILITY AND AUDIT

Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended December 31, 2024.

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

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

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

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

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness annually. The Company is exposed to various risks during our operations and have established risk management systems with relevant policies and procedures that we believe are appropriate for our business operations. Our policies and procedures relate to the R&D, manufacture and commercialization of our products. To monitor the ongoing implementation of our risk management policies and corporate governance measures, the Company has adopted the following risk management measures:

- Establish the Audit Committee to review and supervise our financial reporting process and internal control system. The Audit Committee consists of three members, namely Mr. Jonathan H. Chou, who serves as chairman of the committee, Dr. Ding Jiandong and Ms. Sun Zhixiang;

- Adopt various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to risk management, connected transactions and information disclosure;

- Attend the training session by our Directors and senior management in respect of the relevant requirements of the Listing Rules and duties of directors of companies listed in Hong Kong; and

- Provide regular anti-corruption and anti-bribery compliance training for our Directors and senior management in order to enhance their knowledge and compliance of applicable laws and regulations.

The Company is committed to excellence and continual improvement and will continue to encourage innovation while maintaining a low-risk profile. Employees are encouraged to adopt a positive approach to risk management, which further strengthens the risk-aware culture (as opposed to risk-adverse culture) of the Group. Risk management is incorporated into the strategic and operational processes at all levels within the Group in order to minimize the impact of risk. Opportunities and risks are identified and are proactively assessed and monitored by employees on an on-going basis.

The Group has established an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems. Relevant personnel have been designated to be responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to Audit Committee of any findings and follow-up actions. Each member of the Group is required to adhere strictly to the Group's internal control procedures and report to the internal audit manager of any risks or internal control measures.

In addition, as part of our risk management measures, the Company has implemented specific measures against corruption and bribery. The Company requires our employees, especially those involved in procurement, distribution and sales, and other business functions which are more susceptible to bribery and corruptions, to abide by our compliance requirements, and make necessary representations and warranties to the Company. We also communicate our anti-bribery and anti-corruption principles to our distributors as well as the CMOs and SMOs we engaged for our clinical trial and require them to comply with our anti-bribery and anti-corruption principles. We have established a system of supervision that allows complaints and reports to be submitted to management regarding non-compliant behavior of our employees and external customers and suppliers.

The Group has also adopted an information disclosure policy which sets out comprehensive guidelines in respect of handling and dissemination of inside information.

The Audit Committee considered that the above-mentioned risk management and internal control measures are effective and adequate. Going forward, the Board, to be supported by the Audit Committee as well as the management report and the internal audit findings, will continue to review the effectiveness of the risk management and internal control systems of the Group, including the financial, operational, compliance controls and risk management annually. The annual review will also cover the financial reporting and staff qualifications, experience and relevant resources.

Arrangements are in place to facilitate employees of the Group to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Group.

Anti-corruption Policy

The Company does not tolerate any form of bribery, whether direct or indirect, by, or of, its Directors, officers, employees, agents or consultants or any persons or companies acting for it or on its behalf. The Company adopts the anti-corruption policy in assisting the employees in recognising circumstances which may lead to or give the appearance of being involved in corruption or unethical business conduct, so as to avoid such conduct which is clearly prohibited, and to promptly seek guidance if necessary.

The anti-corruption policy will be reviewed on a regular basis, any convicted cases will be reported to the Board.

Whistleblowing Policy

The Company expects and encourages employees of the Group and those who deal with the Group (e.g. suppliers, customers, creditors and debtors) to report to the Company, in confidence, any suspected impropriety, misconduct or malpractice concerning the Group. The Company adopts the whistleblowing policy to provide reporting channels and guidance on reporting possible improprieties and reassurance to whistleblowers of the protection that the Group will extend to them in the formal system.

The whistleblowing policy will be reviewed on a regular basis, any suspected cases will be reported to the Board.

AUDITOR'S RESPONSIBILITY AND REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 161 to 166 in this annual report.

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

During the year ended December 31, 2024, non-audit services performed by KPMG are primarily in relation to review of interim financial statement and tax related services.

	RMB'000
Audit services	1,966
Non-audit services	600
Total	2,566

JOINT COMPANY SECRETARIES

Ms. Li Xiangmei was appointed as one of our joint company secretaries on October 27, 2020. She has been taking the position of the Board secretary of our Group since she joined our Group in February 2020. She has over 19 years of experience in investors relations management, shareholders and securities affairs of Hong Kong listed Companies.

Ms. Chan Lok Yee was appointed as one of our joint company secretaries on October 27, 2020. Ms. Chan is currently a senior manager of company secretarial services in Vistra Corporate Services (HK) Limited, a professional provider of corporate services. She has had over ten years of experience in providing company secretarial and compliance services to private and listed companies.

Both Ms. Li and Ms. Chan are associates of the Hong Kong Chartered Governance Institute, and have undertook no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening of Extraordinary General Meetings by Shareholders

Pursuant to Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. General meetings shall also be convened on the written requisition of any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company for the transaction of any business specified in such requisition.

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves may convene the general meeting in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Putting Forward Proposals at General Meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Act (as amended from time to time) or the Articles of Association. However, Shareholders who wish to put forward proposals at general meetings may achieve so by means of convening an extraordinary general meeting following the procedures set out in paragraph above.

As regards the procedures for Shareholders to propose a person for election as a Director, they are available on the Company's website at https://www.cardioflowmedtech.com/.

Putting Forward Enquiries to the Board

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

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business performance and strategies. The Company recognizes the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make the informed investment decisions.

The Company adopted the shareholders communication policy, which set out the framework the Company has put in place to promote effective communication with shareholders so as to enable them to engage actively with the Company and exercise their rights as shareholders in an informed manner. The shareholders communication policy will be reviewed on a regular basis by the Board.

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders for enhancing investor relations and investor understanding of the Group's business performance and strategies. These include (i) the publication of interim and annual reports and/or dispatching circulars, notices, and other announcements; (ii) the annual general meeting or extraordinary general meeting providing a forum for Shareholders to raise comments and exchanging views with the Board; (iii) updated and key information of the Group available on the Company's website and the Stock Exchange's website; (iv) the Company's website offering communication channel between the Company and its stakeholders; (v) the Company's share registrar in Hong Kong serving the Shareholders in respect of all share registration matters; and (vi) convening investor meeting and/or analyst briefings, which led by our executive Directors and investor relations team with existing and potential investors.

The Company held its annual general meeting on June 26, 2024 (the "**2024 AGM**"). Shareholders, including their proxies or representatives attended the 2024 AGM and shares voted was 49.82% of the total issued shares of the Company. All resolutions proposed at the 2024 AGM were passed.

The Company also held an extraordinary general meeting on September 20, 2024 (the "**2024 EGM**"). Shareholders, including their proxies or representatives attended the 2024 EGM. Excluding the Shareholder and its associates which had abstained from voting at the 2024 EGM, the shares voted was 42.46% of the total issued shares of the Company. The percentage of the affirmative votes on the proposed resolution is above 50%. The resolution proposed at the 2024 EGM was passed.

Having considered the multiple channels of communication and shareholders engagement in the general meetings held during the year, the Board is satisfied that the shareholders communication policy has been properly implemented during 2024 and is effective.

DIVIDEND POLICY

The Articles of Association provides that the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Board.

The Company may also pay half-yearly or at other intervals to be selected by it any dividend which may be payable at a fixed rate if the Board is of the opinion that the profits available for distribution justify the payment.

The Company may in addition from time to time declare and pay special dividends on shares of any class of such amounts and on such dates as they think fit.

CHANGES IN CONSTITUTIONAL DOCUMENTS

For the year ended December 31, 2024, certain amendments to the memorandum and articles of association of the Company have been made and approved at the 2024 annual general meeting to (i) bring the existing Articles of Association in line with the amendments to the Listing Rules which mandates the electronic dissemination of corporate communications by listed issuers to their securities holders which came into effect from December 31, 2023; and (ii) making other consequential and house-keeping amendments. The Articles of Association with the amendments incorporated are available on the websites of the Company and the Stock Exchange on June 26, 2024.

Saved as disclosed above, there was no other change in the Company's constitutional documents for the year ended December 31, 2024.

GOING CONCERN

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to the Shareholders through the optimization of the debt and equity balance.

There are no material uncertainties relating to events or conditions that cast significant doubt upon the Company's liability to continue as a going concern.

CONTACT DETAILS

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

Address: 1601 Zhangdong Road, Zhangjiang Hi-Tech Park, Shanghai 201203, the PRC (For the attention of the Board Secretary)
Fax: (86) (21) 50801305
Email: CardioFlow-ir@microport.com

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

CHANGES AFTER CLOSURE OF FINANCIAL YEAR

This annual report takes into account the significant changes that have occurred since the end of 2024 to the Latest Practicable Date.

2024 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

The 2024 Environmental, Social and Governance ("**ESG**") Report (hereinafter referred to as "**this report**") is the fifth ESG report issued by MicroPort CardioFlow Medtech Corporation (hereinafter referred to as "**CardioFlow**", "**we**" or the "**Company**"). This report aims to objectively and truthfully articulate the Company's strategies, policies, measures, and achievements in sustainable development, focusing on disclosing relevant ESG information of the Company and its subsidiaries (collectively referred to as the "**Group**").

Basis of Preparation

This report is prepared in accordance with the *Environmental, Social and Governance Reporting Guide* (hereinafter referred to as "**ESG Guide**") and its main amendments outlined in Appendix 27 of the *Listing Rules of The Stock Exchange of Hong Kong Limited* (hereinafter referred to as "**Hong Kong Stock Exchange**"). Readers can refer to " Appendix II Index to the Environmental, Social and Governance Reporting Guide of Hong Kong Stock Exchange" for quick access.

Reporting Cycle

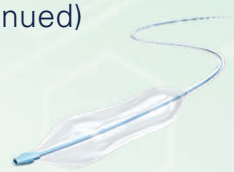
From January 1, 2024, to December 31, 2024 (hereinafter referred to as "**Reporting Period**").

Reporting Scope

The policies and data provided in this report cover the Company and its subsidiaries, and the reporting scope is consistent with the annual report. Historical information quoted in this report is the final statistical information. Unless otherwise specified, the financial data in this report are denominated in Renminbi (RMB).

Reporting Principles

Materiality:	CardioFlow understands the key points of stakeholders' concerns about the Company's sustainable development through a stakeholder communication mechanism and determines the material ESG issues related to the Company by distributing a questionnaire survey on materiality issues, as detailed in the Materiality Issue Assessment section of this report.
Quantitative:	The application of the quantitative principle is mainly reflected in the calculation and disclosure of the Company's key environmental and social performance indicators, as detailed in Appendix I Key Performance Table.
Balance:	To ensure a comprehensive reflection of the Company's sustainable development practices to stakeholders, the Company objectively and completely discloses its ESG work.
Consistency:	This report adopts the same data statistical methods as previous years and compares data across different years. Where there are changes in the scope of data disclosure, explanations are provided in the Key Performance Table section.



Reliability and Assurance of Information

Unless otherwise specified, the data in this report are derived from internal materials, survey interview records, and related documents of the Group. The Board of Directors of the Group commits that there is no false information or misleading statements in this report and is responsible for the authenticity, accuracy, and completeness of the content.

Confirmation and Approval

This report was confirmed by the management and approved by the Board of Directors on March 27, 2025.

Access to the Report

This report is published in both print and online versions. The online version of the report can be accessed at the website of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company's official website (https://www.cardioflowmedtech.com).

1. LEAN CARDIO FLOW, STEADY FORWARD

Compliance is an important cornerstone for companies to realize sustainable business development. CardioFlow continues to improve our corporate governance, strengthen the Board of Directors' supervision of ESG-related matters, and continuously integrates the management of business ethics, risk management, and information security into every aspect of our operations, safeguarding the steady development of the company.

1.1 ESG Management

CardioFlow integrates the ESG management concept into all aspects of the Company's development and operations, continuously optimizing the ESG governance structure and management mechanisms to build a solid foundation for sustainable development.

1.1.1 ESG Governance Structure

CardioFlow has established a three-tier management structure consisting of the Board, the ESG work team and functional departments, and has defined clear working mechanisms and responsibilities to ensure that all ESG work is carried out in a standardized and orderly manner. To ensure the effective implementation of ESG governance, we have incorporated ESG indicators related to topics such as energy conservation and emission reduction, talent development, etc., into the performance assessment dimensions of the senior management to drive the improvement of the Company's ESG performance from the top down.

1.1.2 Board Statement

Board of Directors' Responsibilities

- The Board of Directors is the highest decision-making body for the Company's sustainable development work and is fully responsible for the Company's sustainable development strategy. In addition, it is responsible for reviewing ESG governance strategies and guidelines, ESG management systems and management objectives, focusing on and identifying important ESG issues of the Group and responding to and managing them, identifying, evaluating and managing ESG-related risks and opportunities.

Execution of ESG work

- In terms of business operations, the Company has incorporated the review of ESG-related major issues into the regular meetings of the Board of Directors and set up an ESG working group to implement the ESG work deployment of the Board of Directors, assist the Board of Directors in overseeing ESG issues, and ensure the effective implementation of various policies and measures such as analysis of ESG risks and opportunities, and stakeholder communication.

Material ESG Issues

- We attach great importance to the identification of material ESG issues, and assess material ESG issues through diversified communication channels, regular communication mechanisms, and analysis of policies and industry trends. The Company's identification of material ESG issues is mainly based on the materiality assessment conducted by an independent third party, and the final results of the assessment are formulated after discussion and approval by the ESG team and the Board of Directors.

ESG Risk Management

- The Board of Directors pays close attention to ESG-related risks and opportunities, resolves ESG-related risks and materiality in the course of the Company's daily operations, and formulates risk response strategies to respond to ESG risks in a timely and effective manner and to mitigate the negative impact of ESG risks on the Company.

1.2 Stakeholder Engagement

CardioFlow prioritizes communication with all stakeholders, regularly conducts identification and assessment of materiality issues, and understands and actively responds to the demands of internal and external stakeholders.

1.2.1 Stakeholder Communication

CardioFlow maintains an open attitude, establishing a transparent information disclosure mechanism and clear communication channels, and regularly engaging in dialogue with various stakeholders. Through systematic communication and feedback, we can promptly identify and sort out key issues of concern to stakeholders in a timely manner, and clarify the key direction of ESG management in light of the Company's business characteristics.

Category of Stakeholders	Related Parties	Issues of Concern	Communication Channels
Government and regulatory authorities	National and local governments, market regulators, tax regulators, environmental protection regulators, industry regulators, etc.	Compliance management Business ethics and anti-corruption Product safety and quality	Site visits to institution Official correspondence Policy implementation Information disclosure
Shareholders and investors	Shareholders and potential investors who make equity investments in the Company	Technology and innovation Product safety and quality Intellectual property protection Risk management	Investor relations website General meeting Information disclosure Correspondence Conference calls Reception of visitors Roadshow
Customers	Global distributors, hospitals, physicians and surgeons	Information security and privacy protection Product safety and quality Customer service Responsible marketing	Distributor meetings Customer survey Technical seminar Customer service hotline Customer satisfaction survey
Employees	Company's employees	Talent development Employee's remuneration and benefits Diversity, equality and inclusion Occupational health and safety	Labour union Employee activities Employee survey Employee training Internal publications
Suppliers	Raw material suppliers	Product safety and quality Responsible supply chain	Supplier assessment Supplier exchange and training
Community and media	Local communities, public, media, etc.	Community contribution Product safety and quality	Volunteer service Community activities Media communication and interviews

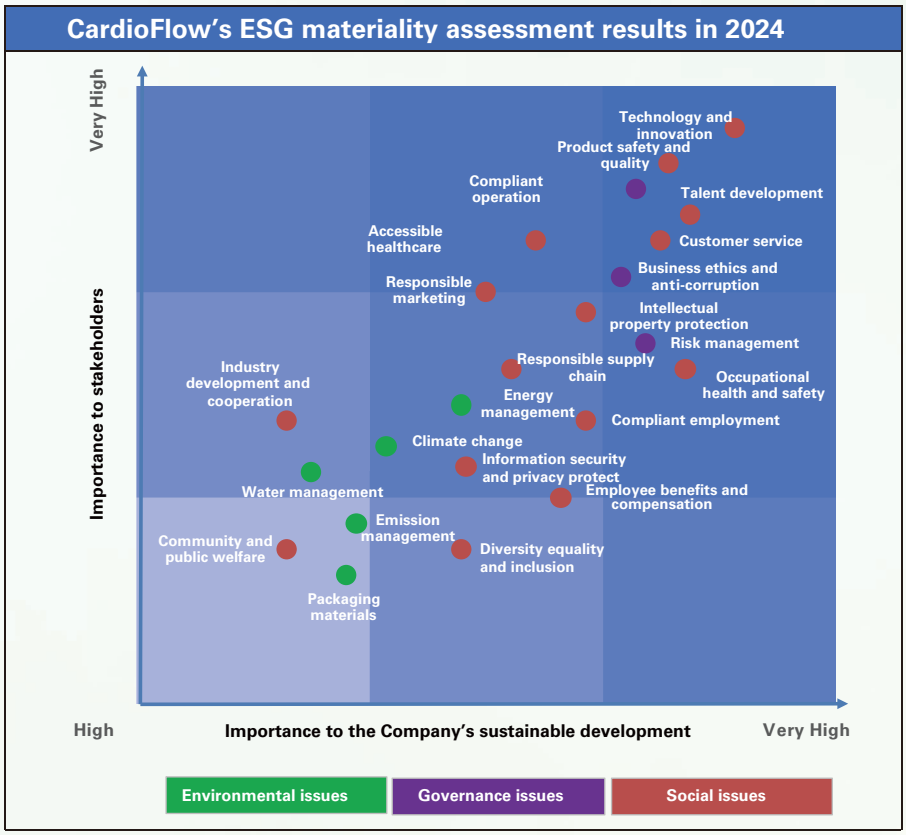
1.2.2 Materiality Issue Assessment

We proactively understand, monitor and respond to expectations and concerns of our stakeholders regarding the sustainable development performance of CardioFlow. We regularly conduct materiality issue identification, assessment and disclosure to ensure that our ESG priorities are aligned with the Company's strategic objectives and industry trends.

CardioFlow Materiality Issue Assessment Process

Materiality Issue Identification	• The Company identifies potential ESG materiality issues in accordance with laws, regulations and capital market requirements, with reference to industry hotspots and examples of good practices in the same industry, and in consultation with stakeholders.
Materiality Issue Prioritization	• The Company prioritizes identified materiality issues based on the opinions of third-party experts, peer experiences, and feedback from stakeholders, and generates a materiality issues matrix.
Materiality Issue Approval	• The Company's Board of Directors and ESG Working Group reviewed and confirmed the assessment results.
Materiality Issue Management	• The Company regularly reviews and supervises the operational system and proposes improvement measures to ensure management effectiveness. When formulating response measures, the Company fully considers opinions from stakeholders, improves the effectiveness and scientific of decision-making, ensuring that stakeholder interests are not harmed.

During the Reporting Period, the Company's materiality issue matrix included 23 issues, covering three major categories: environment, society, and governance.



1.3 Business Ethics

Integrity and honesty are the cornerstones for the long-term and stable development of the Company's business. CardioFlow values business ethics and integrity, continuously standardizing corporate behavior, improving the whistleblowing and investigation mechanisms, and integrating business ethics requirements with the concept of compliant operations throughout the Company's daily business activities.

1.3.1 Business Ethics Standardization

CardioFlow adopts a "zero tolerance" attitude towards commercial bribery, unfair competition, and other unethical behaviors. We strictly comply with laws and regulations such as the *Anti-Unfair Competition Law of the People's Republic of China*, the *Anti-Monopoly Law of the People's Republic of China*, and the *Interim Provisions on Banning Commercial Bribery*. We have established systems such as the *Code of Business Conduct and Ethics* to provide requirements and guidelines on business ethics for all of the Company's employees, board members, distributors, suppliers, contractors and partners.

Integrity Governance Structure

At the governance structure level, CardioFlow has established a robust compliance operation system to ensure the legal and compliant operation of the Company. The Legal Department serves as the executive department, with specific responsibility for the day-to-day monitoring and enforcement of business ethics standards, ensuring that all employees are covered.

The Company also values the business ethics management of external partners. We include partners, including suppliers and distributors, in the corporate compliance management system, the *Procurement Framework Agreement* signed with suppliers includes the *Commitment of Supplier for Corporate Social Responsibility; Distribution Contract* with all distributors includes the *Anti-Corruption Compliance Standards Clause* to ensure that the distributors are aligned with the Company's philosophy of business ethics management.

Integrity Culture Construction

To further promote the construction of an integrity culture, the Company organizes diversified business ethics and anti-corruption education and training activities such as regular training, compliance publicity, and other diverse business ethics and anti-corruption training activities for all employees, including full-time employees and contractors, as well as suppliers and distributors, to ensure comprehensive dissemination of business ethics requirements.

Business Ethics Audit

During the Reporting Period, the Internal Audit Department conducted a business ethics audit for all subsidiaries of the Group. The audit covered the reimbursement of daily business entertainment expenses, HCP service fees and expenses incurred for various academic activities of different departments. As part of the audit, supporting documents for the above expenses were reviewed to confirm the authenticity and compliance of the expenses incurred and no anomalies were found.

1.3.2 Whistleblowing and Investigation Mechanism

CardioFlow is committed to creating a fair, just, and transparent work environment and cooperative ecosystem, encouraging employees, suppliers, distributors and partners to report any unethical improper behavior. Once a report is received, the Legal and Compliance Department will conduct an investigation in accordance with relevant regulations and propose a handling opinion based on the investigation results, which will then be reported to the Company's management to ensure that all substantiated reports are handled promptly and effectively. During the Reporting Period, CardioFlow did not have any litigation or cases involving corruption or unfair competition.

CardioFlow Whistleblowing and Complaint Channels

Compliance hotline: 021-38954600-1111
Email address: cardioflow_compliance@microport.com
Correspondence address: 6/F, Building C, No. 1661 Zhangdong Road, Zhangjiang Hi-Tech Park, Pudong New District, Shanghai

We have clearly defined the whistleblower protection mechanism in the *Policies on Employee Honest Practices*, committing to protect whistleblowers to the greatest extent possible to avoid any unfair treatment or retaliation due to their whistleblowing. The Company strictly keeps confidential the identity information and content of the reports. If any information leakage or retaliation against whistleblowers is discovered, the Company will punish the responsible person according to the severity of the situation, and those with serious circumstances will be referred to judicial authorities for criminal responsibility in accordance with the law.

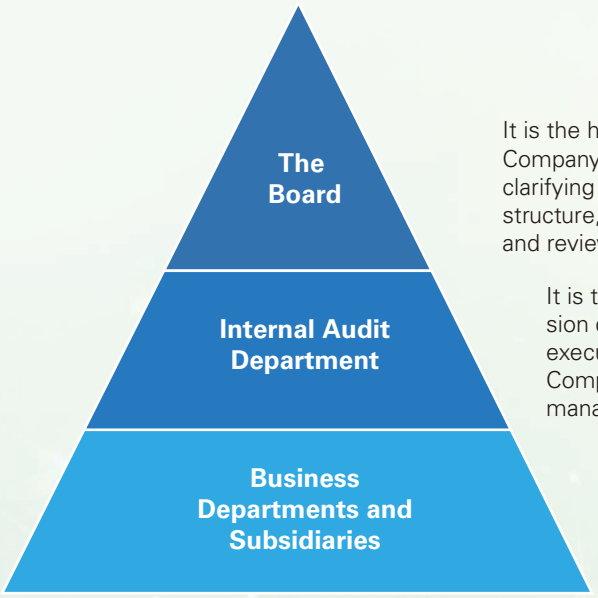
1.4 Risk Management

CardioFlow has constructed a comprehensive risk management system, forming a closed-loop risk management process to effectively reduce operational risks and safeguard the company's development.

Risk Management System Construction

CardioFlow has formulated internal standards such as the *Risk Management Policy* to deeply integrate risk management concepts and methods into the Company's operational processes. We have established a systematic risk management mechanism, ensuring risk management through clear processes of risk identification, assessment, response, and monitoring. On this basis, we have further constructed a risk management organizational structure with clear hierarchy, authority and responsibility.

CardioFlow Risk Management System



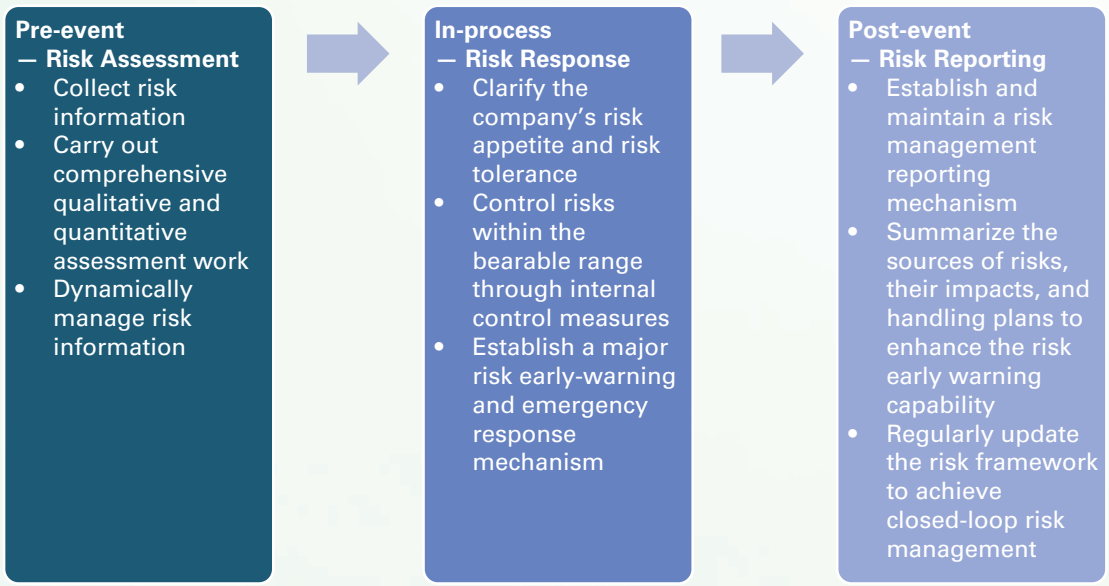
It is the highest decision-making body for the Company's risk management, responsible for clarifying the risk management system and structure, approving risk management decisions, and reviewing and approving the annual report, etc.

It is the Company's risk management supervision department, responsible for reviewing the execution of internal risk control work by the Company's business units and preparing a risk management assessment report

Implement specific risk management tasks

To enhance the execution capability of risk management, the Company continuously improves the risk management process from three dimensions: prevention, in-process control, and post-event supervision. During the Reporting Period, we organized the annual risk assessment work by combining interviews and questionnaires. We conducted risk ratings from four dimensions, namely the probability of occurrence, impact, resistance capacity, and speed of impact. We also carried out statistics and analysis on the risk ratings to form the Company's risk heat map. At the same time, based on the results of the risk assessment, we identified the potential risks of key businesses to respond as early as possible and enhance the company's risk control capabilities.

CardioFlow Risk Management Process



Risk Review

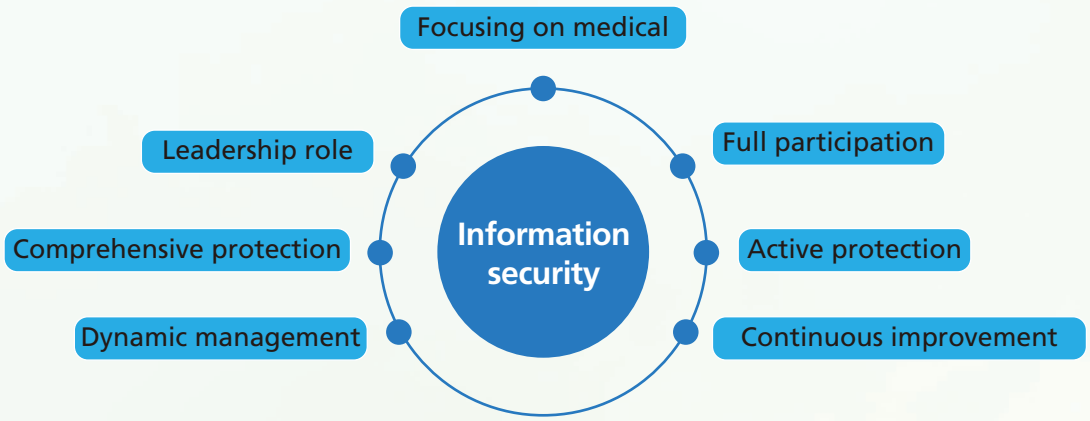
CardioFlow has established the *Internal Audit Policy*, annually conducted risk identification for key areas and key businesses, and formulated and implemented risk response initiatives to ensure effective control of risks and smooth business operations. During the Reporting Period, the Internal Audit Department developed an internal audit plan for key business processes such as procurement, sales, R&D, and asset management, and conducted comprehensive internal audits. We formulated rectification plans for existing risk management issues and regularly tracked the rectification progress. During the Reporting Period, we conducted 1 internal risk audits, covering 100% of the areas.

1.5 Information Security

CardioFlow strictly complies with laws and regulations such as the *Data Security Law of the People's Republic of China* and the *Personal Information Protection Law of the People's Republic of China*, as well as regulatory requirements. We have formulated policies and systems such as the *Information Security Policy, Privacy Management Policy* to lay the foundation for information security risk prevention and control.

We have established a three-level information security management organizational structure, in which the Information Security and Privacy Committee serves as the highest decision-making body, the Information Security and Privacy Work Team acts as the management level, and all employees jointly constitute the execution level.

CardioFlow's Information Security Management Policy



The Company continuously strengthens its information security management capabilities by implementing measures such as information asset classification and information security training to enhance employees' ability to handle information security incidents, thereby reducing the risk of information security and privacy leaks. CardioFlow conducts targeted classification of information assets, dividing them into top secret, restricted, confidential, internal and public, and formulates differentiated access permissions and management procedures to ensure the security of the Company's information assets. During the Reporting Period, we organized "Information Security and Privacy Management Awareness Training" and "Phishing Email Drills" for all employees, achieving a coverage rate of 100%.

We pay close attention to information security-related certifications, considering them a key link in ensuring the stable operation of the business. The Company has held the certification of ISO/IEC 27001:2013 (Information Security Management System) and ISO/IEC 27701:2019 (Privacy Information Management System).

2. RESPONSIBLE CARDIOFLOW, INTEGRITY DRIVES INNOVATION

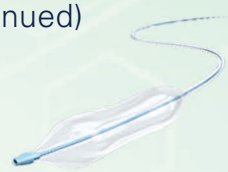
CardioFlow takes "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases" as its mission, and continuously strengthens R&D innovation and lean management of quality and service, promoting the continuous advancement of structural heart disease treatment technology and contributing to the cause of human health.

2.1 R&D Innovation

CardioFlow regards R&D innovation as the core driving force for the development of the Company, continuously committed to innovating and developing globally leading structural heart disease technologies. The Group builds an R&D innovation system that combines industry, academia, and research through the deep integration of scientific and technological innovation and commercialization, optimizes the R&D and innovation management mechanism and conduct high-quality R&D work leveraging industry, clinical, scientific research strengths, to drive the development of medical solutions in the field of structural heart disease.

Cultivating Innovative Technical Talents

- We have built a core R&D team with expertise in biomaterials, structure design, and processing technique.
- We have formed multiple cross-functional project teams, including project management, R&D, process, procurement, quality, registration, clinical trials, and medical technology, working together to promote the entire process of new product development and improve product R&D efficiency.
- We organize R&D personnel to participate in internal and external R&D innovation training, technical lectures, seminars, etc., providing a platform for team members to exchange and learn cutting-edge technologies. This not only enhances the knowledge and skills of R&D personnel but also encourages them to demonstrate innovative thinking in R&D projects, continuously upgrading technologies and products, and providing a continuous driving force for the Company to maintain its technological leadership.



Integrating Innovative Academic Resources

- We have established an international scientific advisory committee composed of world-renowned scientists and doctors in the field of cardiovascular diseases. They share rich experiences in the treatment of global heart valve diseases and insights into the latest technological breakthroughs and trends, providing guidance for the Company's R&D innovation, accelerating the product development process, and promoting the efficient transformation of innovative achievements.

- We continue to build a digital R&D platform, having established handle module and catheter polymer platforms, polymer synthesis platforms, and actively using data-driven R&D tools such as 3mensio, Creo, and Solidworks to enhance the efficiency of product R&D innovation.

Participating in National Scientific Research Projects

- We always insist on promoting technological progress and innovation, and actively participate in national scientific research projects.

- During the Reporting Period, we have obtained support from a number of major special funds, such as the Pudong New Area Special Program for Promoting the High-Quality Development of the Biomedical Industry, the Shanghai "Science and Technology Innovation Action Plan" Demonstration Project for Innovative Pharmaceutical and Medical Devices Products, the Shanghai Science and Technology Little Giant, and the Special Development Fund of Zhangjiang Science City, which provided a solid financial guarantee for technological innovation.

2.1.1 Innovation-Driven Achievements

Driven by continuous R&D innovation, CardioFlow has successfully developed and launched a series of products with leading technologies. During the Reporting Period, CardioFlow passed the re-evaluation for the National Specialized, Sophisticated, Distinctive, and Innovative "Little Giant" Enterprises, receiving recognition and affirmation for the effectiveness of its innovation and development. Our subsidiary, Shanghai MicroPort CardioAdvent Co., Ltd., was selected as one of the second batch of Science and Technology-based Small and Medium-sized Enterprises in Shanghai for 2024.

Some Key R&D Achievements in 2024

- VitaFlow Liberty® Flex, the third-generation transcatheter aortic valve implantation (TAVI) product with a retrievable and steerable delivery system independently developed by the Company has been successfully approved for marketing by the National Medical Products Administration (NMPA) of China.
- The second-generation TAVI product, VitaFlow Liberty® transcatheter aortic valve and retrievable delivery system independently developed by the Company, has been successfully certified by the EU CE and has been newly and successively approved for marketing in Saudi Arabia, Malaysia, South Korea, Turkey, India and other countries.
- Alwide® Plus, the second-generation balloon catheter independently developed by the Company, has been approved for marketing by the Mexico Health Authority (COFEPRIS).
- The AnchorMan® left atrial appendage closure system independently developed by Shanghai MicroPort CardioAdvent Co., Ltd., has been approved for marketing by the NMPA, has obtained CE Marking in EU in February 2025, and has been successfully selected into the first batch of the *Shanghai Innovation Product Recommendation Catalog* of the Shanghai Municipal Commission of Economy and Informatization in 2024, indicating that its unique innovative design and excellent clinical performance have received official recognition.
- The AltaValve™ system, a transcatheter mitral valve replacement (TMVR) device developed by 4C Medical Technologies, Inc., has been granted two breakthrough device designations by the U.S. Food and Drug Administration (FDA). This certification specifically targets two treatment indications: "moderate to severe or severe mitral regurgitation (MR)" and "moderate to severe or severe MR with moderate/severe mitral annular calcification (MAC)".
- The Company has completed the self-developed TMVR product for the treatment of MR patients' multiple human implantation cases and up to two years of post-operative follow-up of the patients, and is advancing the human application and validation of the product in a number of centers.

2.1.2 Intellectual Property Protection

CardioFlow strictly complies with laws and regulations such as *the Trademark Law of the People's Republic of China* and the *Patent Law of the People's Republic of China*, and has formulated a series of management systems, including the *Provisions for the Administration of Intellectual Property Work*, the *Provisions for the Administration of Intellectual Property Rights of Technological Innovation Achievements*, and the *Management Procedures for Intellectual Property Documentation*. The Company has established an intellectual property management system certified to GB/T 29490–2013, protecting intellectual property in all aspects and preventing internal and external risks.

知识产权管理体系认证证书

证书号码：165IP210043R1M

兹证明

上海微创心通医疗科技有限公司

注册地址：中国（上海）自由贸易试验区张东路1601号1幢1002室，G层（名义楼层G层，实际楼层1层）A区、B区，二层（名义楼层2层，实际楼层3层）A区

经营地址：上海市浦东新区张江高科技园区张东路1661号

知识产权管理体系符合标准：

GB/T29490-2013

通过认证的范围如下：

心脏瓣膜医疗器械（瓣膜假体、输送系统及相关附件）的研发，Ⅲ类经导管主动脉瓣膜系统、经导管主动脉瓣膜及可回收输送系统、心脏瓣膜球囊扩张导管的生产、销售的知识产权管理

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

初次发证日期：2021年01月19日　本次发证日期：2024年01月18日　有效期至：2027年01月18日

本证书有效期三年（2025年12月31日前需依据GB/T 29490-2023完成换版审核），证书有效性通过年度监督确认保持，证书有效信息可登陆国家认证认可监督委员会官方网站 www.cnca.gov.cn 或中知（北京）认证有限公司官方网站查询。

签发：

中知（北京）认证有限公司

地址：北京市海淀区花园路5号133幢3层302室（100088）

http://www.zzbjrz.com

GB/T 29490–2013 Intellectual Property
Management System Certification

To ensure the effective implementation of the management system, we implement comprehensive management measures from aspects such as system management, incentive mechanisms, internal training, and confidential protection to effectively protect the Company's intellectual property. During the Reporting Period, the Group did not experience any intellectual property-related litigation cases.

CardioFlow Intellectual Property Management Initiatives

System management:

- Use the digital system "WADE" to realise lifecycle management of intellectual properties and simplify management processes and ledgers by functions of proposal management, case management, expense management, agency collaboration and layout operation.

Incentive policy:

- Formulate the Regulations on *Rewarding Intellectual Property Contributors, the Management Procedures for Intellectual Property Acquisition, Maintenance, Utilisation and Rewards* and other policies to encourage employees to lift the Company's competitiveness with more intellectual properties.

Internal training:

- Conduct special trainings on "Documentation of Intellectual Property Management System", "The Use of Database" and "Patent infringement risk", to raise the awareness and skills of intellectual property protection of relevant employees.

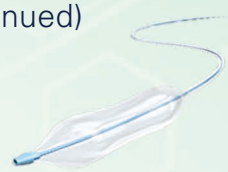
Protection of confidential information:

- Develop policies such as the *Confidentiality Management Procedures*, the *Provisions on the Management of Trade Secrets*, and the *Reward and Compensation Agreement for Resigned Patent Inventors* to prevent illegal theft, use or disclosure of trade secrets
- Sign confidentiality agreements with employees and business partners, clearly defining confidentiality obligations and breach responsibilities.

As of the end of the Reporting Period, the Group had accumulated 360 patents and 120 trademarks.

CardioFlow's Patent Accumulated Application through the end of 2024

Patent Type	Unit	Accumulated holdings	In application (pending)
Invention Patent	Item	196	139
Utility Model Patent	Item	153	6
Industrial Patent	Item	11	0
Total	Item	360	145



2.2 Excellent Quality

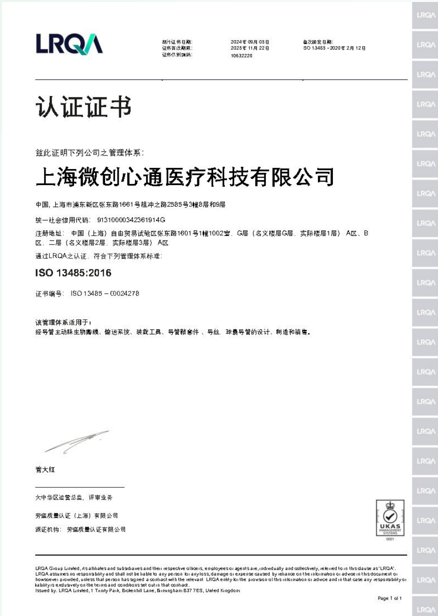
CardioFlow regards product quality and safety as the highest priority, strictly controls product quality and safety management, and is committed to providing doctors and patients with high-standard, high-quality medical devices.

2.2.1 Quality Management System

The Group strictly follows laws and regulations such as the *Law of the People's Republic of China on Product Quality*, the *Regulations on the Supervision and Administration of Medical Devices*, the *Measures for the Supervision and Administration of Medical Device Production*, and the *Regulations on the Quality Management for Medical Device*, and formulates and implements system documents such as the *Quality Manual* to effectively ensure quality management throughout the product lifecycle. We also update procedural documents and management system documents based on the latest legal and regulatory requirements, international quality management standards, and the actual situation of the Company. During the Reporting Period, we updated 9 procedural documents and 26 management system documents, covering content such as document control procedures, identification and traceability control procedures, and monitoring and measuring equipment control procedures, to ensure that business operations comply with the latest legal and regulatory requirements and continuously improve the Company's quality management level.

CardioFlow continuously optimizes internal quality management, committed to building a quality management system covering the entire product lifecycle, and actively promotes the certification of quality management systems for various product businesses. CardioFlow has obtained ISO 13485:2016 Medical Device Quality Management System Certification, and the Company's Testing Center has received the ISO/IEC 17025:2017 CNAS (China National Accreditation Service for Conformity Assessment) Laboratory Accreditation Certificate.

CardioFlow's quality management system certification


LRQA

认证证书

兹此证明下列公司之管理体系：

上海微创心通医疗科技有限公司

中国，上海市浦东新区张东路1661号祖冲之路2585号3幢8层和9层

统一社会信用代码：91310000342361914G

注册地址：中国（上海）自由贸易试验区张东路1601号1幢1002室、G层（名义楼层G层、实际楼层1层）A区、B区、二层（名义楼层2层、实际楼层3层）A区

通过LRQA之认证，符合下列管理体系标准：

ISO 13485:2016

证书编号：ISO 13485 – 00024278

该管理体系适用于：
经导管主动脉生物瓣膜、输送系统、装载工具、导管鞘套件、导丝、球囊导管的设计、制造和销售。

管大红

大中华区运营总监，评审业务

劳盛质量认证（上海）有限公司

颁证机构：劳盛质量认证有限公司

Issued by: LRQA Limited, 1 Trinity Park, Bickenhill Lane, Birmingham B37 7ES, United Kingdom

Page 1 of 1


中国合格评定国家认可委员会
实验室认可证书

（注册号：CNAS L18668）

兹证明：

上海微创心通医疗科技有限公司测试中心

（法人：上海微创心通医疗科技有限公司）

上海市浦东新区张江高科技园区张东路 1661 号转化楼

E8&E9，201203

符合 ISO/IEC 17025：2017《检测和校准实验室能力的通用要求》（CNAS-CL01《检测和校准实验室能力认可准则》）的要求，具备承担本证书附件所列服务能力，予以认可。

获认可的能力范围见标有相同认可注册号的证书附件，证书附件是本证书组成部分。

生效日期：2023-07-14

截止日期：2029-07-13

中国合格评定国家认可委员会授权人 张朝华

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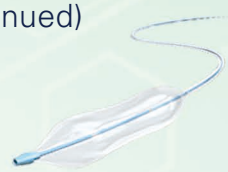
ISO 13485:2016 Medical Device Quality Management System Certification Certificate

ISO/IEC 17025:2017 CNAS Laboratory Accreditation Certificate

CardioFlow has established four modules: Quality Assurance (QA), Quality Control (QC), Testing Center (TC), and Quality Management System (QMS). These modules are responsible for implementing quality assurance for R&D and post-market products, quality control throughout the product lifecycle, operation and maintenance of the quality management system, and post-market supervision. The Company continuously improves product quality to ensure the safety and effectiveness of products.

Quality Testing and Product Release

We have a Testing Center that has passed CNAS laboratory accreditation, capable of efficiently conducting physical testing and other quality testing to ensure the precision and efficiency of product quality testing. In 2024, our testing capabilities were expanded with three additional items. We also commission qualified third-party testing agencies for microbiological testing and chemical testing to ensure compliance and safety of product microbiological indicators.



In response to product performance and regulatory standards, the Group plans quality control based on the results of product risk management, promoting incoming inspection of raw materials, in-process inspection of semi-finished products, and factory inspection of finished products. The production process and quality inspection results are reviewed and released according to product release standards. During each inspection process, our QA and QC teams achieve timely monitoring and management of quality data and anomalies through data analysis and early warning, and use management dashboards to optimize personnel allocation, enhance efficient communication between departments, and rapidly advance and effectively trace improvement measures. During the Reporting Period, the Group launched online processes for emergency release and metrological monitoring, accelerating the signing speed of emergency release orders through the electronic system and optimizing related production line planning.

Internal and External Quality Audits

CardioFlow formulates corresponding audit plans based on the compliance of the quality management system with regulatory and standard elements. During the Reporting Period, two internal audits of the quality management system were conducted, and all identified issues were rectified as planned to ensure the effective operation of the quality management system. Additionally, CardioFlow underwent 11 external audits during the Reporting Period, including initial registration system verification, routine supervision and inspection, ISO 13485 system certification, and EU MDR audits, all of which were successfully passed. In 2024, one of our products passed the provincial and municipal sampling inspection with the qualified results.

Quality Training and Competitions

CardioFlow adheres to the concept of quality first and safety paramount, actively carries out quality training and activities, strengthens employees' quality awareness and capabilities, and enhances the level of quality management. We have established a comprehensive quality training system, organizing employees to participate in quality training regularly through a combination of online and offline methods. The training content covers ISO 13485 system requirements, analysis of relevant regulations and systems, professional knowledge and skills, etc. During the Reporting Period, the Company's quality training covered 4,182 employees.

Quality Improvement and Operability Optimization Evaluation

In November 2024, CardioFlow organized a quality improvement and operability optimization evaluation activity aimed at identifying improvement spaces in the production and inspection process. A total of 642 inspection documents were covered in this activity. This activity effectively promoted the timely and efficient implementation of improvement measures, and at the same time motivated the quality management team to pursue progress and innovation, enhancing the quality awareness of all employees.

MicroPort® Union Labor Competition

In 2024, the QA team of CardioFlow actively participated in the MicroPort® Union Labor Competition hosted by the union of the parent company. Two of our quality improvement projects won the second prize and the third prize respectively. Both of these projects were carried out by the QA team in collaboration with cross-departmental teams within the company. Under the premise of quality assurance, they continuously optimized quality control and provided new ideas for the subsequent quality management and control of other products, comprehensively promoting the improvement of employees' quality awareness and management level.

2.2.2 Clinical Safety Management

In terms of clinical trials, the Group follows industry standards such as the *Good Clinical Practice for Medical Devices* and the *Guidelines for the Design of Clinical Trials for Medical Devices* and formulates and implements management systems such as the *Control Procedure for Clinical Trials*, the *Supervision on Clinical Trials*, the *Continuous Safety Assessment of Clinical Trials* and the *Management System of Clinical Programme Training*. The Group adheres to compliant trials and research ethics and has established a quality management system for clinical trials. We require clinical trial personnel to complete the "Training on Good Clinical Practice for Medical Devices (GCP)" with 100% qualification to standardize and regulate the entire process of research, initiation, implementation and evaluation of clinical trials, and to ensure that clinical trials are conducted in a compliant and efficient manner. Additionally, we closely follow up on the reporting, assessment, and handling of adverse events in clinical trials, regularly monitor, analyze, and summarize adverse event data to effectively prevent similar adverse events, and continuously improve the quality management level of clinical trials.

2.3 Quality Service

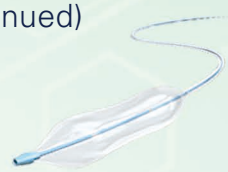
CardioFlow responds to customer needs with professionalism and sincerity, implements post-market surveillance and responsible marketing, and earnestly protects customer rights and interests, providing high-quality services to customers.

2.3.1 Customer Service Management

CardioFlow strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, the *Law of the People's Republic of China on Product Quality*, the *Regulations on the Supervision and Administration of Medical Devices* and the *EU Medical Device Regulation MDR 2017/745* and formulates management systems such as the *Control Procedures Related to Customers*, *Feedback Control Procedures* and *After-sales Service Management System*. The Company establishes customer service management processes for identifying customer needs, evaluating product requirements, and standardizing customer communication to ensure the quality of customer service.

To continuously improve customer service quality, we have formulated service management systems such as the *Management System of After-sales Service* and *International Agent Management Standards*. We provide regular specialized training for frontline business personnel and agents, covering academic knowledge, product complaint handling, and channel management, to ensure a high-quality and efficient service experience for customers.

We have established a diversified customer communication channel, including WeChat official accounts, service hotline, email and the official website, to comprehensively monitor post-market usage feedback and other situations. After receiving customer feedback, we responded and handled customers' requests in a timely manner to enhance customer satisfaction. During the Reporting Period, the Group received 9 complaints about products and services, all of which were responded to and properly handled in a timely manner.



CardioFlow attaches great importance to patient experience, safety, and rights protection after product launch, strictly complying with the *Measures for the Administration of Medical Device Adverse Event Monitoring and Re-evaluation* and medical device laws and regulations of various countries. We have formulated internal management systems such as the *Domestic Adverse Event Monitoring, Re-evaluation, and Product Recall System* and *Regulations of Medical Device Reporting in Overseas Market* to standardize product recall conditions and processes in domestic and international markets, enhancing the safety guarantee for users, patients, and other groups when products are actually used. When an adverse event occurs, a safety event assessment team comprising multiple departments, including the Clinical Department, the R&D Department and the Project Department, responds promptly to the adverse event, reports, follows up and corrects the relevant issues, and ensures that the adverse event is appropriately resolved. During the Reporting Period, the Group did not experience any recalls due to safety and health reasons.

During the Reporting Period, we conducted a satisfaction survey for platform customers, covering product management, operation and maintenance management, financial management, information management, service management, training management, channel defects, and channel expansion. The customer satisfaction survey result was 97.53 points.

2.3.2 Responsible Marketing

CardioFlow has always adhered to the concept of responsible marketing, strictly complying with laws and regulations such as *the Advertising Law of the People's Republic of China* and the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests*, and has formulated management systems such as the *Code of Business Conduct and Ethics* to regulate the Company's market promotion behavior.

The Group has established the *Media Platform Press Realise System* and established and implemented a clear and explicit advertising review process. At the same time, we have implemented a hierarchical management mechanism that adjusts the corresponding review process according to the importance of the content of the contribution, and the joint review by the Legal and Compliance Department and the Marketing Department to ensure that the advertising content is true, accurate and consistent with the Company's product information.

The Group's *Distribution Contract* with all distributors includes the *Anti-Corruption Compliance Standards Clause* to ensure that the distributors are aligned with the Company's philosophy of business ethics management.

In addition, the Group actively organizes compliance marketing training, covering areas such as market development and program promotion. The training is provided not only to internal employees, but also to distributors and other partners, in order to continuously raise the compliance awareness of all marketing personnel, effectively protect consumer rights, promote the healthy development of market order, and create a fair competitive market environment.

During the Reporting Period, the Company had not been involved in any complaints or legal proceedings related to marketing information that misleads or deceives consumers.

3. GREEN CARDIOFLOW, BUILDING AN ECOSYSTEM

CardioFlow actively participates in the environmental protection cause, implementing environmental protection in every aspect of the Company's operations, and earnestly fulfilling corporate environmental responsibilities. We continuously promote the Group's green and low-carbon development through a sound environmental management system, strict emission management, scientific resource management, and active climate action, building an environmentally friendly enterprise, and committed to achieving synergistic development of economic benefits and ecological benefits.

3.1 Climate Change Response

Against the backdrop of climate change becoming a major global issue that urgently needs to be addressed, strengthening climate action has become an important mission shared by global enterprises. CardioFlow deeply recognizes the profound impact of climate change on corporate development and human health goals, actively responds to the national "3060 Carbon Peak and Carbon Neutrality Goals", integrates the concept of green and low-carbon into corporate operations, explores low-carbon development paths, and responds to the challenges brought by climate change.

We refer to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to comprehensively identify and assess climate-related physical risks (including acute and chronic risks), transition risks (including policy and legal, technology, market, and reputational risks), and opportunities (including product, service and resource efficiency), and formulate targeted response measures to further enhance the Company's capacity to mitigate and adapt to climate change.

CardioFlow integrates climate change risks into the corporate risk management system, comprehensively managing risks related to climate change such as disaster response, safety production and environmental protection, raw material supply, production capacity, and asset management, enhancing the Group's risk response capabilities and climate resilience.

Climate-related Risk and Opportunity		Impact Cycle	Probability of Occurrence	Impact Level	Potential Impact	Response Measures
Physical Risk	Acute Physical Risk	Short-term	Low	Weak	Extreme weather events may disrupt day-to-day operations and cause supply chain disruptions, resulting in health and safety impacts and reduced capacity.	In accordance with the *Trial Provisions of Shanghai Municipality on Issuing Warning Signals of Severe Weather*, standardize the prevention, monitoring, and early warning procedures for extreme weather events, and improve the emergency response capabilities for extreme weather events. Equip with emergency supplies such as flood prevention sandbags, water pumps and flood control barriers, formulate the *Special Emergency Plan for Flood and Typhoon Control*, carry out annual drills for extreme weather events, and clearly regulate the emergency response, rescue measures, and follow-up work plans for extreme weather events such as typhoons, thunderstorms, floods and cold waves. Increase the inventory in advance according to production needs and develops backup suppliers.
	Chronic Physical Risk	Long-term	Low	Medium	Climate change-induced persistent high temperatures and altered precipitation patterns may disrupt routine production and operational plan.	

Climate-related Risk and Opportunity		Impact Cycle	Probability of Occurrence	Impact Level	Potential Impact	Response Measures
Transition Risk	Policy and Legal Risk	Medium-term	Low	Strong	The gradual increase in regulatory requirements related to energy conservation, emission reduction and low-carbon development may increase compliance costs. Failure to meet regulatory requirements may result in penalties and government investigations.	Strengthen the study and research of low-carbon policies and regulations, actively communicate with regulators, and understand the latest policy requirements.
	Technology Risk	Short-term	High	Medium	To meet the requirements of low carbon emissions, companies need to increase the research investment of new technologies and transform existing R&D and production equipment, which may increase operating costs.	Carry out new technology research and select equipment and technologies with both environmental and economic advantages.
	Market Risk	Medium-term	High	Medium	Changes in the prices of raw materials such as energy and water as well as emission requirements such as waste disposal may lead to higher production costs.	Promote efficient management and circular economy, improve the efficient use of energy, water and other raw materials, reduce resource consumption, and thus alleviate the cost pressure brought by the price fluctuation of energy resources and waste disposal.
	Reputation risk	Medium-term	Low	Weak	Failure to implement appropriate plans in climate change actions may breach the trust of stakeholders such as investors and may bring a series of reputational and business impacts.	Develop and improve climate risk management plans, proactively respond to investors' expectations on climate change risk management and relevant performance indicators, and enhance the foresight and effectiveness of climate change risk management.
Opportunity	Resource efficiency	Medium-term	High	Medium	Improve the efficiency of energy and water resources utilization, consequently reducing operating costs.	Carry out a series of energy-saving and water-saving management measures to effectively improve resource utilization efficiency.

3.1.1 Energy Management

CardioFlow attaches great importance to energy management and strictly complies with laws and regulations such as the *Energy Conservation Law of the People's Republic of China*. We have established and improved an energy management system. We have adopted a series of energy management measures, integrating energy conservation and carbon reduction into the entire production and operation process of the Group by optimizing energy-saving management, introducing energy-saving technologies, and cultivating energy-saving awareness. We continuously improve the overall energy management efficiency, effectively reduce energy consumption, and strive to achieve energy consumption efficiency goals and carbon emission objectives.

In terms of optimizing energy-saving management, we have achieved efficient energy utilization by implementing refined management and intelligent control of equipment and facilities, combined with a daily inspection mechanism. In terms of introducing energy-saving technologies, we actively research and introduce advanced high-efficiency equipment and technologies to reduce energy consumption during the production and operation processes. In terms of cultivating energy-saving awareness, the Group posts energy-saving tips nearby switches and valves at public area, and regularly organizes energy-saving training and publicity activities to continuously enhance the energy-saving awareness of all employees, encouraging them to practice energy-saving and consumption-reduction concepts in their daily work.

CardioFlow's Energy Conservation and Carbon Reduction Measures

Optimization of Energy Conservation Management
• Strengthen the monitoring of main energy-consuming equipment such as air conditioners, optimize the operational mode of our purification air-conditioning based on production research and development schedules, reduce air conditioning power during production intermissions, set operating ranges for public area air conditioning during summer and winter, and lock the air conditioning control panels in unattended areas.
• Develop equipment operation schedules and timely adjust the operating hours of energy-using equipment such as lights, water features, large screens, tree lights and spectacular signs.
• Enhance workplace inspection, timely turn off unnecessary lights, air conditioners, audio-visual equipment, and report and rectify energy waste situations.
Utilization of Energy-saving Technologies
• Utilize fire passage lights with radar light control and other energy-saving lighting equipment to save energy consumption.

3.2 Environmental Management

CardioFlow practices environmental compliance concepts, strictly adhering to environmental laws and regulations such as the *Environmental Protection Law of the People's Republic of China* and the *Environmental Impact Assessment Law of the People's Republic of China*. We have formulated and implemented internal management policies such as the *Environmental Responsibility Letter*, breaking down the Group's environmental management goals at all levels and assigning responsibilities to individuals to ensure the effective implementation of various environmental protection measures. We continuously improve the level of environmental management and earnestly fulfill the corporate responsibility for environmental protection.

We have established a systematic environmental management structure, setting up an EHS (Environment, Health, and Safety) Management Team headed by the president of the Company, to coordinate the leaders of departments to embed environmental management work deeply into our daily operational management, achieving standardized implementation and monitoring of environmental management.

We have constructed an environmental management system that is adapted to our business model and has successfully passed the ISO 14001 Environmental Management Systems certification. We engage with external certification institutions to review the Company's environmental management system annually.


环境管理体系认证证书

上海微创心通医疗科技有限公司

建立和实施的环境管理体系符合：

GB/T 24001-2016/ISO 14001:2015

2024 年 04 月 26 日

上海质量体系审核中心

ISO 14001 Environmental Management Systems Certification

In terms of environmental risk management, the Group has formulated a scientific and rigorous emergency response plan for sudden environmental incidents and regularly organizes emergency drills to ensure rapid response and effective handling in the event of environmental emergencies, minimizing environmental impact and maintaining ecological and environmental safety. At the same time, we continuously enhance the environmental awareness of all employees through regular environmental protection training and publicity activities, promoting a positive atmosphere of full participation in environmental protection. During the Reporting Period, the Group did not have any incidents related to violations of environmental protection laws and regulations.

3.3 Emission Management

CardioFlow regards emission management as a key link in practicing corporate social responsibility and achieving sustainable development. We strictly adhere to relevant laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*, the *Law of the People's Republic of China on the Prevention and Control of Water Pollution*, the *Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution*, and the *Law of the People's Republic of China on the Prevention* and *Control of Environmental Noise Pollution*, systematically managing waste, wastewater, air emission, and noise. The Group practices efficient treatment and compliant discharge of emissions, implementing emission standards that meet or exceed regulatory requirements, minimizing the potential negative impact of our production and operation activities on the environment.

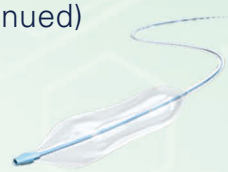
3.3.1 Waste Management

CardioFlow has formulated internal management policies such as the *Solid Waste Pollution Control Procedure*, the *Hazardous Chemicals Management System*, and the *Hazardous Chemicals Management and Control Procedures and Responsibilities*, laying a solid institutional foundation for waste management. The Group continuously optimizes waste management levels, ensuring compliant disposal while implementing waste reduction and recycling, aiming to achieve waste management goals and reduce the environmental impact of waste generated by production and operation activities.

Our hazardous waste mainly includes medical waste and chemical waste liquid generated during the production and R&D process, while non-hazardous waste mainly consists of domestic waste from daily work and general industrial solid waste in the production and operation processes. For different types of waste, we adopt classified collection, transfer, and disposal measures to ensure that waste is disposed of in compliance.

Waste Classified Collection, Transfer, and Disposal Measures of CardioFlow

Hazardous Waste
• Collect wastes by category, transfer to and store them temporarily at the storage for hazardous waste by the department that produces such wastes. • Regularly entrust qualified third-party companies to carry out harmless treatment. • Strengthen the management of hazardous waste transfer forms to ensure traceability of transfers.
Non-hazardous Waste
• General industrial wastes are collected and delivered to third parties for recycling on a regular basis. • Domestic waste is collected, removed and disposed by the sanitation department.



3.3.2 Wastewater Management

CardioFlow implements internal management policies such as the *Water Pollution Prevention and Control Management Regulations* and the *Water Pollution Prevention and Control Procedures* to ensure the compliance and high standards of wastewater pollutant discharge. Utilizing advanced wastewater treatment facilities, we efficiently treat the wastewater generated during the production process and domestic wastewater. Only after being tested and approved by qualified external institutions, wastewater can be discharged into the municipal pipe network, ensuring that the discharged wastewater quality meets relevant discharge standards. Meanwhile, to improve the wastewater treatment efficiency, we implement rainwater and sewage diversion, directing rainwater into the municipal rainwater pipe network, effectively reducing the treatment load of wastewater.

3.3.3 Air Emission Management

CardioFlow actively implements systems such as the *Air Pollution Prevention and Control Management Regulations* and the *Air Pollution Prevention and Control Procedures* to strictly control the generation of air emissions during production and operation. For the air emissions generated in production and operation activities, we collect them centrally through a pipeline system and transport them to the activated carbon adsorption device for treatment. To enhance the air emission treatment, we have upgraded the activated carbon adsorption device by introducing high-quality honeycomb activated carbon adsorbent material, effectively increasing the purification efficiency of the device to 90%. We regularly authorize external institutions with professional qualifications to conduct professional testing on the treated air emissions and issue test reports to ensure that the air emissions are discharged up to standard.

3.3.4 Noise Management

CardioFlow strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution* and formulates the *Management Regulations for Prevention and Control of Noise Pollution* and the *Procedures for Prevention and Control of Noise Pollution* to ensure the scientific planning of production and operation hours and comprehensively manage the impact of noise generated by the Group's production and operation activities on the surrounding areas. In the project construction phase, for air conditioners and outdoor units of fresh air systems that may generate relatively loud noise, we have taken pre-emptive preventive measures by installing glass curtain walls and filling them with rock wool boards, we have effectively reduced the generation and spread of noise from the source, minimizing potential noise impacts. In the operation phase, the Group regularly conducts noise tests on newly built, expanded, and renovated projects in the factory area and production equipment to avoid noise pollution to surrounding communities caused by night-time production activities. Once abnormal noise monitoring data is detected, the Group will take prompt action, report the situation, and carry out timely rectifications.

3.4 Resource Utilization

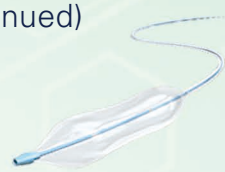
CardioFlow thoroughly implements the concept of circular economy, systematically promotes the efficient and circular utilization of various resources such as water resources and packaging materials, improves resource utilization efficiency, and builds a resource-saving operation model.

3.4.1 Water Resource Management

CardioFlow complies with laws and regulations such as the *Water Law of the People's Republic of China* and has formulated the *Water Pollution Prevention and Control Management Regulations* to ensure the scientific management and rational utilization of water resources during production and operation.

To achieve the water utilization efficiency objective of the Group, we have established a water conservation monitoring mechanism to monitor the water use in each link of production and operation in real time, ensuring that water use anomalies are detected and resolved in a timely manner. Our water mainly comes from municipal water supplies, and the scope of water use mainly covers cleaning, production process, and domestic water consumption. Based on different water use scenarios, we implement precise water conservation measures to comprehensively improve water utilization efficiency.

CardioFlow Water Conservation Initiative	
Clean Water	• Reuse the purified water used for cleaning containers and devices, complete the "Saving water in the standby mode of the water purification system" project, and modify the system standby parameters to save water.
Process Water	• Conduct recycling and reuse.
Domestic Water	• Put up water-saving tips in public areas to raise employees' water-saving awareness.



3.4.2 Packaging Material Management

CardioFlow strictly enforces the relevant systems for packaging material management and continuously promotes the green transformation of packaging materials. For packaging materials used in the production process such as plastics, cardboard and cardboard boxes, trays, and covers, the Group continuously optimizes packaging solutions through multiple measures such as technological innovation, recycling, substitution with environmentally friendly materials, and lightweight design, effectively reducing material consumption. For example, for delivery systems, balloons, and guidewire products, we replaced the packaging boxes with EPE pearl cotton to reduce the use of paper packaging materials.

Meanwhile, we prioritize suppliers of packaging materials that meet environmental requirements in accordance with the relevant provisions of the *Commitment of Supplier for Corporate Social Responsibility* to extend the concept of green packaging to our partners. Our *Procurement Framework Agreement* signed with suppliers has relevant provisions to strictly guarantee the quality of packaging materials.

4. TOGETHER CARDIOFLOW, LEADERSHIP THROUGH EXPERTISE

CardioFlow regards talents as the core resources to promote the Company's innovative development. The Company protects the basic rights and interests of employees and realizes the common development of employees and the enterprise through a fair talent recruitment system, competitive salary incentive mechanism, scientific and reasonable training system, transparent and compliant promotion channels and a healthy and friendly working environment.

4.1 Diversified Employment

CardioFlow adheres to the employment concept of "people-oriented", strictly abides by all recruitment and employment systems, effectively protects the rights and interests of employees, providing employees with fair and attractive remuneration and benefits, and offering a source of living water for the development of the enterprise.

4.1.1 Rights and Interests of Employees

Compliance Employment

CardioFlow strictly complies with the *Labor Law of the People's Republic of China*, *the Labor Contract Law of the People's Republic of China*, *the Social Insurance Law of the People's Republic of China*, and other laws and regulations, and conducts employment activities in accordance with the law. Under the supervision of the law, we have formulated the *Employee Handbook* and other systems to regulate the recruitment and termination of employees, working hours, leave periods, promotion channels, remuneration and performance, and code of conduct and other elements. During the Reporting Period, CardioFlow signed *Labor Contracts* with all regular employees to protect their legitimate rights and interests.

The Company firmly opposes any form of child labor, insists on legal employment, and prohibits any form of forced labor. In the event of violation, we will immediately organize an investigation and take action in accordance with relevant laws and regulations and internal system requirements. The Company always protects the basic rights of employees and maintains a *zero-tolerance* attitude toward workplace harassment and bullying. We have provided a smooth grievance channel for employees. For workplace discrimination, employees can lodge a complaint with the Company internally, and if the complaint is substantiated after investigation, the relevant personnel will be punished in accordance with the Company's system; for workplace harassment, employees can lodge a complaint directly with the Company or through legal channels, and the Company will fully cooperate with the investigation and take actions, including termination of employment, against the relevant personnel in accordance with the investigation results and the legal provisions. During the Reporting Period, there were no incidents of child labor, forced labor, workplace discrimination and sexual harassment in CardioFlow.

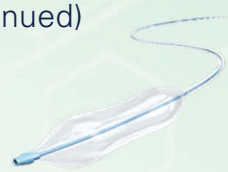
Diversity Recruitment

CardioFlow continuously improves the *Recruitment and Employment Management System*, adheres to the principle of equal employment, strictly prohibits any form of discrimination, and resolutely opposes any unfair treatment due to age, gender, region, race, ethnicity, religion and other factors in the recruitment process to ensure the fairness and equality of employment. We standardise the talent recruitment process, set the salary according to the professional ability of employees, enhance the effectiveness of recruitment and promote the healthy development of the Company. The Company strives to strengthen its efforts to attract talent through diversified recruitment channels, and achieves broad talent coverage through campus recruitment, social recruitment, and internal recommendation to promote the sustainable development of the Company. As of the end of the Reporting Period, the Company has a total of 430 full-time employees, and there are 6 women among the senior managers of the Company, accounting for 66.7% of the total number of female executives.

4.1.2 Remuneration and Benefits

We offer our employees a competitive remuneration system. CardioFlow regularly monitors and analyses industry trends and the actual compensation situation for each functional position, and determines the criteria for compensation distribution in conjunction with the results of performance appraisals. In terms of performance appraisal, we have established a comprehensive performance management mechanism, clarifying the whole process of management from target setting to performance appraisal through systems such as *the Performance Management System*, *Project Incentive System*, *Sales Incentive System* and *Executive Performance Evaluation Standards*, ensuring that salary allocation is directly linked to employee performance.

In addition to competitive salaries, we have also created a comprehensive welfare system for our employees. Based on the full implementation of national statutory benefits, we take full account of employees' needs and provide diversified fringe benefits to continuously enhance employees' sense of belonging and satisfaction.



CardioFlow Employee Benefits

Statutory Benefits

- CardioFlow implements employee insurance and housing fund programs in accordance with regulatory requirements;
- Employees are entitled to statutory holidays, paid time off, maternity leave, etc.

Financial Support

- Alongside statutory benefits, CardioFlow also offers commercial insurance, employee physician examination, and meal allowance, etc;
- Provide technical allowances, talent subsidies, clinical subsidies for employees who accompany operations in the operating room, etc., for employees in some special positions.

Family Care

- CardioFlow provides wedding bonuses, newborn benefits, and gifts for festivals and birthday, etc.

Work-Life Balance

- Flexible working arrangements are in place;
- The Company enhances the development of the "Love Maternity Room" to provide convenience and care for female employees during pregnancy and lactation;
- Employee-friendly service areas have been established.

4.2 Training and Development

CardioFlow is committed to building a comprehensive, multi-level talent development system to explore, cultivate and stimulate the potential of employees. We carry out systematic talent development work, provide employees with rich learning resources and personal improvement paths that meet their needs, help employees grow continuously and promote the healthy development of the Company.

4.2.1 Talent development strategy

We have formulated a clear, transparent and perfect talent development strategy to encourage our employees to make continuous progress and growth in their career. In order to ensure that employees are guided to plan their own promotion paths in line with their own strengths, we have constructed a Two Career Paths and Eighteen Ranks career development system at, which covers two talent paths: leadership and management, and professional and technical, and provides employees with a broader space for development and more diversified opportunities for growth.

"One Point, Two Paths, Three Programs" Talent Development Strategy

"One Point"

- Conduct annual talent check by combining position review and employee review.

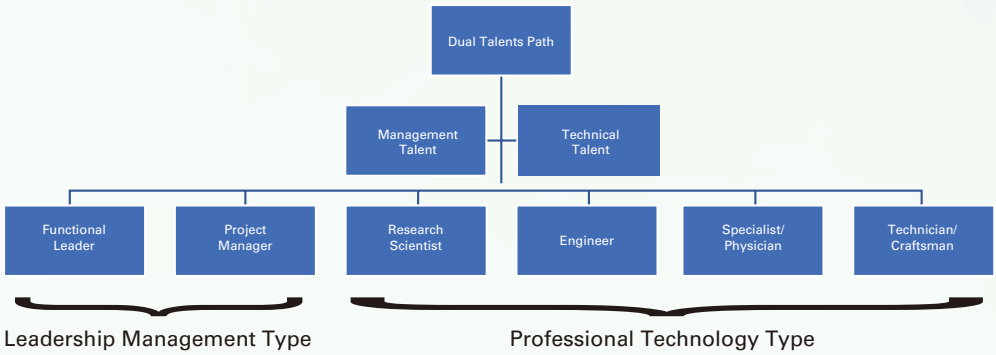
"Two Paths"

- Dual talent paths of career development regarding "Management Talent" and "Technical Talent", and retain the dual-channel conversion development opportunities;
- Set up the "Two Career Paths and Eighteen Ranks" talent development track. Each development channel consists of 18 job grades to guide employees to gradually achieve their development goals.

"Three Programs"

- Including Overseas Returnee Leadership Program, Next Generation Leadership Program, and Future Talent Program;
- Follow the *Implementation Rules for Talent Programmes* to realize the mechanism of new entry and exit of employees, and pay more attention to training, welfare.

The "Two Career Paths and Eighteen Ranks" Talent Promotion Pathway



CardioFlow Jinpeng Talent Programme and Yinpeng Talent Programme

CardioFlow conducted the Jinpeng Talent Programme and Yinpeng Talent Programme persistently, which categorizes key talents into two levels of *Jinpeng and Yinpeng* according to biographical data, experience and other factors. Jinpeng talents refer to the industry leaders who have significant influence at home and abroad or have more than 10 years of experience working in the same industry in overseas companies/research institutes, while *Yinpeng* talents include industry elites with ranks between M/P7-M/P11, who have more than 5 years of experience working in the relevant industry and have made outstanding contributions to the promotion of projects and business. We grant annual allowances to the above talents to enhance staff loyalty and attract external talents.

4.2.2 Talent Development Initiatives

CardioFlow adheres to the talent development policy of "building a mechanism for cultivating global management talents based on corporate culture, with a focus on job skill improvement and market success", and builds a perfect staff training system.

The Company has formulated *the Training Management System*, *the Internal Lecturer Management System*, *the New Employee Induction Guide* and other training management systems, and has established four systematic training platforms, including Earth-Down Leadership Academy, Innovation Qualification & Competency Institute, Emerging Technology Knowledge & Action Institute and Culture & Philosophy Academy, in order to provide diversified and customized training programs for employees.

We provide all employees with training resources in the three modules of general skills, leadership skills and professional skills to improve their professional skills and quality. In addition, we encourage our employees to actively participate in external academic upgrading and qualification examinations, and provide them with external training resources as well as subsidies for further academic training to help them refine their professional skills in their respective fields and realise their personal values. During the period under review, we collaborated with universities and consulting organisations and relied on external professional resources and lecturers to provide training on disease science, polymer textiles, metal materials and other contents to enhance the professional skills of our employees. In 2024, CardioFlow adopted a teaching mode with the parallel implementation of both online and offline approaches, and developed 72 professional training courses. The content of these courses covers areas such as professional skills, system standards, and operation procedures. Throughout the year, a total of 6,582 person-times of professional empowerment training were completed, with a key focus on covering key positions in areas such as research and development innovation, quality control, engineering technology, and clinical solutions. Through a systematic and standardized training mechanism, the Company continuously improves the professional qualities and skill levels of its employees, injecting talent-driven momentum into the sustainable development of the enterprise.

Training on the Application of Usability Engineering in Design and Development

In August 2024, CardioFlow organized and carried out a special training session on "The Application of Usability Engineering in Design and Development", aiming to provide professional empowerment for R&D engineers and quality engineers.

4.3 Care and Communication

The Company attaches importance to the mutual communication between the Company and employees, establishes an open communication bridge for the employees, and takes the initiative to listen to the voices of employees. At the same time, we actively carry out rich and diverse employee care activities to enhance employees' sense of belonging.

In compliance with the requirements of the *Employee Handbook* and adhering to the concept of "people-oriented" in caring for the employees of the Company, CardioFlow has set up diversified horizontal organizations, including labor unions, sports leagues, volunteer service teams and poetry and wine clubs, so as to demonstrate its deep concern for the employees through practical actions. During the Reporting Period, we carried out 5 employee activities, including Girls' Day, Mother's Day, Dragon Boat Festival, etc., which effectively promoted employee communication and enhanced team cohesion.

CardioFlow Employee Activities

Dragon Boat Festival	Girls' Day	Staff Meeting
		

Company Anniversary	Mother's Day
	

4.4 Occupational Health and Safety

CardioFlow attaches importance to the occupational health and safety of its employees, establishes a sound safety management system, resolutely maintains a safe production environment, and continuously carries out safety culture construction activities to improve the safety awareness of its employees and safeguard the Company's sound operation.

4.4.1 Robust Management Systems

CardioFlow strictly follows the Law of the *Production Safety Law of the People's Republic of China, the Occupational Disease Prevention and Control Law of the People's Republic of China* and other laws and regulations, adheres to the safety management policy of *people-oriented, safety first; prevention first, comprehensive management; full participation, continuous improvement*, and continuously improves the management system of environment, health and safety to ensure that we provide a healthy and safe working environment for our employees. We continuously improve our environmental, health and safety management system to ensure a healthy and safe working environment for our employees.

We have established the CardioFlow Safety Management Team, with the President of the Company as the general manager and each functional department as the specific implementer, to continuously improve the level of health and safety management in the Company.

Meanwhile, the Company has continuously improved the standard of its EHS management system, passed the certification of the Shanghai Safety Production Association and obtained the certification of National Safety Production Standardization Level 3 Enterprise. At the end of the Reporting Period, 100% of the Group's major operating bases had obtained ISO 45001 Occupational Health and Safety Management System certification.


职业健康安全管理体系认证证书

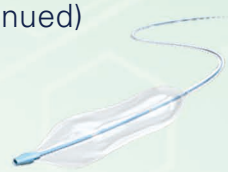
上海微创心通医疗科技有限公司

GB/T 45001-2020/ISO 45001:2018

2024 年 04 月 26 日

上海质量体系审核中心

CardioFlow ISO 45001 Certification



4.4.2 Maintenance a Safe and Healthy Work Environment

CardioFlow continuously improves management systems such as *Special Equipment Management*, the *Chemical Use Management* and *Emergency Preparedness Contingency Preparation and Reaction Control Procedure*, sets safety management objectives, conducts safety hazard identification covering the entire business process, prevents and controls occupational hazards, and ensures the Company's safe operation.

CardioFlow Safety Management Initiative

Safety management objectives
• All employees are required to sign the *Letter of Responsibility for Safety Production Objectives;* • Including 5 levels of accident indicators, incident indicators, process indicators and improving intrinsic safety, competence and management; • Linking the achievement of safety management objectives with performance appraisal to ensure that all employees pay attention to safety production.
Safety risk identification
• Continuously carry out the "Safety BBS" activity and improve the safety hazard management platform, refine the reporting requirements and incentive programs to encourage employees to actively participate; • Remind employees to pay full attention to the potential safety risk factors in their positions to prevent potential safety hazards.
Prevention of occupational diseases
• Authorized external agencies to carry out occupational health testing and work environment testing, and the testing data did not exceed the standard; • Organize employees exposed to occupational hazards to participate in annual physical examinations, the results are normal, and the Company has no patients with occupational diseases or occupational contraindications.

During the Reporting Period, CardioFlow did not have any incidents of violation of laws and regulations related to occupational health and safety, and there have been no incidents of work-related deaths of employees in the last three years. In 2024, there were no industrial accidents in CardioFlow.

4.4.3 Safety Culture Construction

In order to enhance the safety awareness of our employees, we actively conduct safety training that combines online learning platforms and offline training, as well as safety campaigns such as Occupational Safety Month, chemical spill drills, fire escape drills, and other safety campaigns to improve our employees' ability to respond to emergencies and prevent hazards. At the same time, we cultivate employees' safety awareness through safety bulletin boards and themed safety posters. During the Reporting Period, we organized 6 times of safety training, with a cumulative total of 367 employees participating in the training, and 5 times of emergency drills, with a cumulative total of 136 people participating in the drills.

Emergency Drill for Chemical Leakage	Emergency Drill for People Trapped in the Elevator
	

5. SHARING CARDIOFLOW, WORKING TOGETHER FOR DEVELOPMENT

CardioFlow commits to work closely with suppliers and industry colleagues to build a sustainable industry chain. The Company continues to deepen supply chain management, and expand to expand industry cooperation opportunities, actively participate in Accessible Healthcare and social welfare undertakings, and practice corporate social responsibility.

5.1 Responsible Procurement

CardioFlow is committed to building an efficient and stable supply chain system, integrating the concept of sustainable development into supply chain management, working with partners to create a sustainable supply chain, and realizing win-win cooperation.

5.1.1 Supplier Management

Creating a healthy and stable supply chain is an important part of the sustainable development of CardioFlow. In strict compliance with the requirements of local laws and regulations, CardioFlow has formulated a series of systems, such as *Supplier Management System*, *Procurement Control Procedures*, *Service Supplier Management System*, etc., and constructed a supplier management process that includes supplier classification, development, evaluation, qualified supplier management, file management, audit management, etc., to ensure the quality and stability of the supply chain.

Supplier Access

- For new suppliers, we have established an access management mechanism including qualification audit, on-site audit, sample audit, etc. We require suppliers of key materials to provide third-party certification management system certificates and related qualification documents, so as to ensure the introduction of suppliers with qualifications and strengths.
- As of 2024, 72 suppliers have completed third-party certification management system certification.

Supplier Classification

- Implement hierarchical management according to the importance of the products purchased by the Company, and set different audit frequencies for suppliers of different levels.

Supplier Evaluation

- We arranged on-site audits, background investigations and other assessment work to carry out regular audits of key suppliers in the four dimensions of quality, price, delivery and service, and carried out rectification of suppliers with problems in the assessment to continuously monitor the level of supplier management.
- In 2024, system audits were carried out on a total of 48 material suppliers, with 100% coverage of key supplier audits, 100% audit pass rate, and 100% rectification completion rate (including timeliness rate).

5.1.2 Sustainable Supply Chains

CardioFlow continues to promote the construction of a responsible supply chain, integrates ESG factors into the supplier management process, strengthens supply chain risk control, and promotes the sustainable development of the supply chain.

The Company joins hands with suppliers to build an integrity-based procurement process. CardioFlow strictly follows the guiding principles of *the Procurement Framework Agreement*, and makes business ethics clauses an important part of *the Commitment of Supplier for Corporate Social Responsibility* signed by suppliers, requiring both parties to strengthen the collaborative work of business ethics control, regulate the behavior of employees on both sides, and put an end to any acts of corruption and unfair competition. During the Reporting Period, a total of 55 suppliers of the Company completed the signing of *the Commitment of Supplier for Corporate Social Responsibility*. In addition, we actively carried out suppliers' business ethics training and continued to promote the Company's business ethics culture.

We attach importance to the identification, prevention and control of supply chain risks, and actively take supply chain risk prevention, monitoring, assessment and response measures against supply shortage, production interruption and other risk factors. We fully consider the logistics and inventory situation, incorporate raw material supply risks into the Company's risk pool, pay attention to market dynamics and timely adjust production, logistics and warehousing plans, and make advance procurement of overseas materials in a timely manner, so as to avoid work and production interruptions due to unstable supply chain. In addition, we continue to explore domestic substitution and local supplier cooperation programs to enhance the self-research and self-production capabilities of some key raw materials and steadily reach the goal of self-production in phases. We have identified alternative suppliers for important logistics as a backup choice in case of supply chain risk events to ensure supply chain stability and promote the sound and efficient development of the Company's business.

In addition, the Company encourages suppliers to pay attention to environmental issues and rely on the use of green packaging materials and the promotion of green transportation to achieve energy saving and emission reduction, and to promote the environmentally sustainable development of the supply chain.

5.2 Industry Cooperation

CardioFlow actively expand external communication and seminar channels, take the initiative to promote the deep integration and collaboration between industry, academia and research, and bring together the wisdom and strength of universities, society, enterprises and other parties to drive the development of the industry with its own technology and platform advantages.

5.2.1 Industry Development

CardioFlow has continuously focused on the hot topics in the pharmaceutical industry. It has actively invited medical elites and colleagues from all over the country to carry out activities for discussing cutting-edge viewpoints, working together to promote the progress of the industry. During the Reporting Period, the Company organized and hosted or participated in 52 academic conferences, significantly enhancing its brand influence.

The 2024 Asian Heart Valve China Forum

From November 29th to December 1st, 2024, the 2024 Asian Heart Valve China Forum was held in Nanning. This forum integrated online and offline platforms, providing a deep communication platform for experts and scholars in the field of heart valves. Through various academic forms such as special lectures and in-depth discussions, participants jointly explored the treatment and management strategies for patients with aortic valve stenosis, aiming to provide more comprehensive and personalized medical services for patients. The conference interpreted the 8-year follow-up results of the pre-market clinical trial of CardioFlow's VitaFlow® valve. The release of this data not only provided solid scientific evidence for the long-term safety and effectiveness of the VitaFlow® valve, but also further strengthened the confidence and expectations of the field of structural heart disease treatment towards this domestically innovative medical device.

Figure: The 2024 Asian Heart Valve China Forum

"*Fengqi Yunyong*" — LAAC Skills Upgrading Training Program

In September and December 2024, the First Affiliated Hospital of Ningbo University organized two sessions of the "*Fengqi Yunyong*" — LAAC Skills Enhancement Training Program, which attracted nearly 100 frontline cardiac surgeons from all over China to participate in the training. The AnchorMan® developed by CardioFlow, as the only approved semi-closed internal occluder left auricular occluder system in China, demonstrates the excellent characteristics of *safe release, stable anchoring, strong compliance and low residual leakage*, which is expected to empower the comprehensive upgrade of LAAC technology. Experts from the First Affiliated Hospital of Ningbo University combined academic lectures and surgical broadcasts with simulated operations, cutting-edge seminars and other forms to show the participants how to operate AnchorMan® in LAAC surgical techniques, and to enhance frontline doctors' trust and proficiency in the use of the Company's products.

Figure: "*Fengqi Yunyong*" — LAAC Skills Upgrading Training Program

5.2.2 School-Enterprise Cooperation

CardioFlow actively carries out school-enterprise cooperation projects, fully consider the future development direction and business needs, and organically combine the Company's platform advantages with the talent and technology advantages of universities and scientific research institutions to improve R&D and innovation capabilities and realize a win-win situation for both schools and enterprises. We have established long-term partnerships with universities and research institutes such as East China University of Science and Technology, University of Shanghai for Science and Technology, and Guilin University of Electronic Science and Technology, giving full play to the comparative advantages of the Company and the universities, improving the efficiency of new technology R&D, and providing patients with safer and more inclusive medical services.

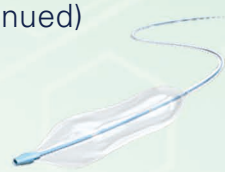


Chart: Key Industry-University-Research Cooperation Projects

East China University of Science and Technology — Preparation and development of TPU flap leaves

- By leveraging the R&D advantages of both the university and the enterprise, develop and design valve leaflet materials that meet the needs of ideal polymer valve prosthesis, and realize the research and transformation of polymer valve products on the ground. Develop polymer valve prosthesis with the characteristics of anti-calcification, long life, high biocompatibility and easy processing. The research team has completed the preparation and submission of multiple batches of experimental samples, and simultaneously advancing the testing and evaluation of the materials' mechanical properties.

University of Shanghai for Science and Technology — Lyophilization Technology Development of Biological Valves

- Combining the university team's research foundation in cell, tissue and organ cryopreservation and freeze-drying process, and the Company's experience in the research and development of bioprosthetic valves, we will solve the key technical problems in the freeze-drying process of animal-derived materials, realize the freeze-drying process of bioprosthetic valves, break through the limitations of the materials, and improve the durability of the interventional bioprosthetic valves. The research team has completed the manufacturing process feasibility study, formulated a preliminary engineering implementation pathway, and achieved the expected objectives of the current R&D phase.

Guilin University of Electronic Science and Technology — Handle Filler Prototype Prototyping

- Relying on the university team's technical research in electronic engineering and automation, combined with the Company's products' clinical application innovation trend, the Company carries out the research on handle filler technology to optimize the use performance of the handle of transcatheter heart valve delivery system. The research team has successfully concluded the development of an engineering prototype, with patents granted associated with the proprietary technological achievements.

5.3 Contribution to Community

CardioFlow actively practice social responsibility, give full play to the advantages of the industry and products, carry out accessible healthcare, participate in social welfare activities, and contribute corporate strength to the society.

5.3.1 Accessible Healthcare

CardioFlow focuses on improving product affordability and accessibility, and adheres to the philosophy of *provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases*. We continue to expand our patient base through universal healthcare programs and the integration of resources with external partners. We have established commercial partnerships with more than 650 hospitals in China to provide more patients with access to minimally invasive TAVR interventional valve replacement surgery and to improve the quality of patients' lives.

The Company actively promotes the inclusion of its core products into medical insurance and participates in the collective procurement projects organized by the State Medical Insurance Bureau. As of the end of the Reporting Period, the Company's core products have been included in the medical insurance payment lists of many provinces, cities and autonomous regions, including Shanghai, Guangdong, Guangxi, Henan, Anhui, Jiangxi, Shanxi, Fujian, Jilin, Ningxia, etc., providing patients with universal and advanced medical service and technologies.

5.3.2 Social Welfare

CardioFlow actively participates in social welfare activities, fulfills its corporate social responsibility and develops multi-channel public welfare practices. The Company adheres to the spirit of volunteer service of dedication, fraternity, cooperation and advancement and encourages its employees to organize volunteer service teams to carry out public welfare lectures, convenient services and environmental optimization activities in the local communities where the Company operates.

APPENDIX I KEY PERFORMANCE TABLE

Environmental performance sheet

Indicator	Unit	2024	2023	2022
Indirect Energy Consumption				
Purchased Electricity	kWh	**3,529,147**	5,397,878	7,708,299
Direct Energy Consumption				
Petrol	kWh	**2,456**	41,799	60,371
Diesel	kWh	**3,755**	2,323	46,728
Natural Gas	kWh	**820,044**	1,283,795	1,327,515
Comprehensive Energy Consumption[1]				
Comprehensive Energy Consumption	kWh	**4,355,401**	6,725,795	9,142,913
Intensity of Comprehensive Energy Consumption	kWh/RMB million Revenue	**12,046**	20,004	36,422
Greenhouse Gas (GHG) Emission[2]				
Scope 1 GHG Emissions	Tonne of CO_2 Equivalent	**165.5**	267.5	348.4
Scope 2 GHG Emissions	Tonne of CO_2 Equivalent	**2,066.7**	3,078.4	5,159.6
Total GHG Emissions	Tonne of CO_2 Equivalent	**2,232.2**	3,345.9	5,508.1
Intensity of GHG Emission	Tonne of CO_2 Equivalent/RMB million Revenue	**6.17**	9.95	21.94

1 The Group's comprehensive energy consumption in 2024 is calculated with reference to the *General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589–2020)* released by the State Administration for Market Regulation and the Standardization Administration of the People's Republic of China.

2 The calculation methods and emission factors for greenhouse gases in 2024 mainly refer to the *Greenhouse Gas Emission Accounting Methods and Reporting Guidelines for Enterprises in Other Industrial Sectors (Trial)* of the National Development and Reform Commission, and Announcement on the *Release of the 2022 Carbon Emission Factors for Electricity* released by Ministry of Ecology and Environment of the People's Republic of China.

Environmental performance sheet

Indicator	Unit	2024	2023	2022
Waste				
Total Amount of Hazardous Waste Generated	Tonne	**57.32**	63.82	77.08
Intensity of Hazardous Waste Disposed	Tonne/RMB million Revenue	**0.16**	0.19	0.31
Total Amount of Non-Hazardous Waste Generated	Tonne	**16.44**	23.60	20.00
Intensity of Non-Hazardous Waste Generated	Tonne/RMB million Revenue	**0.05**	0.07	0.08
Wastewater				
Total Amount of Wastewater	Tonne	**18,048**	25,760	29,979
Intensity of Wastewater	Tonne/RMB million Revenue	**49.92**	76.62	119.43
Air Emissions				
Total Air Emissions	Tonne	**0.10**	/	/
Volatile Organic Compounds	Tonne	**0.03**	0.02	0.07
Particulate Matter	Tonne	**0.10**	/	/
Other Air Emissions	Tonne	**0.60**	/	/
Intensity of Total Air Emissions	Kilogram/RMB million Revenue	**0.29**	/	/

Environmental performance sheet

Indicator	Unit	2024	2023	2022
Water Consumption				
Total Water Consumption	Tonne	**22,561**	36,800	42,828
Intensity of Water Consumption	Tonne/RMB million Revenue	**62.40**	109.45	170.61
Packaging Materials Consumption				
Total Packaging Material Used	Tonne	**10.00**	53.00	50.00
Intensity of Packaging Materials Used	Tonne/RMB million Revenue	**0.03**	0.16	0.20

Social Performance Table

Indicator	Unit	2024	2023	2022
Percentage of Employees Training By Gender				
Male	%	**50**	48	52
Female	%	**50**	52	48
By Employee Type				
Senior-level Management	%	**1**	2	2
Middle-Level Management	%	**7**	11	4
Other employees	%	**92**	87	94
Average Number of Training Hours By Gender				
Male	hour	**11.5**	39.6	29.3
Female	hour	**8.9**	41.7	36.7
By Employee Type				
Senior-level Management	hour	**4.4**	118.0	75.6
Middle-Level Management	hour	**146.7**	57.5	64.8
Other employees	hour	**0.9**	37.5	28.5
Employee Turnover Rate	%	**35.5**	19.1	24

Social Performance Table

Indicator	Unit	2024	2023	2022
By Gender				
Male	%	**37.8**	19.8	25
Female	%	**33.4**	18.5	23
By Age[3]				
30 Years Old and Below	%	**43.4**	/	/
31–50 Years Old	%	**29.2**	/	/
Over 50 Years Old	%	**75.0**	/	/
By Region				
China	%	**35.5**	19.1	24
Overseas Countries	%	**0**	25.0	20
Number of Suppliers	number	**95**	113	107
Number of Suppliers by Region				
China	number	**78**	88	93
America	number	**13**	20	10
European	number	**3**	4	2
Other Countries	number	**1**	1	2

Governance performance table

Indicator	Unit	2024	2023	2022
Business Ethics and Anti-Corruption and anti-Bribery Training				
Percentage of Employees Who Participated in Annual Training on Business Ethics and Anti-Corruption and Anti-Bribery	%	**100**	/	/
Corruption and Bribery Related Violations				
Amount of Fines, Penalties or Settlements Related to Corruption and Bribery	RMB	**0**	0	0

[3] In 2024, employee turnover rate is adjusted by age, so the data of the first two years will not be compared statistically

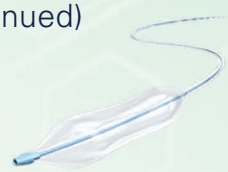
APPENDIX II INDEX TO THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE OF HONG KONG STOCK EXCHANGE

Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
Environmental			
A1:Emissions	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste gas and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	3.3 Emission Management
	KPI A1.1	The types of emissions and respective emissions data	3.3 Emission Management
	KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	3.1 Climate Change Response
	KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	3.3 Emission Management
	KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity. (e.g., per unit of production volume, per facility).	3.3 Emission Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	3.3 Emission Management
	KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	3.3 Emission Management

Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
A2:Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	3.4 Resource Utilization
	KPI A2.1	Direct and/or indirect energy consumption by type (e.g., electricity, gas or oil) in total (kWh in '000s) and intensity (e.g., per unit of production volume, per facility).	3.1 Climate Change Response
	KPI A2.2	Water consumption in total and intensity (e.g., per unit of production volume, per facility).	3.4 Resource Utilization
	KPI A2.3	Description of energy-use efficiency target(s) set and steps taken to achieve them.	3.1 Climate Change Response
	KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	3.4 Resource Utilization
	KPI A2.5	Total packaging material used for finished products and with reference to per unit produced	3.4 Resource Utilization
A3:The Environment and Natural Resources	General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	3.2 Environmental Management
	KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them	3.2 Environmental Management
A4:Climate Change	General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	3.1 Climate Change Response
	KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	3.1 Climate Change Response

Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
Social			
B1:Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	4.1 Diversified Employment
	KPI B1.1	Total workforce by gender, employment type, age group and geographical region	4.1 Diversified Employment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region	4.1 Diversified Employment
B2:Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	4.4 Occupational Health and Safety
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	4.4 Occupational Health and Safety
	KPI B2.2	Lost days due to work injury	4.4 Occupational Health and Safety
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored	4.4 Occupational Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
B3:Development and Training	General Disclosure	Policies on improving employees' knowledge and skills of discharging duties at work. Description of training activities.	4.2 Training and Development
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g., senior management, middle management).	4.2 Training and Development
	KPI B3.2	The average training hours completed per employee by gender and employee category	4.2 Training and Development
B4:Labour Standards	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	4.1 Diversified Employment 4.3 Care and Communication
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	4.1 Diversified Employment
	KPI B4.2	Description of steps taken to eliminate such violations when discovered	4.1 Diversified Employment
B5:Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	5.1 Responsible Procurement
	KPI B5.1	Number of suppliers by geographical region.	5.1 Responsible Procurement
	KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored	5.1 Responsible Procurement
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	5.1 Responsible Procurement
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored	5.1 Responsible Procurement



Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
B6: Product Responsibility	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	2.2 Excellent Quality
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	2.2 Excellent Quality
	KPI B6.2	Number of products and service related complaints received and how they are dealt with	2.2 Excellent Quality
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	2.1 R&D Innovation
	KPI B6.4	Description of quality assurance process and product recall procedures	2.2 Excellent Quality
	KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored	1.5 Information Security

Subject Areas, Aspects, General Disclosures and KPIs			Relevant Section
B7: Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	1.3 Business Ethics
	KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	1.3 Business Ethics
	KPI B7.2	Description of preventive measures and whistleblowing procedures and how they are implemented and monitored	1.3 Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff	1.3 Business Ethics
B8: Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	5.3 Contribution to Community
	KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	5.3 Contribution to Community
	KPI B8.2	Resources contributed to the focus area	5.3 Contribution to Community

Independent auditor's report to the shareholders of
MicroPort CardioFlow Medtech Corporation
(Incorporated in Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of MicroPort CardioFlow Medtech Corporation ("the Company") and its subsidiaries ("the Group") set out on pages 167 to 252, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statement, comprising material accounting policy information and other explanatory information.

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

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matters (Continued)

Revenue Recognition

Refer to Note 3 to the consolidated financial statements and the accounting policies on page 191.

The Key Audit Matter	How the matter was addressed in our audit
The Group's revenue is derived from sales of medical devices. The Group recognises revenue from sales of medical devices at the point in time when control of goods is transferred to the customers. Depending on the terms of the contracts, this point in time will either be when the goods are delivered to the customer's premises or a location designated by the customer for domestic sales, or in accordance with the terms and conditions of sales for export sales. We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations and also because the impact of any errors in the recognition of revenue could be material to the consolidated financial statements.	Our audit procedures to assess the recognition of revenue included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition; • inspecting, on a sample basis, sales contracts with key customers to identify terms and conditions relating to the transfer of control and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year-end date with shipping documents for export sales and goods receipt notes for domestic sales ("underlying documentation") to assess whether the related revenue had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the respective sales contracts; • comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales orders and underlying documentation to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies; and • inspecting journal entries relating to revenue recognition during the year which were considered to meet specific risk-based criteria, enquiring of management the reasons for such adjustments and comparing the details of the adjustments with relevant underlying documentation.

Key audit matters (Continued)

Recognition and Measurements of Research and Development Costs

Refer to note 5(d) to the consolidated financial statements and the accounting policies on page 179.

The Key Audit Matter	How the matter was addressed in our audit
The Group is principally engaged in the research and development ("R&D"), manufacturing and sales of medical devices. The Group incurred R&D costs of RMB153.4 million for the year ended 31 December 2024, mainly consisting of staff costs, third-party contracting costs and cost of materials and consumables. We identified the recognition and measurement of R&D costs as a key audit matter due to its material amount and risk of R&D-related staff costs, third-party contracting costs and cost of materials and consumables not accurately recognised.	Our audit procedures to assess the recognition and measurement of R&D costs included the following: • obtaining an understanding of and testing the design and implementation and the operating effectiveness of the key internal controls related to the Group's R&D recognition and measurement process; • inquiring management and R&D project managers about the progress of the R&D projects; • evaluating the accrual and allocation of R&D-related staff costs by checking to the working time records maintained by the R&D project management department; • evaluating the R&D-related costs of materials and consumables by inspecting, on a sample basis, materials and consumables purchase orders, payment slips and other supporting documents; • evaluating the R&D-related third-party contracting costs by inspecting, on a sample basis, the key terms set out in the relevant contracts and evaluating the completion status with reference to the progress reports obtained from each third-party contractor, to assess whether these costs were recorded based on the respective contract terms or completion status; and • evaluating whether the R&D costs were included in the appropriate period by comparing R&D costs recorded before and after the balance sheet date, on a sample basis, to working time records of staff costs, purchase orders and payment slips and invoices and completion status reports from the third-party contractors.

Information other than the consolidated financial statements and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements (Continued)

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo.

KPMG
Certified Public Accountants

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

27 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	**361,565**	336,215
Cost of sales		**(110,355)**	(106,284)
Gross profit		**251,210**	229,931
Other net income	4	**84,343**	91,755
Research and development costs		**(153,409)**	(237,342)
Distribution costs		**(164,830)**	(223,006)
Administrative expenses		**(57,614)**	(70,219)
Fair value changes in financial instruments	27(e)	**21,653**	(50,181)
Other operating costs	5(c)	**(43,973)**	(54,589)
Loss from operations		**(62,620)**	(313,651)
Finance costs	5(a)	**(4,002)**	(4,147)
Share of losses of associates		**(61,669)**	(49,720)
Share of losses of a joint venture		**—**	(14,737)
Reversal of/(provision for) impairment loss on investment in an associate	14	**82,029**	(81,327)
Loss before taxation	5	**(46,262)**	(463,582)
Income tax	6(a)	**(7,005)**	(7,952)
Loss for the year		**(53,267)**	(471,534)
Attributable to:			
Equity shareholders of the Company		**(49,446)**	(471,534)
Non-controlling interests		**(3,821)**	—
Loss per share	9		
Basic and diluted (RMB)		**(0.02)**	(0.20)

The notes on pages 174 to 252 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2024

(Expressed in Renminbi)

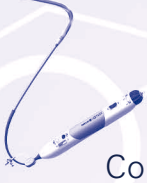
	2024 RMB'000	2023 RMB'000
Loss for the year	**(53,267)**	(471,534)
Other comprehensive income for the year, net of nil tax		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**43,024**	58,766
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations	**(14,394)**	(21,888)
Other comprehensive income for the year	**28,630**	36,878
Total comprehensive income for the year	**(24,637)**	(434,656)
Attributable to:		
Equity shareholders of the Company	**(20,816)**	(434,656)
Non-controlling interests	**(3,821)**	—
Total comprehensive income for the year	**(24,637)**	(434,656)

The notes on pages 174 to 252 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	10	**505,964**	196,973
Intangible assets	11	**192,282**	143,881
Interests in associates	14	**165,762**	143,089
Other financial assets	13	**92,616**	24,282
Other non-current assets	15	**44,655**	27,547
		1,001,279	535,772
Current assets			
Inventories	16	**135,381**	122,871
Trade and other receivables	17	**179,966**	144,785
Time deposits	18	**1,250,782**	708,270
Pledged deposits		**325**	325
Cash and cash equivalents	18	**108,029**	1,065,085
		1,674,483	2,041,336
Current liabilities			
Trade and other payables	19	**358,569**	152,864
Contract liabilities		**5,309**	4,937
Interest-bearing borrowings	20	**37,500**	—
Lease liabilities	21	**25,576**	28,568
Income tax payable	22	**6,937**	7,214
		433,891	193,583
Net current assets		**1,240,592**	1,847,753
Total assets less current liabilities		**2,241,871**	2,383,525
Non-current liabilities			
Interest-bearing borrowings	20	**4,000**	—
Lease liabilities	21	**9,782**	41,912
Deferred income	23	**6,400**	6,750
		20,182	48,662
NET ASSETS		**2,221,689**	2,334,863



Consolidated Statement of Financial Position (Continued)

(Expressed in Renminbi)

	Note	**2024 RMB'000**	2023 RMB'000
CAPITAL AND RESERVES			
Share capital	25	**83**	83
Reserves		**2,187,129**	2,334,780
Total equity attributable to equity shareholders of the Company		**2,187,212**	2,334,863
Non-controlling interests		**34,477**	—
TOTAL EQUITY		**2,221,689**	2,334,863

Approved and authorised for issue by the board of directors on 27 March 2025.

Chen Guoming
Chairman

Mr. Zhang Ruinian
President

The notes on pages 174 to 252 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2024

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company							
	Note	Ordinary share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2022 and 1 January 2023		83	4,164,154	262,948	(394,690)	(1,278,780)	2,753,715	—	2,753,715
Changes in equity for 2023:									
Loss for the year		—	—	—	—	(471,534)	(471,534)	—	(471,534)
Other comprehensive income		—	—	36,878	—	—	36,878	—	36,878
Total comprehensive income		—	—	36,878	—	(471,534)	(434,656)	—	(434,656)
Share issued under the share option scheme	25(c)(ii)	—	7,177	—	(3,734)	—	3,443	—	3,443
Share granted under the share award scheme	24(c)	—	—	—	2,956	—	2,956	—	2,956
Equity-settled share-based transactions	5(b)	—	—	—	7,423	1,982	9,405	—	9,405
Balance at 31 December 2023 and 1 January 2024		**83**	**4,171,331**	**299,826**	**(388,045)**	**(1,748,332)**	**2,334,863**	**–**	**2,334,863**
Changes in equity for 2024:									
Loss for the year		**–**	**–**	**–**	**–**	**(49,446)**	**(49,446)**	**(3,821)**	**(53,267)**
Other comprehensive income		**–**	**–**	**28,630**	**–**	**–**	**28,630**	**–**	**28,630**
Total comprehensive income		**–**	**–**	**28,630**	**–**	**(49,446)**	**(20,816)**	**(3,821)**	**(24,637)**
Share issued under the share option scheme	25(c)(ii)	**–**	**267**	**–**	**(138)**	**–**	**129**	**–**	**129**
Share granted under the share award scheme	24(c)	**–**	**–**	**–**	**2,654**	**–**	**2,654**	**–**	**2,654**
Equity-settled share-based transactions	5(b)	**–**	**–**	**–**	**7,757**	**3,234**	**10,991**	**28**	**11,019**
Share repurchased under the share award scheme	25(c)(i)	**–**	**–**	**–**	**(39,124)**	**–**	**(39,124)**	**–**	**(39,124)**
Business combination under common control	26	**–**	**–**	**–**	**(101,485)**	**–**	**(101,485)**	**38,270**	**(63,215)**
Balance at 31 December 2024		**83**	**4,171,598**	**328,456**	**(518,381)**	**(1,794,544)**	**2,187,212**	**34,477**	**2,221,689**

The notes on pages 174 to 252 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended December 31, 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Loss before taxation		**(46,262)**	(463,582)
Adjustments for:			
Amortisation and depreciation	5(d)	**87,341**	73,618
Interest expenses	5(a)	**3,775**	3,915
Interest income		**(42,041)**	(36,943)
Net loss/(gain) on disposal of property, plant and equipment and right-of-use assets	4	**686**	(65)
Impairment loss on other receivables	5(d)	**—**	867
(Reversal of)/provision for impairment loss on investment in an associate	14	**(82,029)**	81,327
Share of losses of a joint venture		**—**	14,737
Share of losses of associates		**61,669**	49,720
Other changes of investment in an associate	14	**—**	1,038
Fair value changes in financial instruments	27(e)	**(21,653)**	50,181
Equity-settled share-based payment expenses	5(b)	**8,507**	9,973
Share granted under the share award scheme	24(c)	**2,654**	2,956
Changes in working capital:			
Increase in inventories		**(10,138)**	(8,584)
Increase in trade and other receivables		**(46,721)**	(31,710)
(Decrease)/increase in trade and other payables		**(19,602)**	48,892
(Decrease)/increase in deferred income		**(950)**	860
Decrease in other non-current assets		**—**	(524)
Increase/(decrease) in contract liabilities		**372**	(1,150)
Cash used in operations		**(104,392)**	(204,474)
Tax paid		**(7,282)**	(2,511)
Net cash used in operating activities		**(111,674)**	(206,985)
Investing activities			
Payments for the purchase of property, plant and equipment		**(158,220)**	(27,921)
Payments for the purchase of intangible assets		**(163)**	(2,594)
Placement of time deposits		**(2,611,829)**	(2,469,530)
Redemption of time deposits		**2,085,193**	1,975,624
Proceeds from sale of property, plant and equipment		**218**	4,401
Interest received		**56,264**	8,872
Acquisitions of subsidiaries, net of cash acquired	26	**(124,454)**	—
Loans to a related party		**(10,000)**	—
Payments for acquisitions of other financial assets	27(e)	**(35,509)**	(37,406)
Payment for settlement of derivatives		**—**	(47,502)
Net cash used in investing activities		**(798,500)**	(596,056)

	Note	**2024 RMB'000**	2023 RMB'000
Financing activities			
Capital element of lease rentals paid	18(b)	**(28,779)**	(25,666)
Interest element of lease rentals paid	18(b)	**(2,905)**	(3,915)
Lease deposits received		**2,237**	529
Proceeds from shares issued under share option scheme	25(c)(ii)	**129**	3,443
Payment for repurchase of shares	25(c)(i)	**(39,124)**	—
Proceeds from interest-bearing borrowings	18(b)	**16,000**	—
Repayments of interest-bearing borrowings	18(b)	**(3,000)**	—
Interest-bearing borrowings cost paid	18(b)	**(870)**	—
Net cash used in financing activities		**(56,312)**	(25,609)
Net decrease in cash and cash equivalents		**(966,486)**	(828,650)
Cash and cash equivalents at the beginning of the year		**1,065,085**	1,866,319
Effect of foreign exchange rate changes		**9,430**	27,416
Cash and cash equivalents at the end of the year		**108,029**	1,065,085

The notes on pages 174 to 252 form part of these financial statements.

1 Material accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise MicroPort CardioFlow Medtech Corporation (the "Company") and its subsidiaries (together referred to as the "Group") and the Group's interest in a joint venture and associates.

As the Group's operation are primarily located in the mainland China and most of the Group's transactions are conducted and denominated in Renminbi ("RMB"), which is the functional currency of MP CardioFlow, the consolidated financial statements are presented in RMB, rounded to the nearest thousand, unless otherwise stated. The functional currency of the Company is United States dollars ("US$") other than RMB.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments in debt and equity securities are stated at their fair value as explained in the accounting policies set out in note 1(f).

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

1 Material accounting policies (continued)

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

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

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

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- 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*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 Material accounting policies (continued)

(d) Subsidiaries and non-controlling interests

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

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

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with note 1(p) depending on the nature of the liability.

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

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

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

Merger accounting for business combinations under common control

The consolidated financial statements include the financial statements of the combining entities in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling parties.

1 Material accounting policies (continued)

(e) Associates and joint ventures

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

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

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

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

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

(f) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

1 Material accounting policies (continued)

(f) Other investments in debt and equity securities (continued)

(i) Non-equity investments

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

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(u)(ii)(b)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— fair value through other comprehensive income ("FVOCI")-recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value through profit or loss ("FVPL") if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

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

(g) Derivative financial instruments

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

1 Material accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over properties where the Group is not the registered owner of the property interest (see note 1(j)) are stated at cost less accumulated depreciation and any accumulated impairment losses (see note 1(k)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss on the date of retirement or disposal.

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

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

— Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 50 years after the date of completion;

— Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 3 to 5 years from the date of completion;

— Equipment and machinery 5 to 10 years

— Office equipment, furniture and fixtures 5 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(i) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(k)(ii)).

1 Material accounting policies (continued)

(i) Intangible assets (continued)

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

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

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

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

—	Software	3 years
—	Capitalised development costs	10 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Leased assets

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

As a lessee

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

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

1 Material accounting policies (continued)

(j) Leased assets (continued)

As a lessee (continued)

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

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

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

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

1 Material accounting policies (continued)

(j) Leased assets (continued)

As a lessee (continued)

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

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

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits, time deposits and trade and other receivables).

Other financial assets measured at fair value, including equity and debt securities measured at FVPL, are not subject to the ECL assessment.

Measurement of ECLs

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

1 Material accounting policies (continued)

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

(i) Credit losses from financial instruments (continued)

Measurement of ECLs (continued)

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

— fixed-rate financial assets and trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

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

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

1 Material accounting policies (continued)

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

(i) Credit losses from financial instruments (continued)

Significant increases in credit risk

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling).

1 Material accounting policies (continued)

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

(i) Credit losses from financial instruments (continued)

Credit-impaired financial assets

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the borrower will enter into bankruptcy or other financial reorganisation;

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

1 Material accounting policies (continued)

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

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s).

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

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

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

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

(iii) Interim financial reporting and impairment

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

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

1 Material accounting policies (continued)

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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

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

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(u)(i)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs (see note 1(k)(i)) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(n)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(u)(i)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also be recognised (see note 1(n)).

(n) Trade and other receivables

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

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including allowance for credit losses (see note 1(k)(i)).

1 Material accounting policies (continued)

(o) Cash and cash equivalents

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

(p) Trade and other payables

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

(q) Interest-bearing borrowings

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

(r) Employee benefits

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

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

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

1 Material accounting policies (continued)

(r) Employee benefits (continued)

(ii) Share-based payments

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

(iii) Termination benefits

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

(s) Income tax

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

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

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

1 Material accounting policies (continued)

(s) Income tax (continued)

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

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

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

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

1 Material accounting policies (continued)

(t) Provisions, contingent liabilities and onerous contracts

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

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

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

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods in the ordinary course of the Group's business.

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

(i) Revenue from contracts with customers

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

(a) Sale of medical devices

Sales of the Group's medical devices are recognised as follows:

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

1 Material accounting policies (continued)

(u) Revenue and other income (continued)

(ii) Revenue from other sources and other income

(a) Dividends

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

(b) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset.

(c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

1 Material accounting policies (continued)

(v) Translation of foreign currencies

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

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

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

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

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

1 Material accounting policies (continued)

(w) Borrowing costs

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

(x) Asset acquisition

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

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

1 Material accounting policies (continued)

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

1 Material accounting policies (continued)

(z) Segment reporting

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

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

(aa) Repurchase and reissue of share capital (treasury shares)

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

2 Accounting judgement and estimates

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

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

Determining the lease term

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

(b) Sources of estimation uncertainty

Notes 24 and 27(e) contain information about the assumptions and their risk factors relating to valuation of fair value of equity-settled share-based payment awards granted and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

2 Accounting judgement and estimates (continued)

(b) Sources of estimation uncertainty (continued)

(ii) Impairment of non-current assets

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

3 Revenue and segment reporting

(a) Revenue

The Group derives revenue principally from the sales of medical devices through appointed distributors.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products and the timing of revenue recognition is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**361,565**	336,215

3 Revenue and segment reporting (continued)

(a) Revenue (continued)

(i) Disaggregation of revenue (continued)

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

	2024 RMB'000	2023 RMB'000
Customer A	**95,260**	72,876
Customer B	**74,594**	81,826
Customer C	**57,263**	64,276
Customer D	**45,657**	77,261
Customer E	**39,808**	N/A*

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

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

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for medical devices 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

(i) Segment information

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

3 Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Geographical 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 property, plant and equipment, intangible assets and interest in a joint venture and associates ("specified non-current assets"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in a joint venture and an associate.

Revenue from external customers

	2024 RMB'000	2023 RMB'000
The People's Republic of China (the "PRC") (place of domicile)	**337,980**	324,894
Other countries	**23,585**	11,321
	361,565	336,215

Specified non-current assets

	2024 RMB'000	2023 RMB'000
The PRC (place of domicile)	**700,017**	342,744
North America	**163,991**	141,199
	864,008	483,943

4 Other net income

	2024 RMB'000	2023 RMB'000
Government grants (Note)	**8,944**	3,585
Interest income on bank deposits	**74,413**	85,262
Interest income on other financial assets measured at amortised cost	**1,496**	1,282
Net (loss)/gain on disposal of property, plant and equipment	**(686)**	65
Net foreign exchange gain	**24**	1,580
Others	**152**	(19)
	84,343	91,755

Note: Majority of the government grants are subsidies from government for encouragement of research and development projects.

5 Loss before taxation

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

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities (note 18(b))	**2,905**	3,915
Interest on interest-bearing borrowings (note 18(b))	**870**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**3,775**	3,915
Others	**227**	232
	4,002	4,147

5 Loss before taxation (continued)

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Total equity-settled share-based payment cost	**8,590**	10,144
Less: capitalised into cost of inventories	**(83)**	(171)
Equity-settled share-based payment expenses recognised in consolidated statement of profit or loss (note 24)	**8,507**	9,973
Defined contribution retirement plans (Note)	**14,455**	15,983
Salaries, wages and other benefits	**136,814**	191,513
	159,776	217,469

Note: As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by local governments for its employees. The Group is required to make contributions to the retirement plans at the specified proportion of the eligible employees' salaries. The Group's contributions made to the plans are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the plans.

(c) Other operating costs

	2024 RMB'000	2023 RMB'000
Donation (Note)	**38,000**	53,540
Others	**5,973**	1,049
	43,973	54,589

Note: During the year ended 31 December 2024, the Group made charitable and other donations to the third-party charitable organisation amounted to RMB38,000,000 (2023: RMB53,540,000).

5 Loss before taxation (continued)

(d) Other items

	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets (note 11)	**29,338**	21,832
Depreciation charge# (note 10)		
— owned property, plant and equipment	**29,124**	24,550
— right-of-use assets	**28,879**	27,236
	58,003	51,786
	87,341	73,618
Research and development expenditure	**153,409**	237,342
Less: Amortisation of capitalised development costs	**(27,654)**	(20,483)
	125,755	216,859
Cost of inventories# (note 16(b))	**143,646**	193,482
Impairment loss on other receivables	**—**	867
Auditors' remuneration		
— audit services	**1,966**	1,960
— other service fee	**600**	1,076

Cost of inventories includes RMB50,512,000 (2023: RMB40,528,000) relating to staff costs and depreciation charges, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses for the year ended 31 December 2024.

6 Income tax in the consolidated statement of profit or loss

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

	2024 RMB'000	2023 RMB'000
Current tax — PRC Corporate Income Tax ("CIT")		
Provision for the year	**7,005**	7,952

6 Income tax in the consolidated statement of profit or loss (continued)

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

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 Shanghai MicroPort CardioFlow Medtech Co., Ltd. ("MP CardioFlow"), which is entitled to a preferential income tax rate of 15% as it is certified as "High and New Technology Enterprise" ("HNTE") in 2023. According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate during the certified period.

The current tax expenses during the year ended 31 December 2024 arose from the interest income on cash deposits in non-resident accounts of the subsidiaries of the Group that were domiciled outside the PRC, which is subject to a PRC withholding tax at a rate of 10%.

Taxation for other entities of the Group is charged at their respective applicable income tax rates ruling in the relevant jurisdictions.

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

	2024 RMB'000	2023 RMB'000
Loss before taxation	**(46,262)**	(463,582)
Notional tax on loss before taxation, calculated at the rates applicable to profit in the countries and districts concerned	**(10,676)**	(43,260)
Effect of other non-deductible expenses	**12,632**	9,163
Effect of deductible temporary differences not recognised, net of utilisation of deductible temporary differences not recognised in prior years	**9,912**	(3,139)
Effect of additional deduction on research and development expenses	**(12,007)**	(16,567)
Effect of deduction on share-based payment transactions upon the exercise	**(2)**	(502)
Effect of tax losses not recognised	**12,412**	68,097
Effect of non-taxable revenue	**(12,271)**	(13,792)
PRC withholding tax (note 6(a))	**7,005**	7,952
Actual tax expenses	**7,005**	7,952

7 Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment (Note) RMB'000	Total RMB'000
Chairman and non-executive director						
Guoming Chen	—	—	—	—	**958**	**958**
Executive directors						
Jeffrey R Lindstrom	—	**2,536**	**728**	—	**1,245**	**4,509**
Luying Yan	—	**889**	**712**	—	**590**	**2,191**
Liang Zhao	—	**919**	**765**	—	**1,738**	**3,422**
Non-executive directors						
Junjie Zhang	—	—	—	—	—	—
Xia Wu	—	—	—	—	—	—
Independent non-executive directors						
Jonathan H. Chou	**175**	—	—	—	**128**	**303**
Zhixiang Sun	**175**	—	—	—	**128**	**303**
Jiandong Ding	**175**	—	—	—	**128**	**303**
	525	**4,344**	**2,205**	—	**4,915**	**11,989**

7 Directors' emoluments (continued)

	2023					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment (Note) RMB'000	Total RMB'000
Chairman and non-executive director						
Guoming Chen (appointed on August 29, 2023)	—	—	—	—	568	568
Qiyi Luo (resigned on August 29, 2023)	—	—	—	—	—	—
Executive directors						
Jeffrey R Lindstrom (appointed on August 29, 2023) (i)	—	2,395	705	—	904	4,004
Guoming Chen (resigned on August 29, 2023)	—	820	875	—	892	2,587
Luying Yan	—	915	549	—	829	2,293
Liang Zhao	—	975	757	—	2,178	3,910
Non-executive directors						
Junjie Zhang	—	—	—	—	—	—
Xia Wu	—	—	—	—	—	—
Independent non-executive directors						
Jonathan H. Chou	158	—	—	—	96	254
Zhixiang Sun	158	—	—	—	96	254
Jiandong Ding	158	—	—	—	96	254
	474	5,105	2,886	—	5,659	14,124

Notes:

The amounts of equity-settled share-based payment represent the estimated value of equity instruments granted to the directors under the Company's share option scheme and other share-based arrangements. The value of these equity instruments is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(r)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued previously where grants of equity instruments are forfeited prior to vesting.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 24.

(i) Jeffrey R Lindstrom was appointed as an executive director of the Company on 29 August 2023. He was the vice president of R&D department of the Company and his remuneration disclosed above included those for services rendered by him as the vice president of R&D department.

8 Individuals with highest emoluments

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

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**1,422**	433
Discretionary bonuses	**535**	650
Equity-settled share-based payment	**618**	335
	2,575	1,418

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

	2024 Number of Individuals	2023 Number of Individuals
HK$1,000,001 to HK$1,500,000	**1**	—
HK$1,500,001 to HK$2,000,000	**1**	1

9 Loss per share

(a) Basic loss per share

The calculation of the basic loss per share during the year ended 31 December 2024 is based on the loss attributable to equity shareholders of the Company of RMB49,446,000 (2023: RMB471,534,000) and the weighted average number of ordinary shares of 2,338,907,000 shares (2023: 2,362,906,000 shares) in issue during the year.

The basic loss per share is calculated as follows:

(i) Loss for the year attributable to equity shareholders of the Company

	2024 RMB'000	2023 RMB'000
Loss for the year attributable to equity shareholders of the Company	**(49,446)**	(471,534)

(ii) Weighted average number of shares

	2024 '000	2023 '000
Issued shares at the beginning of the year for the purposes of basic loss per share:		
Number of ordinary shares for the purposes of basic loss per share	**2,412,478**	2,409,385
Effect of share options exercised	**97**	1,932
Effect of treasury shares held	**(73,668)**	(48,411)
Weighted average number of shares at the end of the year for the purposes of basic loss per share	**2,338,907**	2,362,906

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The calculation of diluted loss per share amount for the year ended 31 December 2024 has not included the potential effects of share options granted by the Company (see note 24(a)), as they had anti-dilutive effects on the basic loss per share amount for the respective year. Accordingly, diluted loss per share for the years ended 31 December 2024 are the same as basic loss per share of the respective year.

10 Property, plant and equipment

(a) Reconciliation of carrying amount

	Ownership interests in land and buildings held for own use	Leasehold improvements RMB'000	Equipment and machinery RMB'000	Office equipment, furniture and fixtures RMB'000	Right-of-use assets RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2023	—	86,570	73,757	12,010	150,844	6,143	329,324
Transfer from construction in progress	—	1,944	10,532	956	—	(13,432)	—
Additions	—	—	—	—	873	10,664	11,537
Disposals	—	(8,893)	(239)	(641)	(223)	—	(9,996)
At 31 December 2023 and 1 January 2024	—	79,621	84,050	12,325	151,494	3,375	330,865
Acquisitions of subsidiaries (note 26)	—	6,603	8,267	35	5,037	150	20,092
Transfer from construction in progress	—	1,479	2,757	199	—	(4,435)	—
Additions (note 10(c))	184,815	173	269	—	175,185	2,550	362,992
Disposals	—	—	(444)	(179)	(1,124)	(1,118)	(2,865)
Modification of lease terms	—	—	—	—	(11,481)	—	(11,481)
At 31 December 2024	184,815	87,876	94,899	12,380	319,111	522	699,603
Accumulated depreciation and amortisation:							
At 1 January 2023	—	13,490	16,501	2,987	54,631	—	87,609
Charge for the year	—	15,538	7,769	1,243	27,236	—	51,786
Written back on disposals	—	(4,684)	(117)	(479)	(223)	—	(5,503)
At 31 December 2023 and 1 January 2024	—	24,344	24,153	3,751	81,644	—	133,892
Acquisitions of subsidiaries (note 26)	—	512	2,688	26	—	—	3,226
Charge for the year	—	17,884	8,875	2,365	28,879	—	58,003
Written back on disposals	—	—	(192)	(166)	(1,124)	—	(1,482)
At 31 December 2024	—	42,740	35,524	5,976	109,399	—	193,639
Net book value:							
At 31 December 2024	184,815	45,136	59,375	6,404	209,712	522	505,964
At 31 December 2023	—	55,277	59,897	8,574	69,850	3,375	196,973

10 Property, plant and equipment (continued)

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Properties leased for own use, carried at depreciated cost	**34,527**	69,850
Land use rights, carried at depreciated cost	**175,185**	—
	209,712	69,850

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

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use	**28,879**	27,236
Interest on lease liabilities (note 5(a))	**2,905**	3,915

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 18(c) and 21, respectively.

(i) Land use rights

The Group has obtained land use rights in the PRC where certain manufacturing facilities are located through an assets acquisition (see note 10(c)). Land use rights are originally granted for 50 years, on the expiry of which the land reverts to the government, and the remaining useful life is 25 years after acquisition.

(ii) Properties leased for own use

The Group leases manufacturing plants, warehouses and office buildings under leases expiring in no more than five years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

10 Property, plant and equipment (continued)

(c) Acquisition of a subsidiary that do not constitute a business

On 22 August 2024, the Group and Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort Medical") entered into an equity transfer agreement to acquire the entire equity interest in Shanghai Xinyong Medical Technology Co., Ltd. ("Shanghai Xinyong Medical") which serves as a vehicle for holding the land use rights and buildings from Shanghai MicroPort Medical with a total consideration of RMB377 million.

As at 31 December 2024, Shanghai Xinyong Medical has not carried out any business and its identifiable assets are mainly the property and land use rights located in Shanghai. The transaction was completed in December 2024 and was recognised as an acquisition of assets, given that the group of assets acquired did not constitute a business.

As at 31 December 2024, the Group has outstanding consideration payables of RMB226,560,000, which is expected to be settled within 12 months.

The recognised amounts of assets acquired and liabilities upon the closing comprise the following:

	Shanghai Xinyong Medical RMB'000
Property, plant and equipment	184,815
Right-of-use assets	175,185
Other non-current assets	18,000
Cash and cash equivalents	122
Trade and other payables	(522)
Total identifiable net assets	377,600

An analysis of the cash flows in respect of the acquisition of Shanghai Xinyong Medical is as follows:

	RMB'000
Total consideration	377,600
Less: Consideration payables	(226,560)
Less: Cash and cash equivalents acquired	(122)
Net cash outflow arising from the acquisition of a subsidiary	150,918

11 Intangible assets

	Capitalised development costs RMB'000	Software RMB'000	Total RMB'000
Cost			
At 1 January 2023	281,999	3,241	285,240
Additions	—	2,594	2,594
At 31 December 2023 and 1 January 2024	**281,999**	**5,835**	**287,834**
Acquisitions of subsidiaries (note 26)	**78,228**	**—**	**78,228**
Additions	**—**	**163**	**163**
At 31 December 2024	**360,227**	**5,998**	**366,225**
Accumulated amortisation and impairment:			
At 1 January 2023	121,061	1,060	122,121
Amortisation charge for the year	20,483	1,349	21,832
At 31 December 2023 and 1 January 2024	**141,544**	**2,409**	**143,953**
Acquisitions of subsidiaries (note 26)	**652**	**—**	**652**
Amortisation charge for the year	**27,654**	**1,684**	**29,338**
At 31 December 2024	**169,850**	**4,093**	**173,943**
Net book value:			
At 31 December 2024	**190,377**	**1,905**	**192,282**
At 31 December 2023	140,455	3,426	143,881

Capitalised development costs as of 31 December 2024 were all related to the products that have obtained the registration certificate from the National Medical Products Administration. Majority of amortisation of intangible assets is recognised in research and development costs.

(Expressed in Renminbi unless otherwise indicated)

12 Investments in subsidiaries

As of 31 December 2024, the Company has direct and indirect interests in the following subsidiaries, all of which are private companies. The class of shares held is ordinary unless otherwise indicated.

Name of company	Place of incorporation and principal business	Particulars of registered/paid-up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
MP CardioFlow (上海微創心通醫療科技有限公司) (i)	The PRC	RMB2,270 million/ RMB1,780 million	100%	—	100%	Research and development, manufacture and sale of medical devices treating valvular heart diseases
MicroPort CardioFlow International Corp. Limited	Hong Kong	USD447 million/ USD369 million	100%	—	100%	Investment holding
MicroPort CardioFlow Limited	British Virgin Islands	USD447 million/ USD369 million	100%	100%	—	Investment holding
Derryhill Global Limited	British Virgin Islands	USD7 million/ USD7 million	100%	—	100%	Investment holding
Witney International Limited	British Virgin Islands	USD14 million/ USD14 million	100%	100%	—	Investment holding
Rose Emblem Ltd. ("Rose Emblem")	British Virgin Islands	USD10 million	100%	—	100%	Investment holding
Chengdu Xintuo Biotechnology Co., Ltd.* (成都心拓生物科技有限公司) (ii)	The PRC	RMB25 million/ RMB25 million	100%	—	100%	Manufacture of raw materials for medical devices treating valvular heart diseases
Beijing Chenxue Enterprise Management Co., Ltd.* (北京琛雪企業管理有限公司) (ii)	The PRC	RMB8 million/ Nil	100%	—	100%	Technical consultation, technical services with respect to medical devices clinical trial

(Expressed in Renminbi unless otherwise indicated)

12 Investments in subsidiaries (continued)

Name of company	Place of incorporation and principal business	Particulars of registered/paid-up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	Held by the Company	Held by a subsidiary	
Shanghai MicroPort WellFlow Medtech Co., Ltd.* (上海隨通醫療科技有限公司) (ii)	The PRC	RMB50 million/ Nil	90%	—	90%	Research and development manufacture and sale of medical devices treating valvular heart diseases
Shanghai MicroPort CardioAdvent Co., Ltd.* (上海佐心醫療科技有限公司) (ii)	The PRC	RMB71 million/ RMB71 million	51%	—	51%	Research and development manufacture and sale of medical devices in the field of left atrial appendage
Shanghai Xinyong Medical Technology Co., Ltd* (上海心永醫療科技有限公司) (ii) (10 (c))	The PRC	RMB378 million/ RMB378 million	100%	—	100%	Properties management

* English translation is for identification purpose only.

Notes:

(i) These subsidiaries are wholly foreign-owned enterprises.

(ii) These subsidiaries are domestic enterprises.

13 Other financial assets

	2024 RMB'000	2023 RMB'000
Financial assets measured at FVPL		
— Unlisted debt securities issued by 4C Medical	**82,457**	24,282
— Unlisted equity and debt securities issued by Valcare	**—**	—
Financial assets measured at amortised cost		
— Loans to a related party	**10,159**	—
Total	**92,616**	24,282

(a) Financial assets measured at FVPL

As at 31 December 2024, the Group held convertible instruments issued by 4C Medical Inc., ("4C Medical") with carrying amount of US$11,471,000 (equivalent to RMB82,457,000) (2023: US$3,428,000 (equivalent to RMB24,282,000)). The convertible instruments issued by 4C Medical bears an interest rate of 8.0% per annum which shall be repayable upon maturity or on demand upon occurrence of certain liquidation or merger and acquisition events and will be automatically converted into the preferred shares of 4C Medical upon the occurrence of the next equity financing of 4C Medical at the designated conversion price.

The Group also held preferred shares and unsecured convertible instruments issued by Valcare Inc. ("Valcare"). As at 31 December 2024, the fair value of preferred shares issued by Valcare was nil (2023: nil) as determined by the adjusted net asset approach, and the fair value of convertible instruments issued by Valcare of nil (2023: nil) was determined by the default risk method.

Valuation techniques and significant assumptions adopted for determining the fair value of the financial assets was set out in note 27(e).

(b) Financial assets measured at amortised cost

On 19 July 2024, the Group and Dongguan Kewei Medical Instrument Co., Ltd. ("Kewei Medical"), the subsidiary of MicroPort Scientific Corporation ("MPSC", the ultimate controlling party of the Group), entered into a loan agreement, pursuant to which, the Group agreed to grant Kewei Medical a loan facility in a principal amount of RMB10,000,000, at an interest rate equivalent of 3.35%. The loan facility was secured by certain equipment and facilities of Kewei Medical.

(Expressed in Renminbi unless otherwise indicated)

14 Interests in associates

The following list contains only the particulars of a material associate, which is unlisted corporate entity whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
4C Medical	Incorporated	United States	4,723,122 ordinary shares and 35,171,147 preferred shares	29.6%	21.3%	8.3%	Research and development of medical devices treating mitral valve diseases

4C Medical

During 2018 to 2022, the Group entered into subscription and shareholders agreements with 4C Medical, purchasing series A preferred shares, series B preferred shares and series C preferred shares of 4C Medical. As at 31 December 2024, these investments in 4C Medical were recognised as the investment in associates.

Impairment test and subsequent reversal

Impairment test in 2023

During the year ended 31 December 2023, considering the market condition and the financing difficulty of 4C Medical, the Group concluded that there was indication of impairment and has engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an external valuer to perform valuation assessments for its investment in 4C Medical.

Based on the result of the impairment test, the carrying amount of investment in 4C Medical was written down to their recoverable amount of US$19,936,000 (equivalent to RMB141,199,000) and an impairment loss of US$11,526,000 (equivalent to RMB81,327,000) was recognised in profit or loss in 2023. The recoverable amount was based on the fair value less costs of disposal, using the event analysis and equity allocation model.

(Expressed in Renminbi unless otherwise indicated)

14 Interests in associates (Continued)

4C Medical (Continued)

Impairment test and subsequent reversal (Continued)

Impairment test in 2023 (Continued)

The key assumptions used in estimating the recoverable amount in 2023 are as follows:

	2023
Probability of next round financing	60%
Volatility	30%

Impairment test in 2024

As at 31 December 2024, the recoverable amount of investment in 4C Medical has increased due to the fact that it has recently closed its Series D financing round and resolved its liquidity issue. The management of the Group considered that the indication of the impairment loss has reduced and conducted an impairment assessment on recoverable amount of its investment in 4C Medical.

For investment in 4C Medical, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of share of losses of associate recognised, if no impairment loss had been recognised.

The Group has engaged Anderson (Shanghai) Advisory Services Limited, an external valuer to assist with the determination of the recoverable amount of investment in 4C Medical, with the result of reversal of impairment losses of USD11,526,000 (equivalent to RMB82,029,000) in 2024.

The recoverable amount of 4C Medical is determined using equity allocation model by reference to recent transaction prices.

The key assumptions used in estimating the recoverable amount in 2024 are as follows:

	2024
Event probability	**70%**
Volatility	**33%**

The associates of the Group are accounted for using the equity method in the consolidated financial statements.

14 Interests in associates (Continued)

4C Medical (Continued)

Impairment test and subsequent reversal (Continued)

Impairment test in 2024 (Continued)

Summarised financial information of the material associate, adjusted by any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2024 RMB'000	2023 RMB'000
Gross amounts of 4C Medical		
Non-current assets	**4,533**	8,368
Current assets	**28,128**	29,216
Non-current liabilities	**—**	(1,974)
Current liabilities	**(315,057)**	(109,488)
Equity	**282,396**	73,878
Loss for the year and total comprehensive income	**(208,153)**	(159,088)
Reconciled to the Group's interests in 4C Medical		
Gross amounts of 4C Medical's net assets	**(282,396)**	(73,878)
Group's effective interest	**29.6%**	29.6%
Group's share of 4C Medical's net assets	**(83,504)**	(21,843)
Goodwill (less cumulative impairment)	**250,149**	164,834
Dilution effect of share-based payments arrangement of an equity-accounted investee	**(2,654)**	(1,792)
Carrying amount of the Group's interest in 4C Medical	**163,991**	141,199

Information of an associate that is not individually material:

	2024 RMB'000	2023 RMB'000
Carrying amount of an immaterial associate in the consolidated financial statements	**1,771**	1,890
Amounts of the Group's share of the immaterial associate		
Loss for the year and total comprehensive income	**(119)**	(2,678)
Other changes[#]	**—**	(1,038)

[#] In June 2023, the Group's interests in the associate of Shanghai MicroPort Shield Medtech Co., Ltd. ("MP Shield") increased from 35.14% to 41.18% due to the divestment of one of MP Shield's shareholders.

15 Other non-current assets

	2024 RMB'000	2023 RMB'000
Lease deposits (Note)	**26,655**	27,547
Value-added tax recoverable (note 10(c))	**18,000**	—
	44,655	27,547

Note: Lease deposits are typically paid for leased properties, which are refundable after the expiry of the leases and carried at amortised cost. During the year ended 31 December 2021, the Group entered into a 5-year lease agreement (the "Lease Agreement") with Shanghai Huiqingcheng Investment Management Co., Ltd. ("Huiqingcheng") in respect of certain leasehold properties for use of manufacturing facilities, warehouses and office buildings. As at 31 December 2024, the carrying amount of lease deposits paid to Huiqingcheng is RMB26,508,000 (2023: RMB27,447,000).

16 Inventories

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

	2024 RMB'000	2023 RMB'000
Raw materials	**59,535**	73,104
Work in progress	**31,637**	27,355
Finished goods	**44,209**	22,412
	135,381	122,871

16 Inventories (continued)

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

	2024 RMB'000	2023 RMB'000
Cost of inventories sold	**104,182**	108,207
Write down/(reversal) of the inventories	**6,173**	(1,923)
Cost of inventories directly recognised as research and development costs and distribution costs	**35,855**	87,198
	146,210	193,482

17 Trade and other receivables

	2024 RMB'000	2023 RMB'000
Trade receivables	**136,591**	100,997
Bills receivable	**19,175**	—
Trade and bill receivables	**155,766**	100,997
Value-added tax recoverable	**660**	57
Interest receivables	**14,562**	31,473
Prepayments	**7,737**	9,916
Deposits and other debtors	**1,241**	2,342
	179,966	144,785

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

17 Trade and other receivables (continued)

Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	**143,808**	100,997
Over 3 months but within 6 months	**8,205**	—
Over 6 months but within 9 months	**2,242**	—
Over 9 months but within 1 year	**438**	—
Over 1 year	**1,073**	—
	155,766	100,997

Trade receivables are generally due within 60 to 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in note 27(a).

18 Time deposits, cash and cash equivalents and other cash flow information

(a) Time deposits and cash and cash equivalents

	2024 RMB'000	2023 RMB'000
Time deposits	**1,250,782**	708,270
Cash and cash equivalents		
Deposits with banks	**108,029**	1,065,085

18 Time deposits, cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Lease liabilities RMB'000 (note 21)	Interest bearing borrowings RMB'000	Total RMB'000
At 1 January 2024	**70,480**	**—**	**70,480**
Changes from financing cash flows:			
Proceed from interest-bearing borrowings	**—**	**16,000**	**16,000**
Repayments of interest-bearing borrowings	**—**	**(3,000)**	**(3,000)**
Interest-bearing borrowings cost paid	**—**	**(870)**	**(870)**
Capital element of lease payments	**(28,779)**	**—**	**(28,779)**
Interest element of lease payments	**(2,905)**	**—**	**(2,905)**
Total changes from financing cash flows	**(31,684)**	**12,130**	**(19,544)**
Exchange adjustments			
Other changes:			
Acquisitions of subsidiaries (note 26)	**5,617**	**28,500**	**34,117**
Modification of lease terms	**(11,960)**	**—**	**(11,960)**
Interest charge (note 5(a))	**2,905**	**870**	**3,775**
	(3,438)	**29,370**	**25,932**
At 31 December 2024	**35,358**	**41,500**	**76,858**

18 Time deposits, cash and cash equivalents and other cash flow information (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Lease liabilities RMB'000 (note 21)
At 1 January 2023	**95,468**
Changes from financing cash flows:	
Capital element of lease payments	**(25,666)**
Interest element of lease payments	**(3,915)**
Total changes from financing cash flows	**(29,581)**
Exchange adjustments	
Other changes:	
Increase in lease liabilities from entering into new leases during the year	**873**
Modification of lease terms	**(195)**
Interest charge (note 5(a))	**3,915**
	4,593
At 31 December 2023	**70,480**

(c) Total cash outflow for leases

	2024 RMB'000	2023 RMB'000
Within financing cash flows	**31,684**	29,581

All these amounts relate to the lease rentals paid.

19 Trade and other payables

	2024 RMB'000	2023 RMB'000
Trade payables	**39,793**	53,250
Accrued payroll	**28,922**	37,669
Consideration payables in connection with the acquisition of a subsidiary (note 10(c))	**226,560**	—
Other payables and accrued charges	**63,294**	61,945
	358,569	152,864

All of the above balances classified as current liabilities are expected to be settled within one year.

As of the end of the reporting period, the aging analysis of the trade payables based on the invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	**30,876**	37,844
Over 1 month but within 3 months	**7,195**	11,817
Over 3 months but within 6 months	**241**	2,495
Over 6 months but within 1 year	**221**	760
Over 1 year	**1,260**	334
	39,793	53,250

20 Interest-bearing borrowings

(a) The analysis of the repayment schedule of Interest-bearing borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	**37,500**	—
After 1 year but within 2 years	**4,000**	—
	41,500	—

(b) The analysis of the carrying amount of Interest-bearing borrowings is as follows:

	2024 RMB'000	2023 RMB'000
Unsecured bank loans	**41,500**	—

As at 31 December 2024, unsecured bank loans of RMB25,500,000 and RMB16,000,000 were guaranteed by the ultimate holding company MPSC and a subsidiary of the Group respectively, with interest ranging from 3.10% to 3.30% per annum.

21 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the reporting period.

	2024 RMB'000	2023 RMB'000
Within 1 year	**25,576**	28,568
After 1 year but within 2 years	**9,782**	26,627
After 2 years but within 5 years	**—**	15,285
	9,782	41,912
	35,358	70,480

22 Income tax in the consolidated statement of financial position

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

	2024 RMB'000	2023 RMB'000
Provision of PRC CIT for the year	**7,005**	7,952
Provisional tax paid	**(68)**	(738)
	6,937	7,214

(b) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(s), the Group has not recognised deferred tax assets in respect of cumulative tax losses and other temporary differences attributable to certain subsidiaries of RMB1,452,117,000 at 31 December 2024 (2023: RMB1,313,090,000) due to the unpredictability of future taxable profits in the relevant tax jurisdiction and entity.

As at 31 December 2024, the tax losses incurred by PRC subsidiaries of RMB1,318,932,000 will expire in the period from 2026 to 2035.

23 Deferred income

	Government subsidies for research and development projects RMB'000
At 1 January 2023	5,890
Additions	920
Government grant recognised as other income	(60)
At 31 December 2023 and 1 January 2024	**6,750**
Additions	**260**
Acquisitions of subsidiaries (note 26)	**600**
Government grant recognised as other income	**(1,210)**
At 31 December 2024	**6,400**

24 Equity-settled share-based transaction

(a) Share options granted by the Company (equity-settled)

In March 2020, the Company adopted a share option scheme (the "Share Option Scheme"), pursuant to which, the board of the directors may authorise, at their discretion, the issuance of share options to (i) the executives and employees of the Group and (ii) the directors and employees of MPSC and its subsidiaries other than the Group who have contributed or will contribute to the development of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of options	Fair value RMB'000	Weighted average fair value per share option RMB	Exercise price HK$
Options granted to executives and employees of the Group				
31 March 2020	66,575,000	81,138	1.22	1.24
31 March 2021	8,000,000	29,463	3.68	13.72
4 October 2021	3,100,000	6,084	1.96	6.41
19 January 2022	15,576,616	14,888	0.96	3.75
30 March 2022	997,237	929	0.93	2.63
22 June 2022	3,445,000	2,891	0.77	2.80
30 March 2023	10,079,716	6,040	0.60	2.53
11 July 2023	8,883,977	4,885	0.55	2.05
30 August 2023	4,000,000	2,689	0.67	1.91
8 April 2024	14,324,000	5,771	0.40	1.00
	134,981,546			
Options granted to directors and employees of MPSC and its subsidiaries				
31 March 2020	16,140,000	19,519	1.22	1.24
22 June 2022	300,000	156	0.96	2.80
	151,421,546			

24 Equity-settled share-based transaction (continued)

(a) Share options granted by the Company (equity-settled) (continued)

(i) The terms, conditions and fair values at the grant date of the grants are as follows: (continued)

The above share options granted to the executives and employees of the Group are expected to vest in installments over an explicit vesting period of one to five years. Each installment is accounted for as a separate share-based compensation arrangement.

The above share options granted to the directors and employees of MPSC and its subsidiaries have no vesting conditions and the grant-date fair value of these share options were immediately recognised as share-based payment costs at the grant date.

The contractual life of above options is ten years.

(ii) The number and weighted average exercise prices of share options are as follows:

	2024		2023	
	Weighted average exercise price HK$	**Number of options '000**	Weighted average exercise price HK$	Number of options '000
Outstanding at the beginning of the year	**2.68**	**80,294**	3.01	67,440
Granted during the year	**1.00**	**14,324**	2.24	22,963
Exercised during the year	**1.24**	**(115)**	1.24	(3,093)
Cancelled during the year	**2.62**	**(7,690)**	12.22	(845)
Forfeited during the year	**5.14**	**(2,302)**	4.14	(6,171)
Outstanding at the end of the year	**2.33**	**84,511**	2.68	80,294
Exercisable at the end of the year	**2.35**	**38,356**	2.16	33,802

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from March 2030 through August 2033. As at 31 December 2024, the weighted average remaining contractual life for the share options granted under Share Option Scheme was 6.95 years (2023: 7.62 years).

(Expressed in Renminbi unless otherwise indicated)

24 Equity-settled share-based transaction (continued)

(a) Share options granted by the Company (equity-settled) (continued)

(ii) The number and weighted average exercise prices of share options are as follows: (continued)

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The share price was determined by the closing price of the shares at the grant date for the year ended 31 December 2024 and 2023. The estimated fair value of the share options granted is measured based on a binomial tree model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial tree model.

Fair value of share options and assumptions

	2024	2023
Fair value at measurement dates	**RMB0.40**	RMB0.54–RMB0.70
Share price	**HK$0.90**	HK$1.91–HK$2.43
Exercise price	**HK$1.00**	HK$1.91–HK$2.534
Expected volatility	**60.00%**	41.65%–42.22%
Option life	**10 years**	10 years
Expected dividend yield	**0.00%**	0.00%
Risk-free interest rate	**3.87%**	3.78%–3.85%

(b) Share option plans granted by the ultimate controlling party (equity-settled)

MPSC, the ultimate controlling party of the Group, has granted certain share options to the employee of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

During the year ended 31 December 2024, MPSC has granted 111,725 share options to the employee of the Group (year ended 31 December 2023: nil). These share options are vested in instalments over an explicit vesting period of one to seven years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of the options is ten years.

During the year ended 31 December 2024, nil share options were exercised (year ended 31 December 2023: 12,492).

24 Equity-settled share-based transaction (continued)

(c) Share award scheme (equity-settled)

Pursuant to a share award scheme approved by the board of directors of the Company in March 2021, the Company may purchase its own shares and grant such shares to certain directors, employees, consultants and advisors of the Group.

For the year ended 31 December 2024, the Company purchased 37,982,000 shares at a cash consideration of RMB39,124,000 (2023: nil shares) (note 25 (c)(i)). For the year ended 31 December 2024, the Company granted 3,254,407 shares (2023: 1,386,233 shares) with a fair value of RMB2,654,000 (2023: RMB2,956,000) to the Group's executives and employees.

The consideration paid for the purchase of the Company's shares is reflected as a decrease in a capital reserve of the Company. The fair value of the employee services received in exchange for the grant of shares is recognised as staff costs in profit or loss with a corresponding increase in capital reserve, which is measured based on the grant date share price of the Company.

(d) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss:

	2024 **RMB'000**	2023 RMB'000
Cost of sales	**630**	857
Research and development costs	**2,488**	3,949
Distribution costs	**1,826**	2,230
Administrative expenses	**3,563**	2,937
	8,507	9,973

25 Capital and reserves

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's equity between the beginning and the end of the year are set out below.

	Note	Ordinary Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2023		83	4,164,154	(541,104)	260,925	(346,105)	3,537,953
Changes in equity for 2023:							
Loss and total comprehensive income		—	—	—	58,766	(132,598)	(73,832)
Share issued under the share option scheme	25(c)(ii)	—	7,177	(3,734)	—	—	3,443
Share granted under the share award scheme	24(c)	—	—	2,956	—	—	2,956
Equity-settled share-based transactions		—	—	7,296	—	1,982	9,278
Balance at 31 December 2023 and 1 January 2024		**83**	**4,171,331**	**(534,586)**	**319,691**	**(476,721)**	**3,479,798**
Changes in equity for 2024:							
Loss and total comprehensive income		**–**	**–**	**–**	**43,024**	**25,753**	**68,777**
Share repurchased under the share award scheme	25(c)(i)	**–**	**–**	**(39,124)**	**–**	**–**	**(39,124)**
Share issued under the share option scheme	25(c)(ii)	**–**	**267**	**(138)**	**–**	**–**	**129**
Share granted under the share award scheme	24(c)	**–**	**–**	**2,654**	**–**	**–**	**2,654**
Equity-settled share-based transactions		**–**	**–**	**7,588**	**–**	**3,234**	**10,822**
Balance at 31 December 2024		**83**	**4,171,598**	**(563,606)**	**362,715**	**(447,734)**	**3,523,056**

25 Capital and reserves (continued)

(b) Dividends

The directors of the Company did not propose the payment of any dividend during the year ended 31 December 2024 (2023: nil).

(c) Share capital

Authorised

As of 1 January 2021, the authorised share capital of the Company was US$50,000 divided into 500,000,000 shares with par value of US$0.0001 each.

On 15 January 2021, a share subdivision was approved by the shareholders of the Company, pursuant to which, each issued and unissued share capital was subdivided to twenty shares of the corresponding class with par value of US$0.000005 each.

Issued and fully paid

	Note	Ordinary share No. of share '000	RMB'000
Balance at 1 January 2023		2,409,385	83
Share issued under the share option scheme	25(c)(ii)	3,093	—
Balance at 31 December 2023 and 1 January 2024		**2,412,478**	**83**
Share issued under the share option scheme	25(c)(ii)	**115**	**—**
Balance at 31 December 2024		**2,412,593**	**83**

25 Capital and reserves (continued)

(c) Share capital (continued)

Issued and fully paid (continued)

(i) Purchase of own shares

During the year ended 31 December 2024, the Company purchased its own ordinary shares through the designated trustee under the share award scheme (note 24(c)) as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK$	Lowest rice paid per share HK$	Aggregated consideration paid RMB'000
January 2024	**17,514,000**	**1.56**	**1.18**	**21,404**
March 2024	**5,800,000**	**1.16**	**1.06**	**5,925**
May 2024	**2,840,000**	**1.08**	**1.01**	**2,672**
June 2024	**7,854,000**	**0.91**	**0.83**	**6,146**
July 2024	**3,974,000**	**0.86**	**0.78**	**2,977**
Total	**37,982,000**			**39,124**

(ii) Shares issued under share option scheme

During the year ended 31 December 2024, options were exercised to subscribed for 115,000 ordinary shares (2023: 3,093,000) in the Company at a total consideration of RMB129,000 (2023: RMB3,443,000), of which nil and RMB129,000 was credited to share capital and share premium (2023: nil and RMB3,443,000), respectively. RMB138,000 (2023: RMB3,734,000 was transferred from the capital reserve to the share premium account in accordance with policies set out in note 1(r)(ii).

25 Capital and reserves (continued)

(d) Nature and purpose of reserves

(i) Share premium

The application of the share premium account is governed by the Companies Act of the Cayman Islands.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of the Company and certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in note 1(u).

(iii) Capital reserve

The capital reserve primarily comprises the following:

— the fair value of the actual or estimated number of unexercised share options granted to executives and employees of the Group in accordance with the accounting policy adopted for share-based payments in note 1(r)(ii);

— the consideration paid for the purchase of the Company's shares under the share award scheme;

— the historical book value of the share capital and share premium of MP CardioFlow when the 100% equity interests of MP CardioFlow were transferred to the Group under the restructuring, less consideration the Group has paid to acquire the 100% equity interests of MP CardioFlow under the restructuring;

— the liabilities of the Group waived by related parties, and

— the difference between the consideration and 51% of the book value of CardioAdvent's net assets under the ultimate controlling party MPSC in accordance with the accounting policy adopted for business combinations under common control in note 1(d).

25 Capital and reserves (continued)

(e) Capital management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group defines "capital" as including all components of equity as at the end of each of the reporting period and "debt" as including interest-bearing borrowings and lease liabilities. On this basis, the amount of capital employed at 31 December 2024 was RMB2,221,689,000 (2023: RMB2,334,863,000) and the debt-to-capital ratio is 3.4% (2023: 3.0%).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

26 Business combination under common control

On 1 January 2024, the Group entered into an equity transfer agreement with MicroPort Sinica Co., Ltd. and Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership), pursuant to which the Group agreed to acquire 51% equity interests in Shanghai MicroPort CardioAdvent Co., Ltd. ("CardioAdvent"), at a total cash consideration of RMB141,317,000. The transaction was completed on 31 January 2024.

As the Group and CardioAdvent are under the common control of MPSC before and after the acquisition and the control is not transitory, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of book value accounting. The difference between the total consideration of RMB141,317,000 and 51% of the book value of CardioAdvent's net assets of RMB39,832,000 under the ultimate controlling party MPSC amounted to RMB101,485,000 was recognised in the capital reserve.

26 Business combination under common control (continued)

The following table shows the amount of net identifiable assets and liabilities of CardioAdvent as at the date when CardioAdvent first came under the control of the Company on 31 January 2024:

	Book value at 31 January 2024 RMB'000
Property, plant and equipment	**16,866**
Intangible assets	**77,576**
Inventories	**2,289**
Trade and other receivables	**3,365**
Cash and cash equivalents	**16,863**
Interest-bearing borrowings	**(28,500)**
Trade and other payables	**(4,140)**
Lease liabilities	**(5,617)**
Deferred income	**(600)**
Total identifiable net assets at book value	**78,102**

Pre-acquisition carrying amounts were determined based on the book value under the ultimate controlling party, MPSC.

Capital reserves arising from the acquisition has been recognised as follows:

	RMB'000
Total consideration	**141,317**
Less: Book value of identifiable net assets	**(78,102)**
Add: Non-controlling interest	**38,270**
Capital reserve	**101,485**

26 Business combination under common control (continued)

An analysis of the cash flows in respect of the acquisition of CardioAdvent is as follows:

	RMB'000
Total consideration	**141,317**
Less: Cash and cash equivalents acquired	**(16,863)**
Net cash outflow in acquisition	**124,454**

For the period from the date of acquisition to 31 December 2024, CardioAdvent contributed RMB30,280,000 to the Group's revenue and incurred a loss of RMB7,789,000 to the consolidated loss for the period. Had the acquisition occurred on 1 January 2024, management estimated that consolidated revenue would have been RMB361,565,000, and consolidated loss for the year ended 31 December 2024 would have been RMB54,919,000.

27 Financial risk management and fair values of financial instruments

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to represent low credit risk. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low taking into account the remaining lease term and the period to be covered by the rental deposits.

Management has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 60 to 90 days from the date of billing. Debtors with balances that are overdue are requested to settle all outstanding balances before any further credit is granted. The Group does not obtain collateral from customers.

27 Financial risk management and fair values of financial instruments (continued)

(a) Credit risk (continued)

The Group has significant concentrations of credit risk primarily arise from the significant exposure to individual customers. At the end of the reporting period, 28% (2023: 28%), 13% (2023: 25%) and 77% (2023: 86%) of the total trade receivables was due from the Group's largest customer, the second largest customer and the five largest customers respectively.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs. The management has assessed as at 31 December 2024, the default risk of trade receivable is insignificant and no loss allowance provision for trade receivables was recognised.

The management has assessed that during the year ended 31 December 2024, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The management of the Company expect the occurrence of losses from non-performance by the counterparties of other receivables was remote and loss allowance provision for other receivables was immaterial.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

27 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	As at 31 December 2024 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables	317,716	–	–	–	317,716	317,716
Lease liabilities	25,936	9,867	–	–	35,803	35,358
Interesting-bearing borrowings	38,295	4,067	–	–	42,362	41,500
	381,947	13,934	–	–	395,881	394,574

27 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk (continued)

	As at 31 December 2023 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables	103,407	—	—	—	103,407	103,407
Lease liabilities	29,363	28,684	16,707	—	74,754	70,480
	132,770	28,684	16,707	—	178,161	173,887

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from cash at banks, deposits with banks and lease liabilities. The Group's interest-bearing financial instruments at variable rates as at 31 December 2024 are primarily the cash at bank except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances is not considered significant. The Group's exposure to interest rate risk is not significant.

27 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

The Group's interest rate risk profile as monitored by management is set out below.

	2024 Effective interest rate	2024 Amount RMB'000	2023 Effective interest rate	2023 Amount RMB'000
Net fixed rate instruments:				
Deposits with banks	**1.35%–5.4%**	**1,250,782**	1.55%–5.35%	708,270
Cash at banks	**1.55%**	**10,000**	1.55%	30,000
Lease liabilities	**4.90%**	**(35,358)**	3.45%–5.23%	(70,480)
		1,225,424		667,790
Net variable rate instruments:				
Cash at banks	**0.01%–5.00%**	**98,029**	0.20%–4.90%	1,035,085
		1,323,453		1,702,875

(d) Currency risk

The Group is exposed to currency risk primarily through purchases which give rise to receivables and payables, deposits with bank and derivative financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily Hong Kong dollars ("HK$"), Euros, and US$.

27 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2024			2023		
	HK$ RMB'000	Euros RMB'000	US$ RMB'000	HK$ RMB'000	Euros RMB'000	US$ RMB'000
Cash and cash equivalents	4,945	–	244	17,908	—	241
Trade and other payables	–	(2,592)	(26,904)	—	(9,873)	(20,133)
Trade receivables	–	3,537	2,189	—	1,379	5,999
Net exposure arising from recognised assets and liabilities	4,945	945	(24,471)	17,908	(8,494)	(13,893)

27 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk (continued)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulative losses) that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on loss after tax and accumulated losses RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000
HK$ (against RMB)	**3%**	**148**	3%	537
	(3)%	**(148)**	(3)%	(537)
Euros (against RMB)	**3%**	**28**	3%	(255)
	(3)%	**(28)**	(3)%	255
US$ (against RMB)	**3%**	**(734)**	3%	(417)
	(3)%	**734**	(3)%	417

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of each of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of the entities into the Group's presentation currency. The analysis has been performed on the same basis for the years ended 31 December 2024 and 2023.

27 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged Anderson (Shanghai) Advisory Services Limited, an external valuer to perform valuations for the financial instruments, including convertible instruments, unlisted equity securities and Witney Put Option. A valuation report with analysis of changes in fair value measurement is prepared by the external valuer at each reporting date, and is reviewed and approved by the Group's management.

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
— Convertible instruments issued by 4C Medical (note 13)	**82,457**	**–**	**–**	**82,457**
— Convertible instruments issued by Valcare (note 13)	**–**	**–**	**–**	**–**
— Unlisted equity securities issued by Valcare (note 13)	**–**	**–**	**–**	**–**

27 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement (continued)

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

Fair value hierarchy (continued)

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
— Convertible instruments issued by 4C Medical (note 13)	24,282	—	—	24,282
— Convertible instruments issued by Valcare (note 13)	—	—	—	—
— Unlisted equity securities issued by Valcare (note 13)	—	—	—	—

During the year ended 31 December 2023 and 2024, there were no transfers between Level 1 and Level 2 or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

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27 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement (continued)

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

Fair value hierarchy (continued)

Information about Level 3 fair value measurement

	Valuation techniques	Significant unobservable inputs	Range
Convertible instruments issued by 4C Medical	Default risk method (Note a)	Event probability	90% (2023: 60%)
		Probability of default of underlying asset	100% (2023: 100%)
Convertible instruments issued by Valcare	Default risk method (Note b)	Event probability	0% (2023: 0%)
		Probability of default of underlying asset	100% (2023: 100%)
Unlisted equity securities issued by Valcare	Adjusted net asset approach	Adjusted net asset value	Nil (2023: Nil)

Note a As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the probability of event by 10% would have decreased/increased the Group's loss by RMB9,162,000, and a decrease in the probability of default of underlying asset by 5% would have decreased the Group's loss by RMB394,000.

Note b As at 31 December 2024, it is estimated that with all other variables held constant, an increase in the probability of event by 10% would have decreased the Group's loss by RMB810,000 and an decrease in the probability of default of underlying asset by 5 percent would have decreased the Group's loss by RMB2,431,000

27 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement (continued)

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

Fair value hierarchy (continued)

The movements during the year ended 31 December 2024 in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets:		
At 1 January	**24,282**	12,490
Additions	**35,509**	37,406
Changes in fair value recognised in profit or loss during the period	**21,653**	(25,398)
Exchange adjustments	**1,013**	(216)
At 31 December	**82,457**	24,282

	2023 RMB'000
Financial liabilities:	
At 1 January	(22,719)
Changes in fair value recognised in profit or loss during the period	(24,783)
Settled	47,502
At 31 December	—

27 Financial risk management and fair values of financial instruments (continued)

(e) Fair value measurement (continued)

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2024 and 2023.

28 Commitments

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

	2024 RMB'000	2023 RMB'000
Contracted for		
— Acquisition of property, machinery and equipment	**12,359**	111,394
Authorised but not contracted for		
— Acquisition of property, machinery and equipment	**—**	100,000
	12,359	211,394

29 Material related party transactions

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid individuals as disclosed in note 8, is as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	**4,344**	2,710
Discretionary bonuses	**2,205**	2,181
Equity-settled share-based payment expenses	**3,573**	4,467
	10,122	9,358

29 Material related party transactions (continued)

(b) List of related parties

Particulars of the Group's related parties which the Group had transactions with during the years ended 31 December 2024 and 2023 are as follows:

Name of party	**Relationship**
MPSC	Ultimate controlling party of the Group
Shanghai MicroPort Medical (Group) Co., Ltd.	Fellow subsidiary of the Group
Medical Product Innovation, Inc.	Fellow subsidiary of the Group
MicroPort Medical B.V.	Fellow subsidiary of the Group
MicroPort Colombia S.A.S.	Fellow subsidiary of the Group
Jiaxing MicroPort Medtech Co., Ltd.	Fellow subsidiary of the Group
MicroPort Sorin CRM Co., Ltd.	Fellow subsidiary of the Group
Sorin CRM SAS	Fellow subsidiary of the Group
MicroPort Sinica Co., Ltd.	Fellow subsidiary of the Group
MicroPort Scientific (Shanghai) Co., Ltd.	Fellow subsidiary of the Group
MicroPort Surgical Medical Technology (Shanghai) Co., Ltd.	Fellow subsidiary of the Group
Dongguan Kewei Medical Instrument Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort Rhythm MedTech Co., Ltd.	Fellow subsidiary of the Group
MicroPort Scientific Vascular Brasil Ltda.	Fellow subsidiary of the Group
Microport Medikal Ürünler Ltd. Şti.	Fellow subsidiary of the Group
MicroPort International Corp. Limited	Fellow subsidiary of the Group
Rosefinch Swallow (Shanghai) Medtech Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort ZuoQuan Health Technology Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort Cova-cloud Medtech Co., Ltd.	Fellow subsidiary of the Group
Suzhou MicroPort Orthopaedics Scientific (Group) Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort Xingxi Ecological Technology Co., Ltd.	Fellow subsidiary of the Group
Shanghai Chongduozhu Health Technology Co., Ltd.	Fellow subsidiary of the Group
Shanghai Huanbo Digital Technology Co., Ltd.	Fellow subsidiary of the Group
MicroPort Longmai Medical Technology (Jiaxing) Co., Ltd.	Fellow subsidiary of the Group
Zhejiang Accupath Smart Manufacturing (Group) Co., Ltd.	Equity-accounted investee of MPSC
Shanghai SafeWay Medicare Co., Ltd.	Equity-accounted investee of MPSC
SuZhou ProSteri Medical Technology Co., Ltd.	Equity-accounted investee of MPSC
Shanghai InnovaPath Medical Co., Ltd.	Equity-accounted investee of MPSC
Shanghai Integrity Test Co., Ltd.	Equity-accounted investee of MPSC
Suzhou Integrity Test Co., Ltd.	Equity-accounted investee of MPSC
Yinchuan Conscience Care Internet Hospital Co., Ltd.	Equity-accounted investee of MPSC
Shanghai HuaRui Bank Co., Ltd.	Equity-accounted investee of MPSC
Shanghai MicroPort EP MedTech Co., Ltd.	Equity-accounted investee of MPSC
Thai Otsuka Pharmaceutical Co.,Ltd.	Subsidiary of Otsuka Holdings Co., Ltd., the controlling party of substantial shareholder of MPSC

29 Material related party transactions (continued)

(c) Transactions with related parties

	2024 RMB'000	2023 RMB'000
Purchase of goods from subsidiaries of MPSC	**268**	1,353
Purchase of goods from an equity-accounted investee of MPSC	**3,891**	14,473
Purchase of equipment from subsidiaries of MPSC	**280**	—
Service fee charged by subsidiaries of MPSC	**20,592**	52,474
Service fee charged by equity-accounted investees of MPSC	**6,226**	2,422
Sales of goods to subsidiaries of MPSC	**14,058**	4,230
Transfer of assets to equity-accounted investees of MPSC	**—**	4,389
Loans to a subsidiary of MPSC	**10,000**	—
Interest from a subsidiary of MPSC	**159**	—
The total considerations to acquire equity interests of CardioAdvent	**124,248**	—
The total considerations to acquire equity interests of Shanghai Xinyong Medical	**377,600**	—

(d) Related parties balances

	2024 RMB'000	2023 RMB'000
Amounts due from related parties		
Trade related	**14,494**	3,871
Non-trade related	**10,197**	—
Amounts due to related parties		
Trade related	**5,170**	13,825
Non-trade related	**228,122**	5,343

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

Except for certain service fee charged by subsidiaries of MPSC, the above related party transactions entered into by the Group constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the paragraph "Continuing Connected transactions" in the reports of the directors. The sales of goods to subsidiaries of MPSC during the year ended 31 December 2023 as disclosed above constitute connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from the relevant disclosure requirements.

30 Company-level statement of financial position

	Note	2024 RMB'000	2023 RMB'000
Non-current asset			
Investment in subsidiaries		**3,304,823**	3,321,182
Interests in an associate		**134,373**	118,905
Other financial assets		**82,457**	24,282
		3,521,653	3,464,369
Current assets			
Other receivables		**—**	78
Cash and cash equivalents		**24,978**	40,901
		24,978	40,979
Current liabilities			
Other payables		**23,575**	25,550
		23,575	25,550
Net current assets		**1,403**	15,429
Total assets less current liabilities		**3,523,056**	3,479,798
NET ASSETS		**3,523,056**	3,479,798
CAPITAL AND RESERVES	25		
Share capital		**83**	83
Reserves		**3,522,973**	3,479,715
TOTAL EQUITY		**3,523,056**	3,479,798

31 Immediate and ultimate controlling parties

As at 31 December 2024, the directors consider the immediate parent to be Shanghai MicroPort Limited, which is incorporated in British Virgin Islands and does not produce financial statements available for public use.

As at 31 December 2024, the directors consider the ultimate controlling party is MPSC, which is incorporated in Cayman Islands. MPSC is listed on the Main Board of The Stock Exchange of Hong Kong Limited and produces financial statements available for public use.

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32 Non-adjusting events after the reporting period

There were no material non-adjusting events after the reporting period.

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of the financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

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

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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