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AK MEDICAL HOLDINGS LIMITED

愛康醫療控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1789)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of AK Medical Holdings Limited (the “**Company**” or “**AK Medical**”) announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025 (the “**Reporting Period**”), together with the comparative figures for the last year.

FINANCIAL HIGHLIGHTS

	As of 31 December		Variance %
	2025 RMB'000	2024 RMB'000	
Revenue	1,482,439	1,346,377	10.1%
Gross profit	897,395	808,193	11.0%
Profit for the year	339,094	273,926	23.8%
Profit for the year attributable to equity shareholders of the Company	339,094	273,926	23.8%
Earnings per share			
Basic	RMB0.304	RMB0.246	
Diluted	RMB0.303	RMB0.244	

For the year ended 31 December 2025, the Group recorded revenue of RMB1,482.4 million, representing an increase of 10.1% as compared to the same period of 2024. In 2025, under accelerated import substitution driven by the volume-based procurement policy, the demand for the Company’s surgical products continued to grow. As the number of surgeries rose rapidly, supported by the digital orthopedics whole process solutions, the Company further expanded the coverage of its products in hospitals and the sales of products was also improved. Meanwhile, through active market expansion, the Group achieved significant growth in overseas revenue as well as in revenue from digital orthopedics customized products and services. The Group recorded a net profit of RMB339.1 million for the year ended 31 December 2025, representing a significant increase of 23.8% as compared to the same period of 2024. The remarkable increase in profit was primarily attributable to revenue growth as well as the impact of improved gross profit margin driven by the increase in overseas revenue and revenue from digital orthopedics customized products and services.

The Directors have resolved to recommend the payment of a final dividend of HK\$11.8 cents per share for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2025

(Expressed in Renminbi (“RMB”))

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	3	1,482,439	1,346,377
Cost of sales		<u>(585,044)</u>	<u>(538,184)</u>
Gross profit		897,395	808,193
Other income, net	4	30,085	16,654
Selling and distribution expenses		(265,622)	(240,911)
General and administrative expenses		(151,958)	(143,949)
Research and development expenses		(136,020)	(139,206)
Operating profit		373,880	300,781
Net finance income		<u>21,099</u>	<u>19,041</u>
Profit before taxation	5	394,979	319,822
Income tax	6	<u>(55,885)</u>	<u>(45,896)</u>
Profit for the year		<u>339,094</u>	<u>273,926</u>
Profit attributable to equity shareholders of the Company		<u>339,094</u>	<u>273,926</u>
Other comprehensive income			
Item that is or may be reclassified subsequently to profit or loss			
Exchange differences on translation of financial statements of entities outside mainland China		<u>(839)</u>	<u>8,626</u>
Other comprehensive income, net of tax		<u><u>(839)</u></u>	<u><u>8,626</u></u>
Total comprehensive income		<u>338,255</u>	<u>282,552</u>
Total comprehensive income attributable to equity shareholders of the Company		<u>338,255</u>	<u>282,552</u>
Earnings per share			
Basic (RMB)	7(a)	0.304	0.246
Diluted (RMB)	7(b)	0.303	0.244

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2025

(Expressed in RMB)

	<i>Note</i>	At 31 December 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		699,739	683,616
Intangible assets		81,131	83,338
Goodwill		113,411	113,411
Deferred tax assets		68,500	70,677
Time deposits		–	206,301
		<u>962,781</u>	<u>1,157,343</u>
Current assets			
Inventories		459,218	488,668
Trade receivables	9	627,655	494,820
Bills receivable	9	66,508	81,858
Deposits, prepayments and other receivables		80,504	80,517
Other financial assets		851,915	615,235
Time deposits and restricted cash		256,934	64,784
Cash and cash equivalents		357,231	352,173
		<u>2,699,965</u>	<u>2,178,055</u>
Current liabilities			
Trade payables	10	138,812	122,100
Bills payable		58,294	30,001
Contract liabilities		85,723	102,905
Accruals and other payables		278,728	244,040
Bank loans	11	71,958	60,447
Lease liabilities		4,985	12,123
Current taxation		19,442	24,800
		<u>657,942</u>	<u>596,416</u>
Net current assets		<u>2,042,023</u>	<u>1,581,639</u>
Total assets less current liabilities		<u>3,004,804</u>	<u>2,738,982</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 31 December 2025**(Expressed in RMB)*

	<i>Note</i>	At 31 December 2025 RMB'000	At 31 December 2024 RMB'000
Non-current liabilities			
Deferred income		18,885	19,641
Other payables		7,372	5,800
Lease liabilities		4,273	9,152
Bank loans	<i>11</i>	5,218	17,667
Deferred tax liabilities		56,142	48,536
		91,890	100,796
NET ASSETS		2,912,914	2,638,186
CAPITAL AND RESERVES			
Share capital	<i>12</i>	9,528	9,515
Reserves		2,903,386	2,628,671
Total equity attributable to equity shareholders of the Company		2,912,914	2,638,186
TOTAL EQUITY		2,912,914	2,638,186

1 ORGANISATION AND PRINCIPAL ACTIVITIES

AK Medical Holdings Limited (the “Company”) was incorporated in Cayman Islands on 17 July 2015 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, “the Group”) are principally engaged in designing, developing, producing and marketing orthopedic implants and related products.

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 20 December 2017 (the “Listing”).

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements set out in this announcement has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and 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 IASB has issued certain new or amended IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 are presented in RMB, rounded to the nearest thousand, while the functional currency of the Company is Hong Kong dollars (“HK\$”). The Company’s primary subsidiaries were incorporated in the People’s Republic of China (the “PRC”) and the subsidiaries considered RMB as their functional currency. The Group determined to present these financial statements in RMB, unless otherwise stated.

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries.

The financial statements are prepared on the historical cost basis, except that other financial assets – investment in wealth management products and investments in unlisted equity instrument are stated at their fair value.

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

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

(c) **Changes in accounting policies**

New and amended IFRSs

The Group has applied amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability* issued by the IASB to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Group has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT INFORMATION

(a) **Revenue**

The principal activities of the Group are manufacturing and sale of orthopedic joint implants, spinal implants, trauma implants and their complete set of surgical instruments.

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

	2025 RMB'000	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
– Hip replacement implants	845,191	729,084
– Knee replacement implants	435,992	405,110
– Spinal and trauma implants	101,546	127,326
– Digital orthopedics customised products and services	63,044	51,335
– Others (i)	36,666	33,522
	<u>1,482,439</u>	<u>1,346,377</u>

(i) Others primarily include surgical instruments, medical irrigators and third party orthopedic products.

The Group's customers with whom transactions have exceeded 10% of the Group's revenue are set out below:

	2025 RMB'000	2024 <i>RMB'000</i>
Customer A	<u>198,407</u>	<u>*</u>

* Transactions with the customer A did not exceed 10% of the Group's revenue for 2024.

(b) Segment reporting

The Group acquired JRI Orthopaedics Limited (“JRI”), a private company limited by shares incorporated in England and Wales on 10 April 2018. JRI’s operation and assets are mainly based in the United Kingdom (the “UK”). After the acquisition, the Group manages its businesses by geographical location in which the entities operate. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the two reportable segments based on geographical location: China and the UK. No operating segments have been aggregated to form the reportable segments.

(i) Segment results, assets and liabilities

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

Segment assets include all tangible, intangible assets and current assets with the exception of investments in financial assets and deferred tax assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the individual segments and bank loans managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Corporate expenses are allocated to the segment in China as all members of the senior management are based in China.

The measure used for reporting segment profit is “reportable segment profit before taxation”.

In addition to receiving segment information concerning reporting segment profit, management is provided with segment information concerning inter segment sales. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Revenue from contracts with customers, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Orthopedic implants - China		Orthopedic implants - United Kingdom		Total	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from external customers	1,351,700	1,224,155	130,739	122,222	1,482,439	1,346,377
Inter-segment revenue	3,278	1,609	39,865	41,976	43,143	43,585
Reportable segment revenue	<u>1,354,978</u>	<u>1,225,764</u>	<u>170,604</u>	<u>164,198</u>	<u>1,525,582</u>	<u>1,389,962</u>
Reportable segment profit/(loss)	392,192	313,133	416	(1,474)	392,608	311,659
Reportable segment assets	2,580,643	2,488,823	173,996	174,559	2,754,639	2,663,382
Additions to non-current assets during the year	119,341	195,721	3,834	10,649	123,175	206,370
Reportable segment liabilities	664,983	606,887	21,573	30,885	686,556	637,772

(ii) *Reconciliations of reportable segment revenues, profit or loss, assets and liabilities*

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue		
Reportable segment revenue	1,525,582	1,389,962
Elimination of inter-segment revenue	<u>(43,143)</u>	<u>(43,585)</u>
Consolidated revenue	<u><u>1,482,439</u></u>	<u><u>1,346,377</u></u>
Profit		
Reportable segment profit	392,608	311,659
Elimination of inter-segment loss	<u>2,371</u>	<u>8,163</u>
Consolidated profit before taxation	<u><u>394,979</u></u>	<u><u>319,822</u></u>
Assets		
Reportable segment assets	2,754,639	2,663,382
Elimination of inter-segment receivables	<u>(12,308)</u>	<u>(13,896)</u>
	2,742,331	2,649,486
Other financial assets	851,915	615,235
Deferred tax assets	<u>68,500</u>	<u>70,677</u>
Consolidated total assets	<u><u>3,662,746</u></u>	<u><u>3,335,398</u></u>
Liabilities		
Reportable segment liabilities	686,556	637,772
Elimination of inter-segment payables	<u>(12,308)</u>	<u>(13,896)</u>
	674,248	623,876
Current taxation	19,442	24,800
Deferred tax liabilities	<u>56,142</u>	<u>48,536</u>
Consolidated total liabilities	<u><u>749,832</u></u>	<u><u>697,212</u></u>

(iii) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
– China	1,152,903	1,072,059	861,615	1,047,489
– United Kingdom	67,009	59,250	32,666	39,177
– Other countries	262,527	215,068	–	–
	1,482,439	1,346,377	894,281	1,086,666

4 OTHER INCOME, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Government grants	23,307	14,623
Others	6,778	2,031
	30,085	16,654

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Salaries, wages and other benefits	233,643	225,283
Contribution to defined contribution retirement scheme	22,073	20,884
Equity settled share-based transactions	7,632	8,778
	<u>263,348</u>	<u>254,945</u>

The Group has no other material obligation for the payment of retirement benefits other than the annual contributions described above.

(b) Other items

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of Inventories*	597,789	551,556
Amortisation cost of intangible assets	23,224	20,767
Depreciation charge		
– Owned property, plant and equipment	69,540	57,704
– Right-of-use assets	14,116	17,863
	<u>83,656</u>	<u>75,567</u>
Credit losses recognised from trade and other receivables	22,054	21,580
Auditors' remuneration		
– Audit services	2,600	3,018
– Other services	1,300	1,300
	<u>3,900</u>	<u>4,318</u>

* Cost of inventories includes RMB121,207,000 in 2025 (2024: RMB111,579,000) relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents

	2025	2024
	RMB'000	RMB'000
Current tax		
Provision for the year	48,145	51,701
Over-provision in respect of prior years	(1,916)	(2,881)
Deferred tax		
Origination and reversal of temporary differences	9,656	(2,924)
	55,885	45,896

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

The Group has no assessable profit in Hong Kong for 2025 (2024: nil) and is not subject to any Hong Kong profits tax. Hong Kong profits tax rate of 2025 is 16.5% (2024: 16.5%). The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

Taxation on profits outside Hong Kong has been calculated on the estimated assessable profits for 2025 at the rates of taxation prevailing in the countries in which the Group operates.

Applicable statutory enterprise income tax rate of PRC subsidiaries of the Company for 2025 are 25% (2024: 25%). According to the relevant PRC income tax law, the Company's subsidiaries, Beijing AK Medical Co., Ltd. ("AK Medical Beijing") and ITI Medical Co., Ltd. ("ITI Medical"), together with Beijing Libeier Bio-engineering Institute Co., Ltd. ("Libeier") which was certified as a New and High Technology Enterprise for the first time during 2023, are entitled to a preferential income tax rate of 15% for their New and High Technology Enterprises status. The current certification of New and High Technology Enterprise held by AK Medical Beijing, ITI Medical and Libeier will be expired on 25 October 2026, 5 November 2026 and 25 October 2026, respectively.

Taxation for subsidiaries operating mainly in the England and Wales were calculated at statutory enterprise income tax rate of 19% for 2025 (2024: 19%).

According to the Income Tax Law and its implementation rules, dividends receivable by non-PRC resident investors from PRC entities are subject to withholding tax at 10%, unless reduced by tax treaties or arrangements, for profit earned since 1 January 2008. AK Medical International Limited ("AK Medical HK") and Bright AK Limited ("Bright AK HK"), subsidiaries of the Company, are subject to PRC dividend withholding tax at 10% on dividends receivables from the PRC subsidiaries.

Given that the Group's full-year revenue is less than Euro750 million, the Group is not subject to the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development. Consequently, the Group has not recognised any current tax relating to the Pillar Two model rules.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	2025	2024
	RMB'000	RMB'000
Profit before taxation	394,979	319,822
Notional tax of PRC statutory tax rate of 25%	98,745	79,956
Effect of PRC preferential tax rate	(37,807)	(32,039)
Effect of lower tax rates in other countries	(25)	320
Effect of non-deductible expenses	769	1,759
Effect of unused tax losses not recognised	1,754	2,539
Utilisation of tax losses previously not recognised	(1,956)	–
Effect of additional deduction on research and development expenses *	(12,422)	(10,439)
PRC dividend withholding tax	8,743	6,681
Over-provision in respect of prior years	(1,916)	(2,881)
Actual tax expenses	55,885	45,896

* According to the relevant PRC income tax law, certain research and development costs of PRC subsidiaries are qualified for 100% (2024: 100%) additional deduction for tax purpose.

7 EARNINGS PER SHARE

(a) **Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB339,094,000 (2024: RMB273,926,000) and the weighted average number of issued ordinary shares of 1,117,129,875 (31 December 2024: 1,115,890,585 shares) during the year, calculated as follows:

Weighted average number of ordinary shares

	2025	2024
Issued ordinary shares at 1 January	1,122,671,437	1,121,896,437
Effect of issue of shares under the Company's share option scheme	273,465	368,750
Effect of shares held for share award scheme	(5,815,027)	(6,374,602)
Weighted average number of ordinary shares at 31 December	1,117,129,875	1,115,890,585

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB339,094,000 (2024: RMB273,926,000) and the weighted average number of issued ordinary shares of 1,119,805,110 (31 December 2024: 1,118,670,467 shares) after adjusting the effects of dilutive potential ordinary shares during the year, as follows:

Weighted average number of ordinary shares (diluted)

	2025	2024
Weighted average number of ordinary shares at 31 December	1,117,129,875	1,115,890,585
Effect of deemed issue of shares under the Company's equity settled share-based transactions	<u>2,675,235</u>	<u>2,779,882</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u><u>1,119,805,110</u></u>	<u><u>1,118,670,467</u></u>

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend proposed after the end of the reporting period of HK\$11.8 cents per ordinary share (2024: HK\$7.2 cents per ordinary share)	<u><u>118,600</u></u>	<u><u>75,000</u></u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$7.2 cents per ordinary share (2024: HK\$4.5 cents per ordinary share)	<u><u>73,633</u></u>	<u><u>46,103</u></u>

9 BILLS RECEIVABLE/TRADE RECEIVABLES

	31 December 2025 RMB'000	31 December 2024 RMB'000
Bills receivable	66,508	81,858
Trade receivables	716,281	561,392
Less: allowance for credit loss	(88,626)	(66,572)
	627,655	494,820

As at 31 December 2025, bills receivable of RMB29,383,000 (31 December 2024: RMB22,907,000) was pledged for bills payable.

Ageing analysis

Bills receivable are bank acceptance bill received from customers, with expiration dates within 6 months.

As at 31 December 2025, the ageing analysis of trade receivables based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for credit loss, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Current to 3 months	427,175	315,041
4 to 6 months	69,237	57,641
7 to 12 months	83,095	65,512
Over 12 months	48,148	56,626
	627,655	494,820

The credit terms agreed with customers were normally ranged from 1 month to 1 year (2024: 1 month to 1 year) from the date of billing. No interest is charged on the trade receivables.

10 TRADE PAYABLES

As at 31 December 2025, the ageing analysis of trade payables, based on the invoice date, is as follows:

	As at 31 December	
	2025	2024
	RMB'000	RMB'000
Within 3 months	107,183	70,926
4 to 6 months	23,549	29,527
7 to 12 months	2,605	12,990
Over 12 months	5,475	8,657
	138,812	122,100

All trade payables are expected to be settled within one year.

11 BANK LOANS

(a) The analysis of the repayment schedule of bank loans is as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Within 1 year or on demand	71,958	60,447
After 1 year but within 2 years	1,044	17,667
After 2 years but within 5 years	4,174	–
	<u>5,218</u>	<u>17,667</u>
	<u>77,176</u>	<u>78,114</u>

(b) Assets pledged as security for bank loans

At 31 December 2025, the bank loans were secured as follows:

	31 December 2025 RMB'000	31 December 2024 RMB'000
Secured bank loans	23,457	48,374
Unsecured bank loans	53,719	29,740
	<u>77,176</u>	<u>78,114</u>

As at 31 December 2025, the Group had secured bank loans of RMB17,765,000 (31 December 2024: RMB48,374,000), and these bank loans were secured by the Group's pledged deposits of US\$28,446,000 (approximately RMB200,087,000) (31 December 2024: US\$27,302,000 (approximately RMB196,260,000)).

12 SHARE CAPITAL

	2025		2024	
	No. of shares	Amount RMB'000	No. of shares	Amount RMB'000
Authorised-ordinary shares of HK\$0.01 each: At 1 January and 31 December	<u>20,000,000,000</u>	<u>168,981</u>	<u>20,000,000,000</u>	<u>168,981</u>
Ordinary shares, issued and fully paid:				
At 1 January	1,122,671,437	9,515	1,121,896,437	9,508
Shares issued under share option scheme	1,248,827	13	775,000	7
At 31 December	<u>1,123,920,264</u>	<u>9,528</u>	<u>1,122,671,437</u>	<u>9,515</u>

The holders of ordinary shares as at 31 December 2025 are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW AND OUTLOOK

Overview

On 11 November 2025, the General Office of the State Council issued the Implementation Opinions on Accelerating the Cultivation and Opening of Scenarios to Promote the Large-Scale Application of New Scenarios (hereinafter referred to as the “Opinions”). The Opinions specify that in the healthcare sector, efforts should be made to promote the integrated application of intelligent devices such as big data and medical robots, while innovating new healthcare scenarios like telemedicine. In December 2025, the National Healthcare Security Administration (“NHSA”) initiated the consolidation and standardization of auxiliary procedure pricing projects. On 20 January 2026, it issued the Guidelines for Establishing Medical Service Pricing Projects for Surgical and Therapeutic Auxiliary Procedures (Trial). Focusing on cutting-edge medical technologies, the Guidelines establish unified pricing frameworks for medical 3D reconstruction, medical 3D model printing, medical 3D guide plate printing, biological 3D printing, surgical navigation, surgical robots, and remote surgery. The implementation of these policies has provided clear institutional support and commercialization pathways for the large-scale application of intelligent devices such as medical robots, significantly enhancing the certainty of bringing technology into use.

Committed to innovation in the field of digital orthopedics for over a decade, AK Medical has successfully developed the iCOS Digital Orthopedics Customized Products and Services (hereinafter referred to as the “iCOS Digital Orthopedics Platform”), a comprehensive whole-process solution and intelligent ecosystem. The year 2025 saw a flurry of policy releases for surgical robots, propelling the industry toward commercialization and the iCOS Digital Orthopedics Platform is poised to usher in more smooth commercialization path as the relevant charging policies are clarified after long-term accumulation, seizing broader industrial development opportunities.

In 2025, the NHSA’s procurement policy for artificial joint replacements was fully implemented across all provinces, accelerating the shift towards domestic alternatives. Meanwhile, the Group’s gradual rollout of digital orthopedics and orthopedic robotics created incremental opportunities for its implant products’ to achieve further coverage in high-tier hospitals and key customer segments. In the second half of 2025, the Group established a dual-structure competitive system of “AK Medical + ITI” that is equally adept at offense and defense whereby premium brands lead academic innovation while mass-market brands drive scale, achieving synergistic growth in market share expansion and brand value enhancement amid the normalization of centralized procurement.

In 2025, the Group continued its commitment to achieving high-quality business growth in overseas markets through “AK Medical + JRI”. Leveraging its leading technology combined with cost advantages, AK Medical built differentiated competitiveness and rapidly expanded its market. Meanwhile, the JRI, leveraging its established brand reputation and solid clinical data in Europe, collaborated closely with top-tier medical institutions in target countries, steadily building its brand professional influence. Since the second half of 2025, the overseas business of the Group has achieved breakthroughs in new country markets, establishing a global market presence supported by multiple pillars, and progressively capturing share in mature markets with high entry barriers. Currently, AK Medical’s joint business ranks 12th globally and has established a meaningful level of brand awareness in the international market.

In 2025, with the completion and commissioning of the New Industrial Park of AK Medical for 3D and Smart Manufacturing, the industrial park was developed based on the concept of green technology. While achieving reduction of energy consumption and emissions, the Group rapidly achieved the integration of operations across multiple locations and promoted the integrated and coordinated operation of marketing, R&D, and production, significantly improving overall operational efficiency and collaborative performance. Meanwhile, the industrial parks completed the construction of a digital orthopedic interactive platform and experience centre, blending physical exhibits with virtual simulation technology to deliver integrated, end-to-end digital orthopedic solutions.

As of 31 December 2025, the Group recorded sales revenue of approximately RMB1,482.4 million, representing an increase of approximately 10.1% compared to the same period last year, and net profit of approximately RMB339.1 million, representing an increase of approximately 23.8% compared to the same period last year.

Business of Hip and Knee Implants

The Group's hip and knee implant business encompasses hip and knee products manufactured by both traditional technology and 3D printing technology. The Group offers customers and patients a full line of joint implants manufactured by different technologies, including hip and knee implants and instruments suitable for primary, complicated, revision and reconstructive operations.

In 2025, the Company maintained its industry-leading market share in the hip and knee joint replacement implant sector. In response to the evolving competitive landscape within the industry, the Company established a dual-structure competitive system of "AK + ITI", leveraging differentiated brand positioning to achieve synergistic expansion across distinct market tiers.

Against the backdrop of normalized national centralized procurement policies, the core brand AK continued to deepen strategic collaborations with national medical centres and provincial key medical institutions. Leveraging its digital orthopedic ecosystem and innovative orthopedic robotics model, the brand has consistently enhanced its academic influence and clinical penetration. AK has achieved breakthrough application progress in high-end medical institutions, driven by its product reputation and R&D capabilities, further accelerating import substitution in leading markets. This is particularly evident in economically developed regions traditionally dominated by imported brands, such as the Yangtze River Delta and the Pearl River Delta, including Shanghai, Guangdong, Zhejiang, Jiangsu, and Fujian, where implant volumes have increased by approximately 40% year-on-year, gradually reshaping the competitive landscape in the high-end market. This fully demonstrates the Group's comprehensive competitive advantages and long-term value creation capabilities in product quality, technological innovation, and clinical service systems.

In the second half of 2025, ITI, a mass-market brand, continued to strengthen its coverage in the mass-market segment, adding nearly 500 hospitals to its network. In 2025, competition in the mass market remained intense. As a key platform for the Group's mass production and cost optimization, ITI focused on enhancing efficiency and supply capacity to precisely meet the core demand for high cost-performance products in grassroots and mass markets.

As of 31 December 2025, the Group's hip and knee joint products generated revenue of approximately RMB1,281.2 million, representing a year-on-year increase of 13.0%.

Spinal and Trauma Implants Business

In addition to a complete line of conventional spinal and trauma products, the Group's main projects are 3D-printed spinal fusion products. Leveraging its unique 3D printing technology, the Group has developed a differentiated product portfolio that has gained significant market recognition. Due to the impact of the policy, 3D-printed spinal products are still in an adjustment period. Going forward, the Group is committed to rebuilding its conventional spinal business while actively promoting the development of 3D products and customized trauma businesses, aiming to enhance the overall profit contribution of the spinal and trauma businesses.

As of 31 December 2025, the Group's spinal and trauma implant products generated revenue of approximately RMB101.5 million, representing a year-on-year decrease of approximately 20.2%.

Digital Orthopedics Customised Products and Services

Since the Group pioneered the introduction of a medical-engineering interactive digital platform in China in 2014, AK Medical has established a comprehensive digital orthopedics whole-process solution and intelligent ecosystem centred around the iCOS Digital Orthopedics Platform. This platform encompasses a series of products and services including AI-powered 3D modeling, AI-assisted surgical planning, 3D surgery model printing, 3D surgical guide, 3D standardized and customized implants or prostheses, intelligent surgical navigation, surgical robots, and postoperative data monitoring and analysis, covering the whole process from preoperative planning and intraoperative assistance to postoperative monitoring. Since 2025, the digital orthopedics and surgical robotics sectors have witnessed a surge in commercialization policies, accelerating industry development. The Group's iCOS Digital Orthopedics Platform, which encompasses intelligent services, implants, instruments, and surgical robots and other intelligent equipment and processes, is embracing these commercialization opportunities, supporting broader market opportunities and growth prospects for the Group.

In 2025, the Group's orthopedic surgical robots were the first to achieve sales and implementation at national-level class A tertiary hospitals such as Peking University Third Hospital. By 2026, the business expanded further to include multiple national and regional benchmark key Class A tertiary hospitals, such as Peking Union Medical College Hospital and the First Affiliated Hospital of Zhejiang University School of Medicine, creating a strong demonstration effect.

In 2025, transparency and standardization in the healthcare sector significantly improved. Despite increasingly stringent industry policies, the customized products of the Group have seen a steady recovery in surgical procedures, driven by comprehensive customized registration certificates and well-established solutions. Meanwhile, the rapid development of digital orthopedics and intelligent equipment business has further driven a significant increase in digital orthopedic-related business.

As of 31 December 2025, the Group's digital orthopedic customized products and services and surgical robots generated revenue of approximately RMB63.0 million, representing an increase of approximately 22.8% compared to the same period last year.

International Business

In 2025, AK's export brand secured five new clients with orders each exceeding 10 million, establishing multiple sizable growth drivers and forming a multiple foundational business pillars supporting the sustained growth of its international business. The brand expanded its overseas presence with registrations in eight new countries, while registration and market access procedures are underway in an additional 15 countries. In addition to 10 new international distributors, existing international distributors have further expanded their product lines beyond joint products, adding new businesses including refurbished products, unicondylar products, oncology products and trauma products. As a technological benchmark, robotic devices have successfully captured the attention of the international market, becoming the core engine driving the expansion of overseas channels. Notably, Pakistan saw the first overseas sale of an orthopedic robot during the Reporting Period.

AK's export brand business achieved a compound annual growth rate of approximately 40% from 2020 to 2025, maintaining sustained rapid growth and effectively boosting the Group's overall profitability.

Throughout 2025, the Group's overseas products generated revenue of approximately RMB329.5 million, representing an increase of approximately 20.1% compared to the same period in 2024. This portion of revenue has been included in the aforementioned hip and knee joint revenue, as well as in the revenue from customized digital orthopedic products and services.

Research and Development

Innovation Pathway for Implants

On 3 July 2025, the NMPA issued an announcement to comprehensively optimize the full lifecycle regulation of high-end medical devices, with a focus on supporting the development of innovative products such as surgical robots and metal additive manufacturing bone implants. This move aims to accelerate the transformation and upgrading of China's high-end medical device industry, promote high-quality development in the healthcare sector, and enhance global competitiveness. In alignment with the country's long-term development strategy for the healthcare industry, the Group will continue to build an innovative R&D system encompassing "technology leadership, clinical guidance, and market transformation".

On 26 March 2025, the NMPA's Center for Medical Device Evaluation announced a list of innovative medical devices undergoing special review. The Group's "Magnetic Control Non-Invasive Extendable Prosthesis System" was successfully approved for special review. As a key R&D project of the Group, this product has undergone eight years of collaborative clinical and engineering innovation, breaking through international technological barriers and pioneering the localization of core orthopedic non-invasive extension technology. It provides safer and more convenient treatment options for patients with growing bone tumors, filling a technological gap in China.

On 5 September 2025, the Group's "Hip Joint Prosthesis Components" were also accepted into the review pathway for innovative medical devices. This product achieves a breakthrough in dual regulation of osseointegration efficacy and antibacterial properties for 3D-printed hip prostheses by loading functional substances onto the prosthesis surface. After nearly a decade of interdisciplinary research and development, the product has overcome the limitations of traditional implants in long-term stability and postoperative infection prevention. It can significantly enhance bone ingrowth while effectively inhibiting biofilm formation, providing orthopedic patients with a solution featuring long-term stability and infection prevention.

As of 31 December 2025, the Group had four more products accepted into the review pathway for innovative medical devices, bringing the total number of products entering the national review pathway for innovative medical devices to eight and maintaining the Group's leading position in the number of approvals received in China's orthopedics field. This fully reflects the Group's deep accumulation of multi-level innovation capabilities in terms of basic research, core algorithms, key materials, system integration, etc.

Orthopedic Robot

In addition to innovative R&D of implants, the Group's independently developed K3 intelligent surgical robot obtained its registration certificate approved by the NMPA on 14 May 2025. Equipped with a fully self-developed robotic arm and control algorithm, K3 system offers advantages such as high degrees of freedom and sub-millimeter precision control. It marks a new stage for the Group in the field of digital orthopedic intelligent equipment, promoting the localization of surgical robots and the continued in-depth development of the digital orthopedic ecosystem. On 10 February 2025, the K3+ Intelligent Surgical Robot, a fully domestically developed robotic system by AK Medical, entered the registration review phase with the NMPA. On 15 January 2026, the robot received NMPA approval for market launch, becoming a pioneering total joint replacement surgical robot capable of performing hip, knee, unicondylar, and revision surgeries in China.

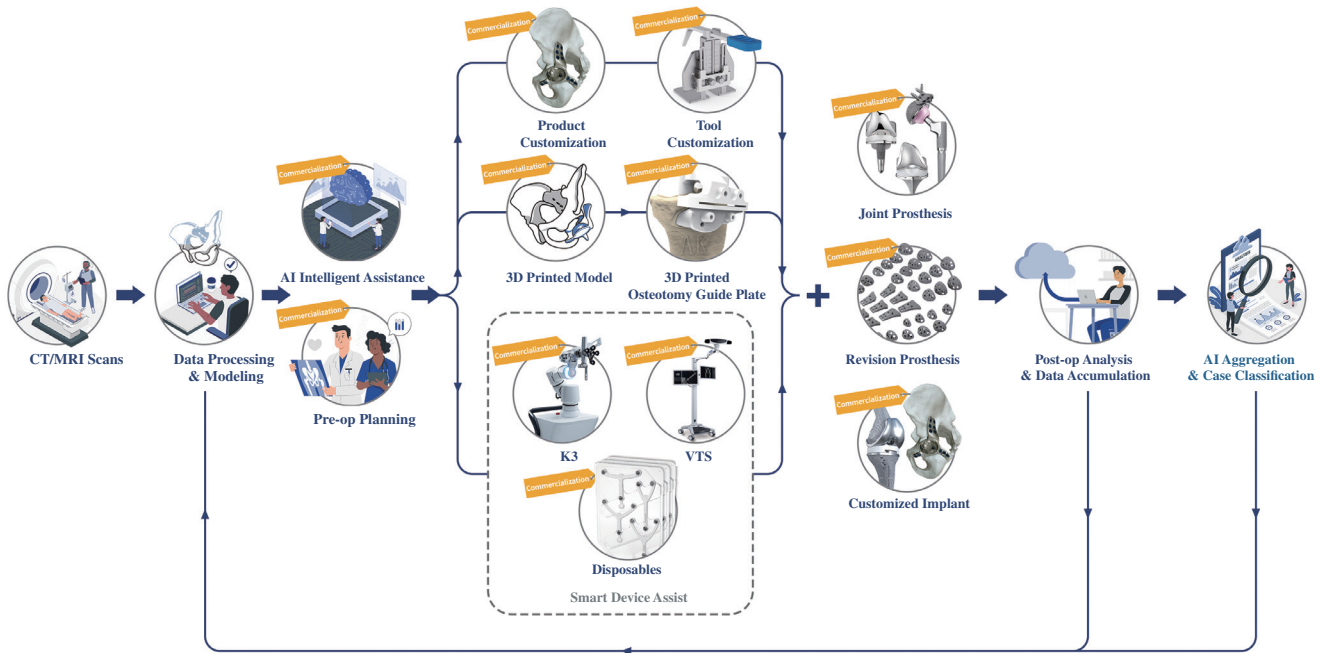
iCOS Digital Orthopedics Platform

Built on AI imaging algorithms and biomechanical models, powered by the digital orthopedics platform, and centred on clinical data, the Group has continuously driven the evolution of orthopedic diagnosis and treatment towards greater intelligence and precision.

In 2025, the Group initiated the local deployment of generative AI large models and advanced the development of an intelligent R&D assistance system. By leveraging technologies such as large language model (LLM) deep learning, enterprise knowledge bases, and Retrieval-Augmented Generation (RAG), the Group enables intelligent retrieval and solution generation for clinical cases, while enhancing cross-document search and content generation capabilities for internal R&D documentation, thereby improving R&D efficiency and accelerating technological iteration. Embracing the era of artificial intelligence, the Group will continue to promote the deep integration of device platforms, clinical data, and AI algorithms, progressively building the AK Medical Digital Orthopedics ecosystem driven by data and intelligent algorithms.

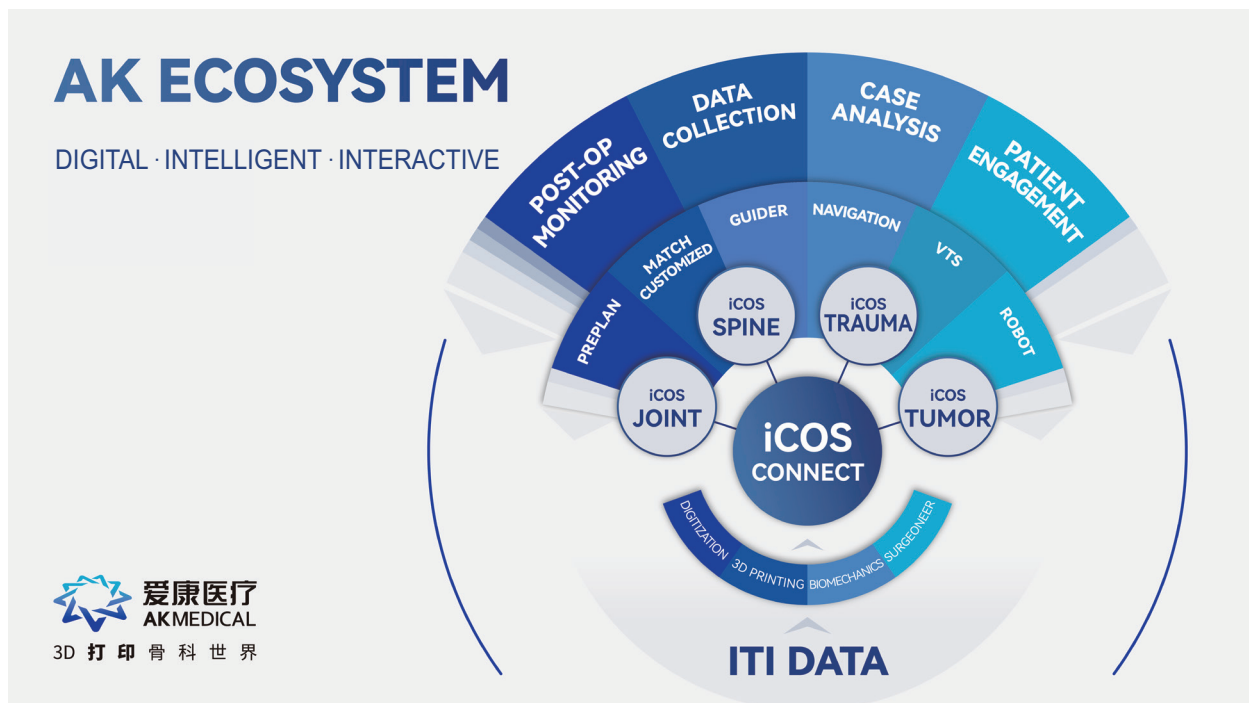
In 2025, the Group continued to advance core technology breakthroughs in intelligent medical imaging and digital orthopedics. The Group independently developed a deep learning-based CT, MRI, and X-ray multimodal image fusion algorithm, combined with biomechanical modeling to establish the "dynamic mechanical matching for the implant-bone interface" model. Through high-precision 3D image reconstruction and AI algorithms analyzing bone biomechanical properties, the Group achieved personalized prosthesis solutions that match the patient's bone modulus, providing important technical support for precise surgeries.

Building on this, the Group established a digital twin technology system by constructing a full lifecycle digital model for patients, enabling integrated digital simulations of "preoperative planning – intraoperative navigation – postoperative rehabilitation." The Group also created a comprehensive data management system covering implant design, production, surgical robot implantation, and postoperative tracking, providing continuous data support for optimizing treatment plans and rehabilitation pathway management.



Based on the aforementioned technological capabilities, the Group has developed the iCOS Digital Orthopedics Platform, and achieved cross-regional collaborative R&D among clinical experts, engineers, and algorithm teams through the medical-engineering collaborative cloud platform. Full-process registration certificate coverage was completed for related products and technologies, allowing the Group to provide medical institutions with digital solutions that support phased deployment and continuous upgrades in accordance with applicable laws and regulations. These solutions have entered the clinical application stage at numerous hospitals both domestically and internationally.

With the continuous application of the iCOS platform in real-world surgical scenarios, the Group has progressively established a technology iteration mechanism driven by clinical data. Through an ongoing cycle of “clinical application – data accumulation – algorithm optimization – application expansion”, the Group is continuously advancing its digital orthopedics technology system and gradually building a digital orthopedics ecosystem tailored for the era of artificial intelligence.



Sales and Marketing

Conventional Joints and Spine Business Promotion

In terms of conventional products, during the Reporting Period, the Group continued to promote a series of academic activities focused on differentiated solutions for joint, spinal, and other implant prostheses, centred around themes such as “knee preservation,” “developmental dysplasia of the hip,” and “complex revision.” These activities highlighted the Group’s conventional joint products, which utilize precise anatomical matching, intelligent navigation technology, and modular patch design to effectively address traditional prosthetic fit issues. These innovations enhance surgical precision and acetabular coverage, filling a technological gap in China.

In the spine sector, the Group focused on vertebral reconstruction to address the critical issue of spinal stability restoration for spinal tumor patients, promoting innovative development in spinal tumor diagnosis and treatment technologies. The Group launched the “Bone Warrior” series of academic activities, reaching a cumulative total of over 20,000 online participants.

Promotion of Digital Orthopedics and Orthopedic Robotics

In the field of digital orthopedics and intelligent devices, the Group has adhered to the integration of medical expertise with engineering innovation and continuous innovation for many years. It has established a comprehensive workflow spanning from preoperative to intraoperative stages, covering critical processes such as 3D modeling, surgical planning, model and guide plate printing, 3D standard and customized product printing, surgical navigation, and surgical robotics. The introduction of the NHSA’s “Guidelines for Establishing Medical Service Pricing Projects for Surgical and Therapeutic Auxiliary Procedures (Trial)” not only provides institutional support for the industry’s development but also offers a clearer application and commercialization value pathway for the Group’s comprehensive digital orthopedic solutions.

In 2025, the Company continued to deepen its strategic deployment in the fields of digital orthopedics and orthopedic surgical robotics. Leveraging the advantages of the Group's integrated closed-loop business model combining "devices, implants, and data," along with the Group's market leadership and coverage of over 5,000 hospitals in the implant sector, the Group will seize critical growth opportunities in the industry, accelerate market penetration, and steadily advance toward achieving its device sales targets through structured clinical trial promotions. Since the first robot bid win in 2025, the development of intelligent devices has accelerated significantly. By the end of the reporting date in 2026, multiple successful bids have been secured, covering key national and regional benchmark tertiary hospitals such as Peking Union Medical College Hospital and the First Affiliated Hospital of Zhejiang University, creating a strong demonstration effect in the regions. During the Reporting Period, the K3 robot achieved its first overseas sale, and as of the reporting date, an additional two K3+ robots were sold.

As of 31 December 2025, the Group had achieved digital orthopedics billing in three key regional hospitals and established three regional training centres for intelligent devices. Nearly 100 navigation and robotic devices had been deployed in the market, and intelligent assistance devices had been used in over 4,000 clinical surgeries, forming effective synergy between robotics and prosthesis businesses. Leveraging the National Health Commission's "Digital Orthopedics" project, the Group continued to carry out activities related to the "Clinical Application Capability Enhancement of Digital Orthopedics Technology" research initiative.

Rapid Growth of International Business

In terms of international business, the Group continued to advance the development of a global academic network. The Group has long believed that medical education is an important pathway to promote the conversion of technological innovation into clinical value. With the development of its international business, and by leveraging the international medical education platform established by AK Academy, the Group continued to deepen exchanges and cooperation with global orthopedic experts and medical institutions, whilst continuously enhancing the brand's international academic influence. The Group remained committed to establishing recognition of Chinese brands, Chinese technologies and Chinese quality in emerging markets, improving surgical skills, and changing the traditional perception of "Made in China" among doctors in European countries.

In 2025, the Group integrated the high-quality academic resources accumulated by JRI in Europe and the expert network of AK in leading domestic medical institutions, and promoted international cooperation through the "Silk Road Health International Exchange Program". During the Reporting Period, a total of six sessions of the "Silk Road Health International Cooperation Alliance" series activities were held, covering four countries in three continents, namely Asia, Europe and Africa, attracting over 140 international orthopedic doctors to participate in exchanges, with related activities achieving over 200,000 reads across domestic and international media.

The Group is gradually forming a globally coordinated academic promotion system featuring "product innovation – international exchange – technical training". While achieving breakthrough progress in areas such as the popularization of intelligent orthopedic technologies, innovative R&D of domestic prostheses, and the export of international standards, the Group continued to enhance the international influence of Chinese orthopedic solutions.

Production and Manufacturing

The Group is actively committed to constructing a digitalized and highly efficient internal production and supply chain. On 23 July 2025, following the launch of the new factory, the production and supply system fully leveraged the technological advantages of the new process, rapidly increasing production capacity.

With a total construction area exceeding 39,500 square meters, AK Medical Industrial Park will be able to support future growth and meet increasing product demand. Its integrated digital management system will significantly improve operational efficiency. The park embraces green building concepts and utilizes a ground-source heat pump system, which saves over 30% energy compared to traditional air conditioning systems. Moreover, the park features a 1.5-megawatt rooftop photovoltaic clean energy power station, expected to reduce carbon dioxide emissions by 1,575 tons annually. By continuing to promote clean energy substitution and optimize its energy structure, the Group fully implements the national strategy of “carbon peak and carbon neutrality”, and provides strong support for the Group’s long-term development in the healthcare industry.

The AK Industrial Park features three independent digital manufacturing systems, namely the iCOS R&D and production workshop, the 3D printing workshop, and the digital manufacturing workshop, achieving a coordinated and integrated approach to functions and businesses. The iCOS workshop specializes in utilizing cutting-edge digital technologies to achieve efficient and precise manufacturing of personalized prostheses. The 3D printing workshop leverages advanced multi-material 3D printing (such as metal, polymer powder/photosensitive resin printing) and automated post-processing equipment to directly transform digital models into high-quality prosthetic components (such as joints, bone defect prostheses, and tumor reconstruction prostheses). The digital workshop is committed to shortening delivery cycles and improving product precision and consistency. The workshops integrate CAD/CAM/CAE systems, establishing a closed-loop management process from data acquisition, intelligent design, digital processing, to quality traceability. All workshops adhere to Good Manufacturing Practices (GMP) of medical devices, ensuring product safety and effectiveness, providing more efficient and high-quality solutions for clinical practice, and promoting the innovative development and intelligent manufacturing upgrades of orthopedic medical devices.

In addition, the AK Industrial Park has fully introduced the digitalized management system, integrating the R&D centre, smart manufacturing centre, finished product warehousing, and sales operation center under an “integrated” construction concept. This promotes efficient collaboration and information sharing among departments, forming a collaborative innovation force that enables rapid iterations of products and technological transformation, further consolidating the foundation for the enterprise’s sustainable and high-quality development.

Meanwhile, ITI Medical will complete the construction of its Phase II project and put it into operation in early 2026, which is expected to be delivered in early 2026. Building on its existing knee joint production line, the facility will adopt the JRI “SuperVait” vacuum coating process to expand and upgrade its hip joint production line. ITI Medical has now achieved a production and delivery capacity of 200,000 sets for both knee and hip joints, forming two major domestic bases in the north and south of China, along with an international base in Sheffield, UK, providing a solid foundation for the Group’s high-quality development.



Strategic Prospect

Looking ahead, as the VBP policy for high-value medical consumables enters a critical period, the Group will actively respond to the NHSA’s policy guidance of “supporting the globalization of innovative pharmaceuticals and medical devices, promoting the globalization of medicine”, focusing on building a dual-engine development model driven by “digital transformation and upgrading + international market expansion”. Leveraging its personalized diagnosis and treatment service system built on the iCOS Digital Orthopedics Platform, the Group will continue to advance the construction of an intelligent, interactive ecosystem and explore innovative business models. Upholding the dual-brand collaborative development strategy of “AK Medical + JRI”, the Group will accelerate its overseas market deployment, promote high-quality development in the high-end orthopedic medical device industry, and deliver sustainable value returns to the shareholders of the Company (the “**Shareholders**”).

Orthopedic Robotics Business

Looking ahead to 2026, with the implementation of the NHSA’s robot-assisted project, the commercialization path for orthopedics has become clear. The guidelines have a structurally positive impact on surgical robots, establishing a consistent billing pathway. Supported by these pricing policies, joint surgery robots will see broader clinical adoption.

In 2026, the Group will focus on developing its orthopedic surgical robotics business. In the domestic market, leveraging the unique advantages of its integrated closed-loop business model combining “devices and implants” and capitalizing on the Group’s extensive channel network and leading market share in the implant sector, the Group will seize this strategic window to accelerate market expansion. Through systematic clinical trial promotions, the Group will lay a solid foundation for ultimately achieving its device sales targets. With the steady progress of European CE certifications, it is expected to significantly boost sales of orthopedic robots in overseas markets after obtaining certification. Leveraging the cost-effectiveness advantages of Chinese manufacturing, AK’s orthopedic robot is poised to become the first orthopedic surgical robot introduced in emerging market countries.

Dual-brand Strategy to Expand Overseas Markets

In overseas markets, the Group adheres to a dual-brand synergy strategy of “AK + JRI”, aiming to achieve the dual objectives of enhancing brand value in mature markets and expanding scale and coverage in emerging markets. JRI serves as a vital source of technology and credit assets, continuously empowering R&D and brand development. Meanwhile, the AK brand leverages its extensive market coverage to actively build a global value network, laying the foundation for sustained growth in orders and sales volume. The Group provides comprehensive orthopedic solutions covering joint, spine, and trauma care for its international clients, including 3D-printed customized prostheses and orthopedic surgical robotics, among other products and services. From December 2025 to March 2026, the Group sold a total of three surgical robots in international markets, with multiple orders being signed, demonstrating the growth potential of its orthopedic surgical robots and products with strong brand appeal in the international market. While leveraging China’s manufacturing scale and cost advantages, AK has consistently pursued a non-price-driven overseas development strategy, focusing on building its international brand image and driving growth in high-quality orders. The strategic goal of the Group is not only to propel “Made in China” onto the global stage, but also to secure a pivotal position in the global orthopedic industry value chain.

Construction of the Digital Orthopedics Ecosystem

Since 2014, the Group has continuously advanced the construction of its digital orthopedics ecosystem. Leveraging its 3D printing technology and product capabilities, the Company has gradually developed digital services such as preoperative planning, 3D models, and personalized guide plates, and launched its first navigation system and the VTS hip navigation system in 2022. Through more than a decade of continuous investment and technological accumulation, the Group has progressively established a digital orthopedics technology system covering preoperative planning, surgical assistance and data management, and has completed the initial deployment of AI capabilities.

In the future, the Group will further advance the localized deployment of generative AI large models and initiate the development of the AK intelligent R&D assistance system. At present, through localized deployment of LLMs, the construction of knowledge bases and knowledge graphs, retrieval-augmented generation (RAG), and multimodal AI technologies, the Group has achieved rapid retrieval of similar cases and iterative optimization of personalized solutions, while supporting cross-document retrieval and intelligent content generation for internal R&D documentation. These AI capabilities have been gradually integrated into key processes such as preoperative planning, with their technological value continuously validated and application scenarios optimized in controlled environments.

Looking ahead, as orthopedic diagnosis and treatment accelerate toward AI-driven digitalization and data-driven models, the Group will continue to strengthen the synergy across the “data-algorithm-product-clinical” value chain. Through continuous iteration of technology platforms and clinical applications, the Group will advance the construction of the digital orthopedics ecosystem, laying a foundation for long-term technological innovation and sustainable development.

FINANCIAL REVIEW

Overview

	As of 31 December		Variance %
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	
Revenue	1,482,439	1,346,377	10.1%
Gross profit	897,395	808,193	11.0%
Profit for the year	339,094	273,926	23.8%
Profit for the year attributable to equity shareholders of the Company	339,094	273,926	23.8%

Earnings per share

Basic	RMB 0.304	RMB 0.246
Diluted	RMB 0.303	RMB 0.244

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB1,482.4 million, representing an increase of 10.1% as compared to the same period of 2024. In 2025, under accelerated import substitution driven by the volume-based procurement (the “VBP”) policy, the demand for the Company’s surgical products continued to grow. As the number of surgeries rose rapidly, supported by the digital orthopedics whole process solutions, the Company further expanded the coverage of its products in hospitals and the sales of products was also improved. Meanwhile, through active market expansion, the Company achieved significant growth in overseas revenue as well as in revenue from digital orthopedics customized products and services. The Group recorded a net profit of approximately 339.1 million for the year ended 31 December 2025, representing a significant increase of 23.8% as compared to the same period of 2024. The remarkable increase in profit was primarily attributable to revenue growth as well as the impact of improved gross profit margin driven by the increase in overseas revenue and revenue from digital orthopedics customized products and services.

The Directors have resolved to recommend the payment of a final dividend of HK\$11.8 cents per share for the year ended 31 December 2025.

Revenue

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>	Variance %
Hip replacement implants ⁽¹⁾	845,191	729,084	15.9%
Knee replacement implants ⁽²⁾	435,992	405,110	7.6%
Spinal and trauma implants ⁽³⁾	101,546	127,326	-20.2%
Digital orthopedics customised products and services ⁽⁴⁾	63,044	51,335	22.8%
Others ⁽⁵⁾	36,666	33,522	9.4%
Total	1,482,439	1,346,377	10.1%

Notes:

- (1) Including 3D-printed hip replacement implants;
- (2) Including 3D-printed knee replacement implants;
- (3) Including 3D-printed spinal and trauma implants;
- (4) Including customised joint, pelvic, spinal and trauma implant products and customised value-added surgical services and orthopedic surgical robots;
- (5) Others primarily include surgical instruments, medical irrigators and third party orthopedic products.

For the year ended 31 December 2025, the Group recorded revenue of approximately RMB1,482.4 million, representing an increase of approximately 10.1% as compared to the same period of 2024. The increase in revenue was largely driven by the nationwide VBP policy for joint implants, growth in the surgical implants of the Company supported by the digital orthopedics whole process solutions, and significant increase in sales of hip and knee replacement implants within the scope of the VBP. Meanwhile, through active market expansion of the Company, the overseas revenue and the revenue from digital orthopedics customised products and services recorded remarkable growth.

Hip and Knee Replacement Implant Products

The hip and knee replacement implant products of the Group include knee replacement implants and hip replacement implants, as well as 3D-printed hip and knee replacement implants.

Revenue from hip replacement implants for the year ended 31 December 2025 amounted to RMB845.2 million, representing a significant increase of 15.9% from approximately RMB729.1 million for the year ended 31 December 2024. Revenue from knee replacement implants for the year ended 31 December 2025 amounted to RMB436.0 million, representing an increase of 7.6% from approximately RMB405.1 million for the year ended 31 December 2024.

In 2025, further driven by the national VBP policy for joint implants, and supported by the digital orthopedics whole process solutions, the demand for the Company's surgical products kept growing, leading to a continuous growth in sales revenue from hip and knee replacement implant products within the scope of VBP. The Company achieved significant growth in overseas revenue from its hip and knee replacement implant products through active market expansion of the Company.

Spinal and Trauma Implant Products

The spinal and trauma implant products of the Group include traditional spinal implants and trauma implants, as well as 3D-printed spinal implants. Revenue from spinal and trauma implant products for the year ended 31 December 2025 amounted to RMB101.5 million, representing a decrease of 20.2% from RMB127.3 million for the year ended 31 December 2024. Affected by the policy, revenue from spinal replacement implants in 2025 has decreased. With its unique 3D printing technology, the Group has developed a differentiated product portfolio and has been highly recognized by the market. The Group recorded a rapid growth in the surgical implantation. Meanwhile, through active development, the sales of trauma implants products achieved remarkable growth.

Digital Orthopedics Customised Products and Services

Revenue from digital orthopedics customised products and services includes revenue from customised joint, pelvic, spinal and trauma implant products and customised value-added surgical services and Visual Treatment Solution (VTS) Navigation System. Revenue from digital orthopedics customised products and services for the year ended 31 December 2025 amounted to RMB63.0 million, representing an increase of 22.8% from RMB51.3 million for the year ended 31 December 2024. In 2025, relying on the advantages of its products and technologies, the Group has successfully expanded its business into multiple hospitals to offer customised surgical procedures, resulting in a growth in revenue from digital orthopedics customised products and services. Through active market expansion, the Group successfully achieved a remarkable increase of over 200% in sales revenue of orthopedic surgical robots in China and overseas regions in 2025.

Others

Other revenue includes revenue from surgical instruments, medical irrigators and third party orthopedic products. In 2025 and 2024, the Group's revenue from surgical instruments, medical irrigators and third-party orthopedic products amounted to approximately RMB36.7 million and approximately RMB33.5 million, representing approximately 2.5% and approximately 2.5% of its revenue, respectively.

Domestic and Overseas Sales

The majority of the Group's revenue is generated in China, with a relatively smaller percentage derived from overseas sales. A breakdown of the Group's domestic and overseas sales revenue is set forth below:

	2025 RMB'000	2024 <i>RMB'000</i>	Variance %
China	1,152,903	1,072,059	7.5%
Other countries	329,536	274,318	20.1%
Total	<u>1,482,439</u>	<u>1,346,377</u>	<u>10.1%</u>

For the year ended 31 December 2025, the Group's overseas sales revenue amounted to approximately RMB329.5 million, representing a notable increase of approximately 20.1% as compared to the year ended 31 December 2024. The increase was primarily due to an increase in the number of overseas surgeries in 2025 as a result of the Company's active expansion of overseas markets. Revenue from China for the year ended 31 December 2025 amounted to approximately RMB1,152.9 million, representing an increase of approximately 7.5% from approximately RMB1,072.1 million for the year ended 31 December 2024, primarily due to the impact of the aforementioned increase in the number of surgeries.

Cost of Sales

For the year ended 31 December 2025, the cost of sales was approximately RMB585.0 million, representing an increase of approximately 8.7% from approximately RMB538.2 million for the year ended 31 December 2024. The increase in cost of sales was primarily due to an overall increase in the sales volume of the Group's products.

Gross Profit and Gross Margin

Gross profit represents revenue less cost of sales. Gross profit for the year ended 31 December 2025 amounted to approximately RMB897.4 million, representing an increase of approximately 11.0% as compared to approximately RMB808.2 million for the year ended 31 December 2024. The increase in gross profit was primarily due to the increase in revenue and the improvement in gross margin.

Gross margin is calculated as gross profit divided by revenue. The Group's gross margin was approximately 60.5% for the year ended 31 December 2025, an increase of approximately 0.5% from approximately 60.0% for the year ended 31 December 2024. Through proactive cost management, the company has reduced costs for its main products, leading to an increase in gross profit margin. The proportion of revenue from overseas and Digital orthopedics customised products and services increased, which led to a further increase in gross margin.

Other Income, Net

Other income for the year ended 31 December 2025 was approximately RMB30.1 million, representing an increase of approximately RMB13.4 million from approximately RMB16.7 million for the year ended 31 December 2024. Other income mainly represents income from government subsidy in 2025.

Selling and Distribution Expenses

Selling and distribution expenses were approximately RMB265.6 million for the year ended 31 December 2025, representing an increase of approximately 10.3% from approximately RMB240.9 million for the year ended 31 December 2024. The increase was mainly due to more domestic and international marketing activities conducted by the Group for the year.

General and Administrative Expenses

General and administrative expenses amounted to approximately RMB152.0 million for the year ended 31 December 2025, representing an increase of approximately 5.6% from approximately RMB143.9 million for the year ended 31 December 2024. The increase was mainly due to the one-off expenses incurred by the relocation and an increase in relevant taxes arising from the increase in revenue.

Research and Development Expenses

Research and development expenses for the year ended 31 December 2025 were approximately RMB136.0 million, representing a decrease of approximately 2.3% from approximately RMB139.2 million for the year ended 31 December 2024. In 2025, the Group continued to actively invest in R&D, strengthen its R&D team, actively implement R&D projects, as well as develop new products.

Net Finance Income

Net finance income was approximately RMB21.1 million for the year ended 31 December 2025, representing an increase of approximately RMB2.1 million from approximately RMB19.0 million for the year ended 31 December 2024. The increase in finance income was primarily due to the combined effect of the increase in interest income and foreign exchange losses as a result of exchange rate movements.

Income Tax Expenses

Income tax expense was approximately RMB55.9 million for the year ended 31 December 2025, representing an increase of approximately 21.8% from approximately RMB45.9 million for the year ended 31 December 2024. The increase was primarily due to the increase in profit before tax.

Liquidity and Financial Resources

The Group adopts a prudent fund management policy to maintain a solid and healthy financial position. The Group funds its operations principally from cash generated from its operations, equity financing from investors and bank loans. Its cash requirements relate primarily to production and operating activities, capital expenditures, interest and dividend payments, and repayment of liabilities as they become due.

As at 31 December 2025, the Group had cash and cash equivalents of approximately RMB357.2 million, structured deposits of approximately RMB847.2 million, time deposits over three months of approximately RMB35.1 million, pledged deposits of approximately RMB204.1 million and restricted cash of approximately RMB17.7 million, amounting to approximately RMB1,461.3 million in aggregate, as compared with approximately RMB1,027.7 million as at 31 December 2024. The Board's approach to manage the liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities so as to avoid any unacceptable losses or damage to the Group's reputation.

Net Current Assets

The Group had net current assets of approximately RMB2,042.0 million as at 31 December 2025, representing an increase of approximately RMB460.4 million from approximately RMB1,581.6 million as at 31 December 2024. Such increase was primarily generated by the Group's operations.

Foreign Exchange Exposure

The Group's principal business is conducted in China. Foreign currency risks primarily include accounts receivables, accounts payables and cash balances that are denominated in foreign currencies, i.e., a currency other than the functional currency of the operations to which the transaction relates generating from overseas sales and purchases. The foreign currencies giving rise to this risk are primarily US dollars, Hong Kong dollars and Euros. For the year ended 31 December 2025, the Group recorded a net exchange loss of approximately RMB5.3 million, as compared to an exchange loss of approximately RMB3.4 million for the year ended 31 December 2024. So far, the Group has not had any hedging arrangements to manage foreign exchange risks and has not employed any financial instruments for hedging purposes, but has been actively monitoring and overseeing such risks.

Capital Expenditure

For the year ended 31 December 2025, the Group's total capital expenditure amounted to approximately RMB123.2 million, which was primarily used for (i) plant construction; (ii) purchase of patents; and (iii) purchase of equipment, instruments and software for manufacturing and R&D.

Charge of Assets/Pledge of Assets

As at 31 December 2025, the Group's certain bank loans and bills payable were secured by the Group's properties, plants and equipments of approximately RMB81.2 million, pledged deposits for bank loans of approximately RMB200.0 million, bills receivable of approximately RMB29.4 million and pledged deposits for bills of approximately RMB4.1 million (as at 31 December, 2024: nil properties, plants and equipments, pledged deposits for bank loans of approximately RMB196.3 million, bills receivable of approximately RMB22.9 million and pledged deposits for bills of approximately RMB7.5 million), amounting to approximately RMB314.7 million (as at 31 December, 2024: approximately RMB226.7 million). Other than the above, the Group did not have any charge or pledge of assets.

Borrowings and Gearing Ratio

As at 31 December 2025, the balance of the Group's short-term bank loans of approximately RMB72.0 million (as at 31 December 2024: approximately RMB60.4 million), which were repayable on demand within one year, and the balance of the Group's long-term borrowings of approximately RMB5.2 million (as at 31 December 2024: approximately RMB17.7 million) (which were repayable within five years) were invested in the construction of the new plant and supplementing daily working capital demand. All borrowings are all denominated in Renminbi and Hong Kong dollars. The Group's loans have a term of less than five years, with interest rate being 1.5% to 3.0%. Gearing ratio represents the percentage of bank borrowings to total equity. As at 31 December 2025, the gearing ratio of the Group was approximately 2.6% (as of 31 December 2024: approximately 3.0%).

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities (as at 31 December 2024: Nil).

Significant Investments

The Group did not hold any significant investments during the year ended 31 December 2025.

Future Plans for Material Investments and Capital Assets

As at 31 December 2025, the Group had one project under construction: a new plant in Changzhou West Taihu Lake Park. Subject to the actual situation at the relevant time, the Company currently expects to provide funding for the project through the use of internal funds and/or external funds. Other than the above, the Group has no other plans for material investments and capital assets.

Employee and Remuneration Policy

As at 31 December 2025, the Group had 983 employees (as at 31 December 2024: 954 employees). Total staff remuneration expenses including Directors' remuneration for the year ended 31 December 2025 amounted to approximately RMB263.3 million (for the year ended 31 December 2024: approximately RMB254.9 million).

Material Acquisitions or Disposal of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2025, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group.

Subsequent Event

There are no important events affecting the Group which have occurred since the end of the financial year ended 31 December 2025.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Board and management are committed to achieving high corporate governance standards. The Board has reviewed the Group's corporate governance practices and is satisfied that the Group has been in compliance with the code provisions ("**Code Provisions**") set out in Part 2 of the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout the year ended 31 December 2025 and up to the date of this announcement, with the exception of Code Provision C.2.1.

According to Code Provision C.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Group deviates from this Code Provision because the position of the chairman and chief executive officer of the Group are held by Mr. Li Zhijiang who is the founder of the Group and has extensive experience in the industry. The Board believes that Mr. Li Zhijiang can provide the Group with strong and consistent leadership that allows for effective and efficient planning and implementation of business decisions and strategies. The Board also considers that the current structure of vesting the roles of chairman and chief executive officer in the same person will not impair the balance of power and authority between the Board and the management of the Group. The Board shall review this structure from time to time to ensure appropriate and timely action to meet changing circumstances.

SCOPE OF WORK OF KPMG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Group has reviewed the Group's annual results for the year ended 31 December 2025.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Specific enquiries were made to all the Directors and the Directors confirmed that they had fully complied with the required standards set out in the Model Code for transactions in the Group’s securities throughout the year ended 31 December 2025.

The Group has also established written guidelines on no less exacting terms than the Model Code (the “**Employees Written Guidelines**”) for securities transactions by employees who are likely to be in possession of unpublished inside information of the Group. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Group throughout the year ended 31 December 2025.

PURCHASE, SALE OR REDEMPTION OF THE GROUP’S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities, including sale of treasury shares (as defined under the Listing Rules), if any, during the year ended 31 December 2025.

As at 31 December 2025, there were no treasury shares (as defined under the Listing Rules) held by the Group.

PUBLIC FLOAT

Based on the information publicly available to the Group and within the knowledge of the Directors, at least 25% of the Group’s total issued share capital was held by the public at all times during the financial year ended 31 December 2025 as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company’s articles of association and the laws of Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing Shareholders.

ANNUAL GENERAL MEETING

The Annual General Meeting (“**AGM**”) of the Company will be held on Wednesday, 17 June 2026. A notice convening the AGM will be published and despatched to the Shareholders (if requested) in the manner required by the Listing Rules and will be available on the website of the Group at <https://www.ak-medical.net> and the website of HKEXnews operated by Hong Kong Exchanges and Clearing Limited at <https://www.hkexnews.hk>, respectively, in due course.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK\$11.8 cents per ordinary share of the Company for the year ended 31 December 2025 (2024: HK\$7.2 cents) to the Shareholders whose names appear on the register of members of the Company on Monday, 29 June 2026. The final dividend, if approved by the Shareholders at the AGM, will be payable on or around Friday, 17 July 2026.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

- (a) For the purpose of determining Shareholders who are entitled to attend and vote at the AGM to be held on Wednesday, 17 June 2026, the register of members of the Company will be closed from Friday, 12 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Wednesday, 17 June 2026. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 11 June 2026.
- (b) For the purpose of determining Shareholders who qualify for the final dividend, the register of members of the Company will be closed from Thursday, 25 June 2026 to Monday, 29 June 2026, both days inclusive, during which period no transfer of Shares will be registered. The record date will be Monday, 29 June 2026. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 24 June 2026.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Group at <https://www.ak-medical.net> and HKEXnews operated by Hong Kong Exchanges and Clearing Limited at <https://www.hkexnews.hk>, respectively. The annual report for the year ended 31 December 2025 containing all the information required by Appendix D2 to the Listing Rules will be despatched to the Shareholders (if requested) and published on the above websites in accordance with the Listing Rules in due course.

By Order of the Board
AK Medical Holdings Limited
Li Zhijiang
Chairman

Hong Kong, 25 March 2026

As at the date of this announcement, the Board comprises Mr. Li Zhijiang, Ms. Zhang Bin, Mr. Zhang Chaoyang and Ms. Zhao Xiaohong as executive Directors, Dr. Wang David Guowei as non-executive Director, and Mr. Kong Chi Mo, Dr. Li Shu Wing David and Dr. Gao Wei as independent non-executive Directors.