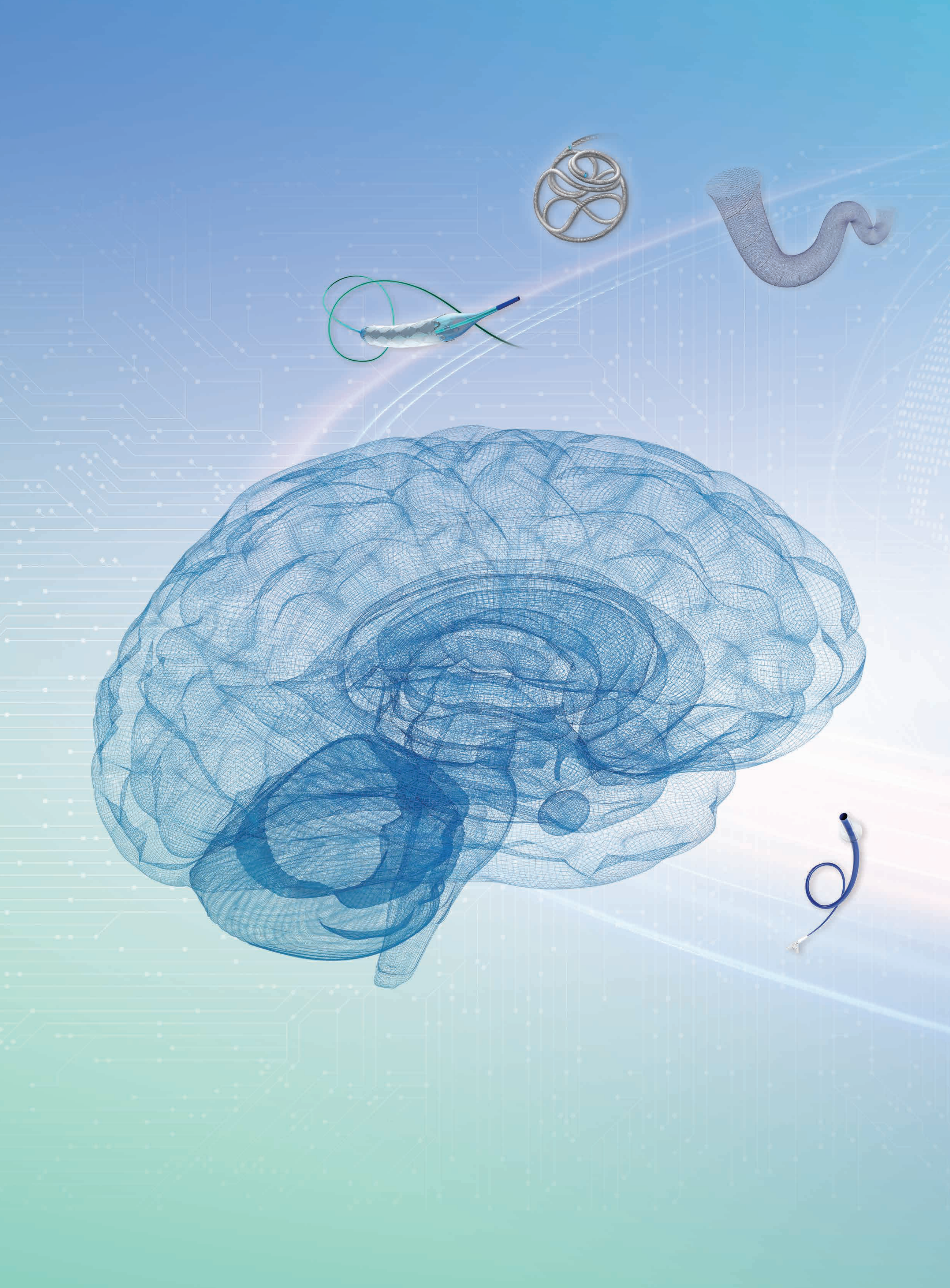
MicroPort NeuroScientific Corporation
微創腦科學有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：2172

2024
ANNUAL REPORT



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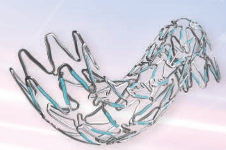

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

In this annual report, unless the context otherwise requires, the following expressions shall have the following meanings.

"Asahi Intecc"	Asahi Intecc Co., Ltd., a medical devices company incorporated under the laws of Japan with limited liability on 8 July 1976, and all of its subsidiaries
"Audit Committee"	the audit committee of the Board
"Board"	the Board of Directors
"BVI"	the British Virgin Islands
"CE"	French acronym for "Communate Europpene", a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"CG Code"	the corporate governance code as contained in Appendix C1 to Listing Rules
"Company" or "we" or "us" or "our"	MicroPort NeuroScientific Corporation (微創腦科學有限公司), an exempted company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2172)
"Director(s)"	director(s) of the Company, including all executive, non-executive and independent non-executive directors
"FDA"	the United States Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., our industry consultant
"FY" or "Fiscal Year"	For the year ended 31 December
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HKFRSs"	Hong Kong Financial Reporting Standards
"KPMG"	KPMG, Certified Public Accountants
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	15 July 2022, the date on which dealings in the shares on the Main Board of the Stock Exchange first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the Growth Enterprise Market of the Stock Exchange

"MFDS"	the Ministry of Food and Drug Safety in South Korea
"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), and one of our Controlling Shareholders
"MicroPort Group"	MicroPort and its subsidiaries
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules
"NHSA"	National Healthcare Security Administration
"MP Scientific"	MicroPort Scientific Investment LTD, a company incorporated in the BVI with limited liability on 30 September 2020 and is a direct wholly owned subsidiary of MicroPort, and one of our Controlling Shareholders
"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)
"Previous Year" or "FY2023"	the year ended 31 December 2023
"PRC"	the People's Republic of China
"Prospectus"	the prospectus of the Company dated 29 June 2022
"Rapid Medical"	Rapid Medical Ltd., a company incorporated in the State of Israel with limited liability on 12 August 2008, which is primarily engaged in the development, manufacturing and sales of innovative devices for neuro-interventional procedures and is indirectly owned as to 22.28% equity by the Company
"Reporting Period" or "FY2024"	for the year ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	Research and development
"SFO"	the Securities and Futures Ordinance (Chapter 571) of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of our Share(s)
"Stock Exchange"	the Stock Exchange of Hong Kong Limited
"Subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"WE'TRON CAPITAL"	WE'TRON CAPITAL LIMITED (中國微創投資管理有限公司), a company incorporated in Hong Kong with limited liability on October 26, 2005
"%"	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors:

Mr. Xie Zhiyong (謝志永)
Mr. Wang Yiqun Bruce (王亦群)

Non-Executive Directors:

Dr. Chang Zhaohua (常兆華) *(Chairman)*
Mr. Sun Qingwei (孫慶蔚)
Mr. Wang Lin (王琳)
Ms. Wu Xia (吳夏)

Independent Non-Executive Directors:

Dr. Xu Yi (胥義)
Dr. Zhang Haixiao (張海曉)
Mr. Siu Chi Hung (蕭志雄) *(resigned on 26 June 2024)*
Mr. Fan Xin (樊欣) *(appointed on 26 June 2024)*

AUDIT COMMITTEE

Mr. Siu Chi Hung (蕭志雄)
(Former Chairperson, resigned on 26 June 2024)
Mr. Fan Xin (樊欣)
(Chairperson, appointed on 26 June 2024)
Dr. Xu Yi (胥義)
Dr. Zhang Haixiao (張海曉)

REMUNERATION COMMITTEE

Dr. Xu Yi (胥義) *(Chairperson)*
Mr. Xie Zhiyong (謝志永)
Mr. Siu Chi Hung (蕭志雄) *(resigned on 26 June 2024)*
Mr. Fan Xin (樊欣) *(appointed on 26 June 2024)*

NOMINATION COMMITTEE

Dr. Zhang Haixiao (張海曉) *(Chairperson)*
Mr. Xie Zhiyong (謝志永)
Dr. Xu Yi (胥義)

REGISTERED OFFICE

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1661 Zhangdong Road
Pudong New Area, Shanghai
PRC

PRINCIPAL BANKERS

China Construction Bank Shanghai Zhangjiang Branch
220 Keyuan Road
Pudong New Area
Shanghai
PRC

Bank of China Shanghai Ziwei Road Branch
No. 741 Zhangjiang Road
Pudong New Area
Shanghai
PRC

Shanghai Pudong Development Bank Co., Ltd.
Zhangjiang Keji Branch
No. 56 Boyun Road
Pudong New Area
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Xie Zhiyong (謝志永)
Ms. Hui Yin Shan (許燕珊) *(resigned on 14 August 2024)*
Ms. Yeung Siu Lam (楊兆琳)
(appointed on 14 August 2024)

COMPANY SECRETARY

Ms. Hui Yin Shan (許燕珊) *(resigned on 14 August 2024)*
Ms. Yeung Siu Lam (楊兆琳)
(appointed on 14 August 2024)

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

LEGAL ADVISER

Linklaters
11th Floor, Alexandra House
Chater Road
Hong Kong SAR
PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716
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183 Queen's Road East
Wanchai
Hong Kong

WEBSITE

www.microportneurosci.com

STOCK CODE

2172

LISTING DATE

15 July 2022

FIVE YEARS' FINANCIAL SUMMARY

	2020 RMB'000	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000
Revenue	221,923	382,799	547,350	665,624	761,762
Net profit/(loss) for the year	45,287	24,170	(24,678)	134,581	248,855
Non-HKFRS adjusted net profit for the year	50,658	94,084	130,696	195,438	281,733
Assets					
Non-current assets	245,705	556,188	532,315	628,097	672,461
Current assets	539,905	784,154	1,284,685	1,332,544	1,370,075
Total assets	785,610	1,340,342	1,817,000	1,960,641	2,042,536
Liabilities					
Current liabilities	94,754	174,210	243,800	249,249	261,538
Non-current liabilities	317,974	1,341,072	87,549	73,141	74,163
Total liabilities	412,728	1,515,282	331,349	322,390	335,701
Total equity/(deficit)	**372,882**	**(174,940)**	**1,485,651**	**1,638,251**	**1,706,835**

COMPANY PROFILE

MicroPort NeuroScientific Corporation (the "**Company**") and its subsidiaries (together, the "**Group**" or "**we**") are one of the first medical device companies in China to enter the neuro-interventional therapeutic area, and has always been committed to the R&D of high-end medical devices in neuro-interventional therapeutic area. The Group has a comprehensive stroke interventional treatment product line, covering all of the three major areas of neurovascular disease, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. Our products have cumulatively covered more than 3,400 hospitals nationwide and supported approximately 210,000 neuro-interventional procedures.

The Group has always adhered to the goal of addressing clinical needs and insisted on R&D and innovation with proprietary intellectual property rights. We have a total of 36 commercialised products and product candidates in our portfolio, including 25 products approved and commercialised in China and 11 product candidates under development. In addition, four products have been admitted to the NMPA's innovative special review and approval procedure (the "**Green Path**"), ranking the first among Chinese neuro-interventional medical device companies.

After years of accumulation, the Company has achieved a breakthrough in multiple "First-of-Its-Kind" and "One-of-a-Kind" products, including the first stent system approved for treating intracranial atherosclerotic diseases in the world, the only intracranial stent graft approved for treating cerebral vessel diseases in the world, the first Chinese-developed flow-diverting stents approved by the NMPA, and the first vertebral artery drug-eluting stent in China that has been admitted to the Green Path and approved by the NMPA. We have established the technical barriers of leading peers in the industry, and have 211 authorized patents as of the end of 2024, including 42 overseas patents. In addition, 216 patents are being applied for registration.

The Company has a leading international vision and global layout, with its products commercialised and sold in 30 overseas countries or regions, covering South Korea, the United States, Japan, Brazil, Chile, Argentina, Saudi Arabia and European countries.

Adhering to the management concept of "Eyes For Greatness, Hands On Details", MicroPort NeuroScientific™ always emphasizes on the people-oriented corporate culture and deeply imbeds the pursuit of details and the persistence in innovation into its DNA.

In the future, we will continue to pursue innovation and provide patients around the world with more top-quality and innovative comprehensive medical solutions for cerebrovascular diseases.

Vision

Building a super-conglomerate of people-centric enterprises of emerging medical technologies.

Mission

Providing the accessible, top-quality and comprehensive solutions for the treatment of cerebrovascular diseases.

CHAIRMAN'S STATEMENT

Dr. Chang Zhaohua
Chairman

In 2024, the Group adhered to the development philosophy of innovation-driven and global layout, and actively responded to the external complex and volatile policy and market environments. With the unremitting efforts of all colleagues, the Group's key performance indicators achieved rapid growth, further proceeding with the globalization strategy, and its profitability increased substantially, further consolidating the Group's leading position as a domestic brand in the neuro-intervention industry.

In 2024, the Group's revenue amounted to RMB761.8 million, representing an increase of 14.4% over the Previous Year. Net profit amounted to RMB248.9 million, representing an increase of 84.9% year-on-year. Thanks to the above-mentioned growth in revenue and net profit, the Board has resolved to recommend the payment of a final dividend of HK$0.11 per ordinary share for the FY2024 to give back to shareholders for their support and trust.

In the Chinese market, the Group's products have covered approximately 3,400 hospitals nationwide and supported approximately 210,000 neuro-interventional surgeries. Driven by the VBP policy, NUMEN® Coil has accelerated the development of new markets, newly entering 520 hospitals and covering an accumulated number of nearly 1,450 hospitals. Tubridge® Flow-diverting Stent has newly entered 170 hospitals, covering more than 1,190 hospitals. The marketing of the new generation of Tubridge Plus® Flow-diverting Stent further enriched the product matrix. In addition, the clinical usage of Bridge® Vertebral Artery DES has increased significantly in particular, bringing new momentum for growth. APOLLO™ Intracranial Stent System continued to consolidate its existing market share and further expanded to nearly 190 hospitals, with a total coverage of approximately 2,340 hospitals.

We actively responded to the national call for establishing primary stroke centers, and helped increase the level of grassroots medical care through the Eagle & Swallows (神雕飛燕) program. In addition, the special fund of "Brain Power" (百腦神通) for cultivating young neuro-interventional physicians has provided technical training for approximately 300 grassroots doctors cumulatively, and continued to promoted the high quality medical resources to those local areas.

In 2024, the Group's overseas business revenue amounted to RMB75.3 million, representing a year-on-year increase of 137.6% and becoming profitable for the first time. The Group's products have been commercialised in 30 overseas countries or regions, covering 9 of the top 10 countries worldwide in terms of the number of neuro-interventional procedures. In the US, we successfully transformed into a direct sales model and entered nearly 50 hospitals; NUMEN® Coils performed well after being included in medical insurance in Japan, and entered more than 250 hospitals. Tubridge® Flow-diverting Stent was successfully marketed in Brazil and Argentina, supporting more than 80 surgeries. A number of key products were accelerating to launch overseas. NUMEN Silk® Coil has obtained US FDA and CE certification, and Neurohawk® Thrombectomy Device and X-track® Distal Catheter have achieved breakthroughs in commercialisation in the Latin American market.

From the beginning of 2024 to the date of announcement of the 2024 annual results, a total of nine new products of the Group were approved for marketing. In addition, the registration applications of Bridge® MAX Rapamycin Target Eluting Vertebral Artery Stent System and Numen® Nest Detachable Coil have been submitted to the NMPA for approval. The world's first absorbable NuFairy™ Absorbable Coil has completed patients enrollment for clinical trial, and Rebridge® Intracranial Visualized Stent has entered the registrational clinical stage, further underscoring our strength in innovation. As of the end of 2024, we had 211 authorized patents, including 42 overseas patents and 216 patents pending.

In 2024, the Group's production capacity steadily increased with production quality kept stable. Concurrently, the localization of supply chain continued to be advanced, and the localization rate of raw materials exceeded 90%. The Group has obtained various system certifications including MDSAP, covering the regulations and requirements of major global markets, thus laying a solid foundation for our international layout.

We will continue to be driven by innovation to improve comprehensive solutions for stroke, explore new boundaries of brain science, and promote inclusive healthcare, so as to benefit a wider patient group. At the same time, we will strengthen global expansion and enhance the international influence of our brand.

The directors, senior management and all employees of the Group will uphold the principles of integrity, diligence and responsibility to pursue high-quality development. On behalf of my colleagues, I hereby would like to extend my heartfelt thanks to all shareholders and partners for their long-term companionship and support.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

Stroke is an acute cerebrovascular disease, which is the second major fatal disease in the world and the first major fatal disease in China, with high rates of incidence, disability, mortality and recurrence. According to the research data of the Global Burden of Disease (GBD), the number of stroke patients in China continues to rank first globally, and the proportion of patients younger than 70 years old kept increasing, with a trend toward younger patients. Another research result[1] on the burden of stroke disease in China showed that in 2020, the prevalence of stroke in China was 2.6% among people aged 40 years or older, which was much higher than the global prevalence of stroke, and in addition, the number of new stroke cases in China (approximately 3.4 million) was higher than that in the United States (approximately 0.61 million) and Europe (approximately 1.12 million), representing approximately a quarter of all new stroke cases worldwide each year. The research also shows that there were significant urban-rural differences in the burden of stroke disease in China, with both stroke incidence and mortality rates higher in rural areas than in urban areas.

Thanks to the development of neuroimaging, neuro-interventional therapy is gradually replacing the traditional surgical craniotomy and conventional drug therapy with its safe, effective and minimally invasive characteristics, and has become an important treatment for stroke. With the aging of the global population and the rising incidence of strokes, the volume of neuro-interventional surgeries is expected to grow rapidly. However, currently the neurointerventional medical device industry in China is still at an early stage of development, with a relatively low market penetration especially in the vast grassroots areas represented by lower-tier cities and counties.

In the face of the serious challenge of stroke prevention and treatment, the Chinese government and health organisations are taking active actions, including improving the construction of the stroke prevention and treatment system, promoting health education for all, strengthening screening of high-risk factors for stroke, and raising early recognition and first aid capacity of the public. In 2021, ten departments including the National Health Commission jointly formulated the Comprehensive Plan for Strengthening Stroke Prevention and Treatment Work to Reduce Millions of New Disabilities (《加強腦卒中防治工作減少百萬新發殘疾工程綜合方案》), which proposes the overall goal of further improving the prevention and treatment effect of stroke and reducing the incidence rate and disability rate, and clarifies the phased goals to be achieved by 2022, 2025, and 2030, including the goals for the awareness rates of hypertension among residents, the development of intravenous thrombolysis and thrombectomy techniques, etc. Meanwhile, the "Identification and Hierarchical Diagnosis and Treatment Action for the Stroke in China's Thousands of Counties and Ten Thousands of Towns (中國千縣萬鎮卒中識別與分級診療行動)" has been expedited to implement the Green Channel for stroke treatment, and establish and improve the hierarchical diagnosis and treatment system for stroke. According to the Stroke Center of National Health Commission of the PRC, as of mid-March 2025, an aggregate of approximately 2,300 stroke centers have been established in the country, including over 710 stroke centers in tertiary hospitals and approximately over 1,570 in secondary hospitals, and the coverage rate of stroke centres in districts and counties has exceeded 50%.

1 Burden of stroke in China in 2020, JAMA Netw Open. 2023;6(3):e231455

Meanwhile, the Reform of the Medical and Health Care System in the PRC continues to be deepened. In terms of medical insurance coverage, treatment and surgical projects with clear clinical efficacy and significant technical value will be prioritized to be included into the medical insurance coverage. In terms of the reform of the medical insurance payment system, in July 2024, the NHSA issued the Notice on the Issuance of the Version 2.0 Grouping Scheme for Payment by Diagnosis-Related Group (DRG) and Diagnosis-Intervention Pair (DIP) and Related Work Arrangements (《關於印發按病組(DRG)和病種(DIP)分值付費2.0版分組方案並深入推進相關工作的通知》), and as of the end of 2024, the DRG/DIP payment had achieved a basic comprehensive coverage of the co-ordinated regions. Since 2025, the unified use of the grouping version in all co-ordinated regions will improve the standardization and unity of the reform of payment methods. According to the Three-Year Action Plan for the Reform of DRG/DIP Payment Methods, by the end of 2025, the DRG/DIP payment method will cover all the eligible medical institutions that carry out inpatient services, achieving a basic comprehensive coverage of diseases and medical insurance funds. In this context, medical devices with clear clinical value and rigid treatment demand are expected to usher in a rapid growth, while auxiliary attributes and non-essential varieties are showing a weakening trend, which will further promote the standardized development of the medical device industry.

In recent years, the neuro-interventional industry has carried out multiple VBPs. The VBP for coils has gradually expanded from an individual province to provincial alliances. In 2024, the Beijing-Tianjin-Hebei "3+N" alliance carried out volume-based joint purchasing of coils medical consumables and successively landed on the implementation at the end of the year. In the first half of 2024, the Hebei "3+N" provincial alliance included products in the field of neuro-intervention such as guide catheters, thrombectomy devices and intracranial stents in the VBP scope. In the second half of 2024, Hebei Province took the lead in carrying out inter-provincial alliance centralised volume purchasing of vascular interventional medical consumables, including flow-diverting stents and intracranial balloon dilatation catheter. The VBP policies will advance the transformation of enterprises for quality improvement, cost optimization and innovative development, accelerate the industry's survival of the fittest, and promote the high-quality and standardized development of the industry.

Meanwhile, industrial policies to encourage the high-quality development of the innovative medical device industry have been frequently introduced. In December 2023, the National Development and Reform Commission issued the Guidance Catalogue for Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年)》), which included high-end implantable interventional products, high-performance medical imaging equipment and other high-end medical devices into the policy support list. In June 2024, the State Council issued the Key Tasks for Deepening the Reform of the Medical and Health System in 2024 (《深化醫藥衛生體制改革2024年重點工作任務》), which emphasized accelerating the review and approval of innovative medical devices, and proposed policy preferences such as excluding payment from DRG/DIP payments for the application of advanced medical technologies. In addition, the State Council also issued the Opinions on Comprehensively Deepening the Reform of Drugs and Medical Devices Supervision and Promoting the High-Quality Development of the Pharmaceutical Industry (《關於全面深化藥品醫療器械監管改革，促進醫藥產業高質量發展的意見》), which clearly proposes to increase the support for medical device research and development and innovation, and improve the quality and efficiency of medical device review and approval. Shanghai has issued Certain Opinions on Supporting the Development of Whole Chain Innovation of the Biomedical Industry (《關於支持生物醫藥產業全鏈條創新發展的若干意見》), which will provide financial support at all stages of development for products which are fulfilling national and Shanghai's special procedures for examination and approval of innovative medical devices, and promote admission of more innovative medical device products to hospitals and medical insurance, thereby speeding up their market access and application promotion.

Company's Business

As a pioneer and the largest Chinese company in the neuro-interventional medical device industry in China, the Group is committed to providing innovative and accessible solutions for cerebrovascular diseases to patients and physicians around the world. The Group has a comprehensive portfolio of commercialized products covering three major areas of cerebrovascular diseases, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. The Group's market share in China's neuro-interventional medical device market ranked the first among all the domestic brands in terms of the sales in 2024.

Since its establishment, while always adhering to the goal of addressing clinical needs, the Group has been placing key emphasis on R&D and innovation with independent intellectual property rights. After years of experiences, we have already mastered a number of core design and manufacturing technology platforms for the R&D and manufacturing of neuro-interventional medical devices. The Group has developed multiple "First-of-Its-Kind" products and "One-of-a-Kind" products, including the world-first stent system for treating intracranial atherosclerotic diseases in the world, the world-only intracranial stent graft approved for treating cerebrovascular diseases, the first Chinese-developed flow-diverting stents approved by the NMPA, and the first vertebral artery drug-eluting stent in China that has been admitted to the NMPA's special review procedure for innovative medical devices (the "**Green Path**") and approved by the NMPA.

Business Review

In 2024, the Group maintained high-quality growth in its operating results, further expanded its overseas business footprint, maintained a high rate of growth in overseas revenue, steadily enhanced its position in the neuro-intervention market, and significantly improved its profitability. During the Reporting Period, the Group achieved the revenue of RMB761.8 million, representing an increase of 14.4% over the Previous Year. The Group's net profit for the year was RMB248.9 million, achieving strong growth of 84.9% as compared to the Previous Year, and the non-HKFRS adjusted net profit reached RMB281.7 million, with an increase of 44.2% over the Previous Year.

Commercialization Capabilities

The Group has built a promotion team for medical solutions with members who are professionally qualified and experienced. The team continues to promote innovative neurointerventional treatment concepts to the market and provides patients and physicians with an integrated solution to treat cerebrovascular diseases. These are accomplished through promotion and education regarding the surgical methods and products, recommendations for treatment options, training on surgery and surgical devices, clinical support and postoperative follow-ups. These efforts strengthen our leading position as a domestic brand.

As of the end of the Reporting Period, the Group's team for the promotion of medical solutions consisted of 94 senior personnel. In order to address different treatment needs, we have strategically created three professional marketing teams, namely the hemorrhagic stroke solution team, the cerebral atherosclerotic stenosis solution team and the acute ischemic stroke solution team. Such team structure enables us to provide the highly customised, professional and targeted treatment support to the market. In addition, the Group has established cooperative relationships with over 400 distributors and sub-distributors, with sales channels covering 31 provinces, municipalities and autonomous regions across the country.

As at the end of 2024, the Group had added approximately 450 hospitals to its sales channel, reaching a total coverage of around 3,400 hospitals nationwide, of which more than 2,000 tertiary hospitals and all of the top 100 hospitals in China's National Stroke Center are included therein. As of the end of the Reporting Period, the Group's products have cumulatively supported approximately 210,000 neuro-interventional procedures.

In terms of volume-based procurement policies, as most of the provinces across the country have successively implemented and renewed the VBP projects of coils, the Group's coil products have achieved the positive effect of exchanging price for volume by virtue of their excellent performance and brand reputation, with their market share steadily increasing. In addition, in the Hebei "3+N" provincial alliance's volume-based procurement projects carried out in early 2024, the Group's APOLLO™ Intracranial Stent became the only domestic intracranial stent product as selected thanks to its leading market position, and is expected to capture more market share in the future. As of the date of this annual report, the Group's Tubridge® Flow-diverting Stent, the new generation of Tubridge Plus® Flow-diverting Stent with full visualization and Intracranial Balloon Dilatation Catheter have all won bids in the inter-provincial alliance's volume-based procurement project led by Hebei.

In the field of hemorrhagic stroke products, NUMEN® Coil took the opportunity of winning the VBP bids to accelerate hospital admission and clinical promotion. During the Reporting Period, NUMEN® Coil was newly admitted into approximately 520 hospitals and had achieved clinical applications in an accumulated number of nearly 1,450 hospitals. Although the Group's Tubridge® Flow-diverting Stent was affected by the standardized adjustment of the policy environment, we continued to increase the number of hospital admission for the product. During the Reporting Period, Tubridge® Flow-diverting Stent was newly admitted into approximately 170 hospitals, covering more than 1,190 hospitals in total. The new generation of Tubridge Plus® Flow-diverting Stent with full visualization was approved for market during the Reporting Period, further enriching the existing product matrix and bringing new revenue contributions. In addition, WILLIS® Intracranial Stent Graft ("**WILLIS® Stent Graft**"), as the world's first and only approved intracranial stent graft, not only has excellent clinical effects in the treatment of complex cranial vascular diseases, but has also been continuously exploring its advantages in the treatment of other diseases such as vascular rupture in nasopharyngeal carcinoma surgery and cervical dissection aneurysm. During the Reporting Period, WILLIS® Stent Graft was newly admitted into approximately 60 hospitals, covering approximately 800 hospitals in total, which was widely recognised by clinical experts.

In the field of cerebral atherosclerotic stenosis treatment products, Bridge® Vertebral Artery DES has shown differentiated characteristics such as grooved drug-eluting design and low long-term restenosis rate, which leads to enhanced recognition of the balloon-expandable drug-eluting stent treatment concept by the surgeons. In 2024, Bridge® Vertebral Artery DES newly entered approximately 380 hospitals, covering approximately 1,500 hospitals in total. As the market promotion of this product enters the mature stage, the growth of its clinical use in second-tier and grassroots hospitals is particularly obvious, which would bring new growth momentum. In addition, APOLLO™ Intracranial Stent System ("**APOLLO™ Intracranial Stent**") continued to consolidate its advantages in market share and established the presence in nearly 190 new hospitals during the Reporting Period, covering approximately 2,340 hospitals in total.

In the field of acute ischemic stroke products, the Group significantly accelerated the pace of commercialisation with the focus on developing the grassroots hospitals. In 2024, Neurohawk® Thrombectomy Device was newly admitted into more than 230 hospitals, covering approximately 520 hospitals in total. As of the end of the Reporting Period, WAVE-track™ Intracranial Aspiration Catheter ("**WAVE-track™ Aspiration Catheter**"), which was newly launched in 2023, had been listed on the procurement platforms of 30 provinces and cities across the country, which is expected to contribute to the continuous growth of revenue as new impetus. In addition, X-track® Distal Catheter had been listed on the procurement platforms of all the provinces nationwide, and had newly entered over 300 hospitals during the Reporting Period, covering around 500 hospitals in total.

In the field of access products, the Group's market promotion strategy is to sell them in conjunction with therapeutic products, fully leveraging the competitive advantages of high clinical adaptability and a well-established sales distribution channel. During the Reporting Period, as the key accessory product in the aneurysm treatment surgery, driven by the sales volume of related therapeutic products of the Group, the clinical use of U-track® Support Catheter achieved a high speed growth.

As for the grassroots market, the Group actively responded to the national call for establishing primary stroke centers. The Group has been providing the clinical training, follow-up consulting and routine guidance to physicians in hospitals in lower-tier cities and counties, thereby helping grassroots hospitals to improve their stroke treatment ability. The Group promoted the high quality medical resources to those local areas through the special fund of "Brain Power" (百腦神通) for cultivating young neuro-interventional physicians, so as to build a platform for technical communication among grassroots clinicians, allowing more local patients with cerebrovascular diseases to benefit from the initiatives. As of the end of the Reporting Period, the Group had provided technical trainings for the "Brain Power" program to approximately 300 surgeons.

The Group is committed to improving the stroke clinical diagnosis and treatment technology in the globe and continues to provide professional training to doctors on clinical techniques and standardized diagnosis and treatment processes, gradually building up a customised, systematic and multi-level clinical training system. With the focus on the promotion of our innovative products, namely Tubridge® Stent, NUMEN® Coil, Bridge® Vertebral Artery Stent and Neurohawk® Thrombectomy Device, we have offered a series of innovative clinical therapies through the combination of several product portfolios including the "AND procedure" (APOLLO™ Intracranial Stent + Neurohawk® Thrombectomy Device + Diveer® Balloon Catheter) for the treatment of large vessel occlusions associated with intracranial atherosclerotic stenosis (ICAS-LVO) and the "NEXT procedure" (Neurohawk® Thrombectomy Device + X-track® Distal Catheter) for the acute thrombectomy surgeries.

International Business

During the Reporting Period, the Group achieved a breakthrough in its international business with the overseas revenue of RMB75.3 million, representing an increase of 137.6% over the Prior-year Period. Among them, the Group's sales revenue increased rapidly to varying degrees in the Asia Pacific ("**APAC**"), North America ("**NA**"), Latin America ("**LATAM**") and Europe, the Middle East and Africa ("**EMEA**"). Meanwhile, the international business achieved earnings for the first time during the Reporting Period.

As at the end of 2024, the Group had a total of 8 products that have been launched into the overseas market, and have been commercialized in 30 overseas countries or regions, covering 9 of the top 10 countries worldwide in terms of the number of neuro-interventional procedures. In Japan, the commercialization of NUMEN® Coils has been impressive since its inclusion into medical insurance in October 2023 and the completion of the first batch of implantation. As of the end of the Reporting Period, it has entered more than 250 local hospitals. During the Reporting Period, in France, NUMEN® Coils achieved its first commercial clinical application. In the United States, the Group has completed the successful transition of switching from a distribution model to a direct sales model since the first quarter of 2024, and has been admitted into nearly 50 hospitals, which has significantly improved the operational efficiency and profit levels while better adapting to local marketing habits. Tubridge® Flow-diverting Stent has supported more than 80 surgeries after its successful launch in Brazil and Argentina.

During the Reporting Period, a number of the Group's key products have accelerated their overseas expansion. Numen® Silk coil embolization system was approved by the US Food and Drug Administration (FDA) and CE registration, signifying further recognition of the Group's speed of product iteration and upgrading capabilities. Numen® coil embolization system ("**Numen® coil**") was newly launched in 10 countries, with a first breakthrough into the South Asian market. The first commercial implantation of Tubridge® Flow-diverting Stent was achieved in Brazil and Argentina, while the first commercial usage of Neurohawk® Thrombectomy Device and X-track® Distal Catheter was also achieved in Brazil and Argentina respectively. The Numen® coil embolization system, Numen® FR detachment system, Neurohawk® stent thrombectomy device and X-track® intracranial distal access catheter were approved for registration by the Federal Commission for Protection against Sanitary Risk (COFEPRIS) of Mexico.

In terms of overseas market promotion, during the Reporting Period, the Group has carried out a total of over 50 overseas surgical trainings and academic exchange conferences, inviting a number of overseas clinicians and partners for corporate site visits, product training and seminars. These initiatives can not only strengthen international clinical technical exchange and enhance a better understanding of the Company's products in overseas markets, but also help to enhance the global competitiveness and influence of our brand.

In June 2024, the Group made its debut at LINNC (Live Interventional Neuroradiology & Neurosurgery Course), one of the world's most important neuro-interventional conferences. At the conference, we focused on displaying six innovative products, including NUMEN® Coil, NUMEN® Silk Coil, Bridge® Vertebral Artery DES and Neurohawk® Thrombectomy Device, which attracted physicians in the neuro-interventional area to participate in the practical demonstration and training of the products.

Product Pipeline

Since the marketing approval of the first product in 2004, leveraging its excellent R&D capability and efficient physician-engineer collaboration (醫工結合) model, the Group has built up a diversified portfolio of neuro-interventional products. As of the date of this annual report, the Group had a total of 25 products that have been approved and commercialized in China, and 11 pipeline products at different development phases. Among them, four products have been approved by the NMPA to be admitted to the Green Path, ranking the first among Chinese neuro-interventional medical device companies.

From the beginning of 2024 and up to the date of this annual report, the Group's R&D projects have achieved fruitful results. Nine products including NeuroGuard® Neurovascular Balloon Guide Catheter ("**NeuroGuard® Balloon Guide Catheter**"), NeuroHawk® Pass17/21 Stent Thrombectomy Device, Safecer™ Embolic Protection Device, PathFinder™ Carotid Artery Balloon Dilatation Catheter ("**PathFinder™ Carotid Artery Balloon**"), the new generation of Tubridge Plus® Flow-diverting Stent with full visualization ("**Tubridge Plus® Flow-diverting Stent**"), Numen® Lighting Coil Embolization System, Sheathru™ Lingqiao™ Delivery Catheter, NeuroHawk® Medibox™ Shenying Xialv™ Theombectomy Device and Accessories, and filter extension tube for single use have been approved by the NMPA for marketing. In addition, the registration applications of two products including Bridge® MAX Rapamycin Target Eluting Vertebral Artery Stent System and Numen® Nest Detachable Coil have been submitted to the NMPA for approval.

The following chart summarizes our product portfolio and development status as of the date of this annual report.

		Product	Indicated Application	Development Stage: Design Development / Design Validation / Registrational Clinical Trial / Registration Application	Approval or Estimated Approval
Therapeutic Devices	Hemorrhagic Stroke	Numen® Coil Embolization System	Intracranial aneurysm		NMPA approved in 2020; obtained FDA, CE, MFDS, ANVISA & MHLW, etc.; approved in Canada, Vietnam, etc. in 2024
		Numen® FR Coil Detachment System	Intracranial aneurysm		NMPA approved in 2020; obtained FDA, CE, MFDS& ANVISA, etc.
		Numen® Silk 3D Electronically Detachable Coil	Intracranial aneurysm		NMPA approved in 2022; obtained FDA & CE in 2024
		Numen® Lighting Coil Embolization System	Intracranial aneurysm		NMPA approved in Nov 2024
		Numen® Nest Detachable Coil	Intracranial aneurysm		NMPA approval expected in 2025
		NuFairy™ Absorbable Coil Embolization System	Intracranial aneurysm		2027
		Tubridge® Flow-diverting Stent ★	Intracranial aneurysm		NMPA approved in 2018; approved in Argentina & Brazil
		Tubridge Plus® Flow-diverting Stent	Intracranial aneurysm		NMPA approved in Aug 2024
		WILLIS® Intracranial Stent Graft System	Intracranial aneurysm		NMPA approved in 2013
		Comaneci® Embolization Assist Device (as exclusive distributor for Rapid Medical)	Intracranial aneurysm		Obtained FDA & CE
		Rebridge® Intracranial Visualized Stent ★	Intracranial aneurysm		2026
		Liquid Embolic Agent	Cerebral arteriovenous malformations		2028
	Cerebral Atherosclerotic Stenosis	APOLLO™ Intracranial Stent System	Intracranial atherosclerosis disease		NMPA approved in 2004; approved in Argentina & Brazil
		Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ★	Vertebral artery stenosis		NMPA approved in 2020
		Bridge® MAX Rapamycin Target Eluting Vertebral Artery Stent System	Vertebral artery stenosis		NMPA approval expected in 2025
		Diveer® Intracranial Balloon Dilatation Catheter	Intracranial stenosis		NMPA approved in 2022
		Intracranial Drug-Coated Balloon Catheter System	Intracranial stenosis		2028
		Intracranial Self-expanding Rapamycin Target Eluting Stent	Intracranial stenosis		2029
		Intracranial Balloon-expandable Rapamycin Target Eluting Stent	Intracranial stenosis		2029
		Carotid Stent System	Carotid artery stenosis		2029
		Safecer™ Embolic Protection Device	Carotid artery stenosis		NMPA approved in Apr 2024
		PathFinder™ Carotid Balloon Dilation Catheter	Carotid artery stenosis		NMPA approved in Jun 2024
	Acute Ischemic Stroke	NeuroHawk® Thrombectomy Device	Acute ischemic stroke		NMPA approved in 2022; approved in Argentina; approved in Brazil and Mexico in 2024
		NeuroHawk® Pass17/21 Thrombectomy Device	Acute ischemic stroke		NMPA approved in Jul 2024
		NeuroHawk® Medibox Thrombectomy Device and Accessories	Acute ischemic stroke		NMPA approved in Mar 2025
		Tigertriever® Revascularization Device ★ (as exclusive distributor for Rapid Medical)	Acute ischemic stroke		Obtained FDA & CE NMPA approved in 2023
		WAVE-track™ Intracranial Aspiration Catheter	Acute ischemic stroke		NMPA approved in 2023
		X-track® Intracranial Distal Access Catheter	Acute ischemic stroke		NMPA approved in 2022; approved in Argentina; approved in Brazil and Mexico in 2024
		NeuroGuard® Neurovascular Balloon Guide Catheter	Acute ischemic stroke		NMPA approved in Jan 2024
Ancillary Devices	Access Products	U-track® Intracranial Support Catheter System	Access product		NMPA approved in 2020; approved in Brazil in 2022; approved in Argentina in 2024
		Fastrack® Microcatheter System	Access product		NMPA approved in 2019; approved in Argentina in 2023
		QUEEN-track™ Microcatheter	Access product		NMPA approved in 2023
		17 Microcatheter	Access product		2026
		Veyronwire™ Neurovascular Guide Wire	Access product		NMPA approved in 2023
		Sheathru™ Delivery Catheter	Access product		NMPA approved in Jan 2025
		Filter Extension Tube for Single Use	Access product		NMPA approved in Feb 2025

Hemorrhagic stroke products; Cerebral atherosclerotic stenosis products; Acute ischemic stroke products; Access products; Products the Group has distribution rights; Clinical trial waived; Commercialized products; ★ Products admitted to the Green Path

Hemorrhagic Stroke Products

Intracranial aneurysm is one of the main causes of hemorrhagic stroke. According to Frost & Sullivan, hemorrhagic stroke products represent the largest segment in terms of sales of neuro-interventional medical devices in China. The Group has a portfolio of 12 products for the treatment of hemorrhagic stroke, of which 7 products have been approved for commercialisation, including embolization coils, flow-diverting stents and stent grafts, and covering key therapeutic areas of hemorrhagic stroke.

During the Reporting Period, the Group recorded the revenue of hemorrhagic stroke products of RMB401.7 million, representing a decrease of 5.5% over the Prior-year Period, which was mainly due to the impact of policy environment adjustments on stent, while the global sales of NUMEN® Coil maintained high growth.

NUMEN® Coil

NUMEN® Coil is a coil embolization system used to treat intracranial aneurysm. It was approved by the NMPA in September 2020, and was subsequently approved for marketing in many countries, including the European Union, South Korea, the United States, Brazil, Japan, Argentina, Australia, Saudi Arabia, Colombia, the UAE, Mexico, Canada, Bangladesh, Vietnam and India. As of the end of the Reporting Period, the Group had submitted the registration application for NUMEN® Coil to Indonesia, Serbia and Egypt.

As of the end of the Reporting Period, NUMEN® Coil has been commercialised in 30 overseas countries or regions, including United States, United Kingdom, Ireland, Spain, Italy, Greece, Croatia, Portugal, Poland, Germany, Belgium, Netherlands, France, Saudi Arabia, the UAE, Puerto Rico, Nepal, Brazil, Argentina, Mexico, Chile, South Africa, Colombia, Dominican Republic, Bangladesh, Romania, India, South Korea, Japan and Hong Kong, China, receiving high praise from local clinicians.

NUMEN® Coil permits stable framing, smooth filling and finishing, with superb conformability to shapes of aneurysms. Its three models, MicroFrame, MicroFill and MicroFinish, have a total of 177 specifications, providing physicians with a full range of aneurysms embolization options. In June 2023, the research results of NUMEN® Coil applied to aneurysms less than 5mm were officially published in the journal "BMC Surgery", further demonstrating its safety and effectiveness of application to aneurysms less than 5mm as well as its world-leading clinical efficacy.

NUMEN® Silk 3D Electronically Detachable Coil ("NUMEN® Silk Coil")

NUMEN® Silk Coil is an iterative product developed based on NUMEN® Coils, and was approved by the NMPA in February 2022 and received marketing approval from the FDA in September 2024.

As a new generation of ultra-soft electronically detachable coil, NUMEN® Silk Coil features a greater smoothness in the filling stage and finishing stage. The smoothness of the distal-end of its delivery wire improves the microcatheter's stability, to minimize the chance of the kick-back of the microcatheter in the finishing stage, therefore reducing the risk of aneurysm rupture.

Nufairy™ Absorbable Embolization Coil ("Nufairy™ Absorbable Coil")

NuFairy™ Absorbable Coil is a new generation of coil product independently developed by the Group for the treatment of intracranial aneurysm, and is also the world's first neuro-interventional product with an absorbable main structure. The product is mainly made of PLGA, a biodegradable silk with good biocompatibility. Its main structure can be completely degraded and absorbed by the human body, with water and carbon dioxide as the degradation products. Compared with the traditional non-degradable pure metal coils, NuFairy™ Absorbable Coil can reduce the amount of foreign matters and metal artifacts in the body after degradation, thus lowering long-term safety risks for patients. Meanwhile, NuFairy™ Absorbable Coil is simple to use and easy to detach, eliminating the need for surgeons to relearn the operating techniques.

As of the end of the Reporting Period, the prospective, multi-center, open and non-inferior RCT (NUCATCH study) of NuFairy™ Absorbable Coil has completed patients enrollment.

Tubridge® Flow-diverting Stent ("Tubridge® Stent")

Tubridge® Stent was the first neuro-interventional medical device that entered the Green Path, and was also the first Chinese-developed flow-diverting stent approved by the NMPA. Leveraging the principle of haemodynamics, Tubridge® Stent can alter the blood flow state of the aneurysm to reduce the impact of blood flow on the aneurysm, which allows the endothelial cells to grow along the stent skeleton, gradually repairing the aneurysm neck and curing the aneurysm. The product was listed in the 2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue (《2022年度上海市生物醫藥「新優藥械」產品目錄》).

During the Reporting Period, Tubridge® Stent was successfully launched into the overseas market, with the commencement of commercial implantations in both Argentina and Brazil, opening up a new situation for its expansion into global markets.

In February 2024, the research results of Tubridge® Stent applied to intracranial aneurysms were officially published in the journal "Clinical Neuroradiology", fully demonstrating its safety and effectiveness in treating intracranial aneurysms as well as its world-leading clinical efficacy. In July 2024, the IMPACT research results of the prospective, multi-center clinical study of Tubridge® Stent were officially published in the "Journal of Neurosurgery", a core international journal in the SCI Q1, validating that it has good safety and significant effectiveness in the treatment of unruptured aneurysms of internal carotid artery and vertebral artery in complex clinical applications in the real world. The two clinical studies provided a number of evidence-based medical evidences for Tubridge® series flow-diverting stent in the treatment of large and giant aneurysms, medium and small aneurysms, and real-world applications.

Tubridge Plus® Flow-diverting Stent ("Tubridge Plus® Stent")

Tubridge Plus® Stent is an iterative product developed based on Tubridge® Stent, which aims to improve the smoothness in delivery and stent visibility under angiography, could facilitate the accurate placement of the stent and enhance the safety of procedures. This product is suitable for patients with unruptured saccular aneurysms of internal carotid artery and vertebral artery, with aneurysm neck ≥4mm and maximum aneurysm diameter ≥10mm, and target lesion vessel diameter 2.0mm–6.5mm.

In August 2024, Tubridge Plus® Stent was approved by the NMPA for marketing, further enriching the Group's product portfolio in the field of flow-diverting stents.

WILLIS® Intracranial Stent Graft System ("WILLIS® Stent Graft")

WILLIS® Stent Graft is the first and the only intracranial stent graft approved for treating cerebrovascular diseases in the world. It is also the first neuro-interventional medical device that applies the theory of intracranial parent artery reconstruction in practice to treat neurovascular diseases. It focuses on the characterised and unique treatment sector and provides viable solutions for complex neurovascular diseases, including dissecting aneurysms, blood blister-like aneurysms, pseudo-aneurysms as well as carotid-cavernous fistulae.

Rebridge® Intracranial Visualized Stent ("Rebridge® Stent")

Rebridge® Stent is the first Chinese-developed fully-visualized coil embolization assisting stent to enter the stage of registrational clinical trials. The whole body of the stent is densely braided from radiopaque alloy wires, and thus, when compared with other stents that only have several radiopaque wires, Rebridge® Stent allows physicians to position more precisely for optimal adherent effect after stent expansion.

As of the end of the Reporting Period, Rebridge® Stent has completed patients enrollment for the multi-centre registrational clinical trial.

Intracranial Atherosclerotic Stenosis Products

The Group has a comprehensive product portfolio in the field of treatment of cerebral atherosclerotic stenosis, consisting of five approved self-developed products, which specifically cover solutions for the three major disease segments including intracranial stenosis, vertebral artery stenosis and carotid artery stenosis.

During the Reporting Period, the Group recorded the revenue for cerebral atherosclerotic stenosis products of RMB267.9 million, representing an increase of 74.6% over the Prior-year Period. The increase was mainly due to the acceleration of marketing of Bridge® vertebral artery stents.

APOLLO™ Intracranial Stent

APOLLO™ Intracranial Stent is a balloon-expandable stent system, and was approved by the NMPA in 2004. It is the first stent system in the world to treat intracranial atherosclerotic disease (ICAD). With its excellent safety and efficacy, APOLLO™ Intracranial Stent has maintained the first place in its market share for many years. In recent years, benefiting from the application of stenosis cases in emergency clot retrieval procedure in grassroots hospitals, the market demand for APOLLO™ Intracranial Stent has maintained a stable growth trend.

Since 2022, we have completed multiple commercial implantations for APOLLO™ Intracranial Stent in Brazil and Argentina.

Bridge® Vertebral Artery DES

Bridge® Vertebral Artery DES is the first approved vertebral artery DES admitted to the Green Path. Bridge® Vertebral Artery DES has been designed with single-sided grooved drug-coated stent, and the drug is accurately targeted to release, which can effectively reduce the incidence of in-stent stenosis and avoid the negative impact of drugs on the endothelialization of the stent. The results of pre-marketing clinical trials of the product showed that the success rate of Bridge® Vertebral Artery DES implantation was 98%, and the incidence of in-stent restenosis (≥50%) at 6 months after operation was only 3.7%, which fully proved its clinical safety and effectiveness. The product was listed in the 2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue (《2022年度上海市生物醫藥「新優藥械」產品目錄》).

Clinical treatment of vertebral artery stenosis mostly involves the location of the opening of the vertebral artery, and the proximal diameter of the lesion is usually larger than 4.0 mm. Therefore, Bridge® Vertebral Artery DES planned to add new large-diameter sizes of 4.5 and 5.0 mm to the existing specifications.

During the Reporting Period, the product's new large-sized Bridge-MAX has submitted for registration, which will effectively fill the gap of large-sized stents in clinical practices and better meet the needs of patients with vertebral artery stenosis.

Diveer® Intracranial Balloon Dilatation Catheter ("Diveer® Intracranial Balloon")

Diveer® Intracranial Balloon is a specialized rapid-exchange intracranial balloon catheter developed in-house by the Company, which is useful for interventional treatment of patients suffering from non-acute symptomatic intracranial atherosclerotic stenosis. Its ultra-soft tip reduces the risk of vascular injury, and its low push resistance enables excellent placement and pushability in tortuous vessels and complex lesions. The product was approved by the NMPA in January 2022, further expanding the Group's product line for treatment of cerebral atherosclerosis stenosis.

Safecer™ Embolic Protection Device

Safecer™ Embolic Protection Device is designed to provide patients with distal embolization protection during carotid artery stenting (CAS) by effectively trapping and removing embolization materials such as clots. The product was approved by the NMPA in April 2024.

Safecer™ Embolic Protection Device's umbrella body is a new symmetric structure based on 3D knitting technology. After the umbrella body is opened, its adhesion performance is not affected by blood vessel tortuosity. The product's delivery sheath adopts multi-layer material composite tube technology that is both flexible and supportive, allowing for smooth passage through more tortuous and complex lesion locations. Safecer™ Embolic Protection Device is available in 10 different sizes and is compatible with a wide range of therapeutic devices to improve surgical efficiency and treatment effects.

PathFinder™ Carotid Artery Balloon Dilatation Catheter ("PathFinder™ Carotid Artery Balloon")

PathFinder™ Carotid Artery Balloon is a specialized rapid-exchange carotid artery balloon catheter developed in-house by the Company, which is mainly used in percutaneous transluminal angioplasty for patients with carotid artery stenosis, and is effective in dilating and unblocking the stenotic blood vessels during treatment. The product was approved by the NMPA for marketing in June 2024.

PathFinder™ Carotid Artery Balloon has an advanced folding process that allows the catheter to have a smaller outer diameter, helping traverse stenotic lesions. At the same time, the product has low push resistance, which gives it excellent push and placement in tortuous vessels. PathFinder™ Carotid Artery Balloon is available in 33 different sizes and is compatible with a wide range of surgical devices to meet the needs of physicians in a variety of surgical scenarios.

Acute Ischemic Stroke Products

In the field of acute ischemic stroke, the Group has seven commercialized products, covering stent thrombectomy devices and aspiration thrombectomy devices. According to Frost & Sullivan, the Company is the only Chinese company with stent thrombectomy devices compatible with different sizes of blood vessels.

During the Reporting Period, the Group recorded the revenue of Acute Ischemic Stroke Products of RMB46.7 million, representing an increase of 82.0% over the Prior-year Period, mainly due to the revenue growth contributed by Neurohawk® Thrombectomy Device and X-track® Distal Access Catheter, which were newly launched in 2022.

Neurohawk® Intracranial Thrombectomy Device ("Neurohawk® Thrombectomy Device")

Neurohawk® Thrombectomy Device is the Group's self-developed stent retriever with full visualization, which was approved by the NMPA in February 2022. It features a composite mesh design consisting of two meshes with different opening sizes arranged in a staggered spiral pattern, which allows it to better capture large, tough or fragile clots and improves its wall apposition.

In 2024, we achieved the first commercial usage of Neurohawk® Thrombectomy Device in Brazil and Argentina and obtained registration approval from the COFEPRIS of Mexico. During the Reporting Period, the Group has submitted registration applications for the Neurohawk® Thrombectomy Device to the European Union and South Korea.

NeuroHawk® Pass17/21 Intracranial Thrombectomy Device ("NeuroHawk® Pass17/21 Thrombectomy Device")

NeuroHawk® Pass17/21 Thrombectomy Device is a retrievable, self-expanding thrombectomy device, which is mainly used for mechanical thrombectomy procedures for recanalization of intracranial large vessel occlusions. In July 2024, the product received the marketing approval from the NMPA.

NeuroHawk® Pass17/21 Thrombectomy Device inherits the merits of its first generation of product, Neurohawk® Thrombectomy Device, with stable thrombus capture ability, excellent support force and good adherent property. On this basis, it effectively improves visibility of the stent's head end and the ability to push it to the place, and product specifications are also more complete. The product can efficiently achieve vascular recanalization in the treatment of acute ischemic stroke, either through direct thrombectomy or joint thrombectomy combining with WAVE-track™ Intracranial Aspiration Catheter.

NeuroHawk® Medibox™ Shenying Xialv™ Theombectomy Device and Accessories

NeuroHawk Medibox™ Shenying Xialv™ innovatively integrates the thrombectomy stent and its coordinated system, including intracranial distal catheter, microcatheter and neurovascular guidewire. It provides a one-stop acute ischemic stroke device solution, offering better products and support for the construction of emerging stroke centers. The product was approved by the NMPA in March 2025.

Tigertriever® Revascularization Stent

Tigertriever® Revascularization Stent is the world's first adjustable stent retriever with full visualization, indicated for procedures performed in blood vessels of varying diameters. The product obtained CE Marking in the European Union in May 2018 and FDA approval in the United States in March 2021. In China, Tigertriever® Revascularization Stent was admitted to the NMPA's Green Path in May 2020 and was approved by the NMPA in August 2023.

In addition, its iterative product Tigertriever® 13 Revascularization Stent is the smallest stent embolectomy device for the treatment of distal vascular occlusion in the world, which was approved by the FDA in July 2022.

We were engaged by Rapid Medical as the exclusive distributor in Greater China for Tigertriever® Revascularization stent, Tigertriever® 13 Revascularization Stent and all iterations of Tigertriever®.

WAVE-track™ Intracranial Aspiration Catheter ("WAVE-track™ Aspiration Catheter")

WAVE-track™ Aspiration Catheter is an intracranial aspiration catheter used for clot aspiration. It has a multi-segment transition design to allow its smooth delivery, and its double-wire braided structure with stainless steel enhances the elongation resistance of the catheter while maintaining flexibility. WAVE-track® aspiration catheter can reach the target occlusion quickly and smoothly, in particular in tortuous intracranial vessels. The product was approved by the NMPA in August 2023.

NeuroGuard® Neurovascular Balloon Guide Catheter ("NeuroGuard® Balloon Guide Catheter")

NeuroGuard® Balloon Guide Catheter is a large lumen catheter with a compliant balloon at the distal tip of the catheter, which is designated to facilitate the insertion and guidance of an intravascular catheter while causing temporary distal flow arrest in the artery. The product was approved by the NMPA in January 2024.

X-track® Intracranial Distal Access Catheter ("X-track® Distal Access Catheter")

X-track® Distal Access Catheter is an intermediate catheter product developed by the Group for treating acute ischemic stroke, which was approved by the NMPA in April 2022. The product adopts special polymer material and double-wire braided structure, which can reach the lesion site multiple times during the operation. Its good anti-fatigue performance can fully address the clinical needs for catheter improvement.

In 2024, we have completed the first commercial usage of X-track® Distal Access Catheter in Argentina and Brazil, and was approved in Argentina, Brazil and Mexico.

Access Products

The Group has a product portfolio of seven auxiliary access devices, among which six have been commercialized, including U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**"), Fastrack® Microcatheter System, QUEEN-track™ Microcatheter and Veyronwire™ Neurovascular Guide Wire ("**Veyronwire™ Guide Wire**"), Sheathru™ Lingqiao™ Delivery Catheter and filter extension tube for single use. The products under research and development include various models of microcatheter products.

During the Reporting Period, the Group recorded the revenue of access products of RMB43.4 million, representing a decrease 26.7% over the Prior-year Period, which was primarily due to the Group's initiative to reduce the proportion of agency products in its sales portfolio due to business strategy considerations.

Fastrack® Microcatheter

Fastrack® Microcatheter is designed to reach farther lesions in neurovascular surgery and support the precise delivery of intracranial interventional devices. The product is available in four inner diameter sizes, namely 0.029", 0.027", 0.024" and 0.021". The product was approved by the NMPA in July 2019.

U-track® Intracranial Support Catheter ("U-track® Support Catheter")

U-track® Support Catheter can reach proximal lesions in neurovascular surgery and support the precise delivery of various neurovascular interventional devices. The product was approved by the NMPA in December 2020 and was approved for marketing in Brazil in September 2022. During the Reporting Period, the first batch of commercial use of this product was completed in Brazil. It was the Company's fourth product entering the Brazilian market and the first access product, which enriched the Company's product portfolio for cerebrovascular diseases in Brazil.

QUEEN-track™ Microcatheter

QUEEN-track™ Microcatheter was approved by the NMPA in June 2023. The product adopts a non-invasive head end, specially treated transition section design and hydrophilic coating lubrication, which can reach the deep blood vessels of the brain and avoid the stimulation of blood vessels as much as possible. The product has an effective length of 155cm and is compatible with various surgical procedures to meet the needs of different scenarios. In particular, it can effectively remove thrombus when using in conjunction with the Neurohawk® Thrombectomy Device during the treatment of acute ischemic stroke.

Sheathru™ Lingqiao™ Delivery Catheter

Sheathru™ Lingqiao™ delivery catheter product has an extra-large inner diameter of 0.090", which is more compatible with a variety of instruments. It has strong proximal support and flexible distal end, and has good pushability and placement performance. At the same time, Sheathru™ Lingqiao™ product provides two tip specifications, angled and straight, and three lengths of 70cm, 80cm, and 90cm, and is equipped with a separate dilator and hemostatic valve to meet diverse clinical needs. The product was approved by the NMPA in January 2025.

Veyronwire™ Guide Wire

Veyronwire™ Guide Wire, the Group's self-developed neurovascular guide wire, was approved by the NMPA in August 2023. The product uses precise-cut far end of the hypotube, multistage designed core wire and special hydrophilic coating, which enables the guide wire to pass smoothly through the tortuous vessels and improves the stability of stable delivery of instruments such as microcatheters to the targeted place.

Research and Development

The Group has always adhered to the purpose of addressing clinical needs and continued on innovation. After years of accumulation, we have mastered the core design and manufacturing technology platforms for the R&D and manufacturing of neuro-interventional medical devices, including braiding and coiling technology, stent forming and processing technology, balloon technology and catheter technology. We have also established a core R&D team with significant technical expertise in these fields. As of the end of the Reporting Period, the Group had an R&D team of 124 personnel, over 60% of which have doctor's or master's degrees.

The Group has established a mature project evaluation mechanism to regularly track the development direction of cutting-edge technology in the industry and evaluate market demand and its own technology reserves, so as to provide a foundation for medium-and long-term product development strategy. Through a mature physician-engineer collaboration system, we actively listen to the clinical needs of physicians and patients, conduct in-depth exploration of clinical pain points, and regularly evaluate new technologies under development to ensure our products meet the clinical needs.

Quality Management and Manufacturing

The Group upholds the product quality as its core value. We have established a digital product quality control system covering the entire production process, allowing us to trace the whole life cycle of product design, development, manufacturing and after-sale service. As of the end of the Reporting Period, the Group obtained various system certifications including the MDSAP (Medical Device Single Audit Program), covering the relevant regulations and standard requirements of China, the European Union, the United States, Australia, Brazil, Japan, South Korea, Argentina and other countries around the world, forming an international quality management system, which effectively reduces the audit cost for products entering overseas markets.

During the Reporting Period, the Group's production capacity steadily increased, production quality was stable, the production demand for various fast-release products could be met in a timely manner, and the rate of customer complaints steadily decreased. In addition, the Group continued to promote supply chain improvement and cost reduction projects by adopting a multi-pronged approach in various aspects such as production process optimisation, process improvement and substitution of domestically-produced materials, so as to effectively improve the efficiency of the supply chain.

Human Resources

After more than a decade of development, the Group has built the largest neuro-interventional industrialization team in China, with a full-cycle operational capabilities in the neuro-interventional medical device industry covering R&D, clinical trials and registration, supply chain management and commercialization. As of the end of the Reporting Period, the Group had a total of 527 employees, over 50% of which had bachelor's degrees or above.

The Group offers the remuneration packages based on individuals' qualifications and experiences and generally match the market rate for salary and bonus to stay competitive in the labour market. The Group also provides extensive training programs to our employees and award incentives to encourage inventions by our R&D team. As required under the PRC regulations, the Group participates in housing fund and various employee social security plans that are organized by applicable local municipal and provincial governments.

Prospect

Considering the aging population, the increasing number of stroke patients and the improvement of medical infrastructures, the neuro-interventional medical device industry in China is faced with huge development opportunities. In order to seize such opportunities and enhance core competitiveness amidst the market competition, the Group will make full use of its first-mover advantage and scaling advantage and implement active business strategies, including but not limited to the following:

1. **Continue to enhance innovation capabilities to offer comprehensive solutions for cerebrovascular diseases**

   We will continue to expand the depth and breadth of our product portfolio to achieve full product coverage of the cerebrovascular therapeutic area. We will keep on with research and development, innovation, and iteration through in-house R&D and external cooperation, aligning every step of product improvement with clinical needs to offer stroke patients with comprehensive top-quality solutions. At the same time, we will also gradually explore more solutions in the field of brain science to meet the growing clinical needs of brain diseases.

2. **Promote the universal and affordable strategy and improve operating efficiency**

   We will continue to optimize our operating system and quality control system in an all-round way, upgrade our manufacturing technologies, strengthen our training system, and build a global supply chain system to reduce costs and improve operating efficiency. In addition, we plan to expand our production and selling teams to further increase our production capacity, and strengthen the ability to promote treatment solutions. Capitalizing the economies of scale, we will promote quality and affordable neuro-interventional solutions, thereby increasing the level of stroke disease diagnosis and treatment in grassroots medical institutions, and benefiting more patients.

3. **Expand the strategic global footprint**

We will actively expand our global presence and gradually enter the countries and regions ranked top 30 in terms of the volume of neuro-interventional procedures. We plan to advance the registration of our innovative products overseas and expand our international team to further expand our brand visibility and attract talents and resources in the neuro-interventional field worldwide. In addition, we will continue to have in-depth cooperation with leading international companies to enlarge our product portfolio and sales network, so as to build an international innovation platform.

FINANCIAL REVIEW

Revenue

In FY2024, the Group's revenue was mainly derived from hemorrhagic stroke products, cerebral atherosclerotic stenosis products, acute ischemic stroke products and access products. The Group recorded a revenue of RMB761.8 million, representing an increase of 14.4% from RMB665.6 million in FY2023. The increase was mainly due to the facts that: (1) overseas business achieved a breakthrough and the revenue for the Reporting Period increased by approximately 137.9% over the same period of the Previous Year, contributing to the Group's revenue growth; (2) cerebral atherosclerotic stenosis products (including Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, APOLLO™ Intracranial Stent System, etc.) continued to increase their market share and realized a significant revenue growth; (3) coil products (including NUMEN® Coil Embolization System, etc.) benefited from winning the VBP bids, which accelerated the development of new markets and played an important role in the revenue growth; (4) several acute ischemic stroke products approved for marketing in recent years (including Neurohawk® Stent Thrombectomy Device, X-track® Distal Catheter, etc.) accelerated hospital admission and clinical use, contributing to the Group's revenue growth.

Set out below is the breakdown of revenue by product category:

	Fiscal year		
	2024 **RMB'000**	2023 RMB'000	**Change** **%**
Hemorrhagic stroke products	**401,681**	425,267	-5.5%
Cerebral atherosclerotic stenosis products	**267,932**	153,458	74.6%
Acute ischemic stroke products	**46,739**	25,683	82.0%
Access products	**43,381**	59,196	-26.7%
Other business revenue	**2,029**	2,020	0.4%
Revenue	**761,762**	665,624	14.4%

Cost of Sales

Cost of sales increased by 33.8% from RMB153.8 million in FY2023 to RMB205.8 million in FY2024. The increase was primarily due to an increase in sales volume of various types of products mentioned above.

Gross Profit and Gross Profit Margin

Gross profit increased by 8.6% from RMB511.8 million in FY2023 to RMB555.9 million in FY2024. The increase was primarily due to an increase in sales volume of various types of products mentioned above.

The Group's gross profit margin was 73.0%. In FY2024, the gross profit margin decreased by 3.9 percentage points as compared with 76.9% in FY2023, primarily due to the changes in the product sales structure.

Research and Development Costs

Research and development costs decreased by 41.6% from RMB165.1 million in FY2023 to RMB96.5 million in FY2024, primarily due to: (1) the conversion of related research and development costs into capitalized expenditures as a result of the entry of multiple R&D projects to the registrational clinical stage during the Reporting Period; (2) the improvement in operating efficiency due to the Group's implementation of a number of cost optimization initiatives.

Distribution Costs

Distribution costs increased by 19.6% from RMB110.7 million in FY2023 to RMB132.5 million in FY2024, primarily due to the gradual recovery of distribution activities in the PRC market and an expansion in overseas business distribution investments compared to previous year.

Administrative Expenses

Administrative expenses decreased by 0.5% from RMB56.1 million in FY2023 to RMB55.8 million in FY2024, primarily due to the improvement of efficiency in operating management.

Other Net Income

Other net income increased by 41.3% from RMB40.0 million in FY2023 to RMB56.6 million in FY2024, primarily due to an increase in government grants of RMB10.9 million.

Finance Costs

Finance costs decreased by 5.3% from RMB3.7 million in FY2023 to RMB3.5 million in FY2024, with no significant change.

Impairment loss of investment in an associate

Impairment loss of investment in an associate decreased from RMB30.2 million in FY2023 to nil in FY2024. In FY2023, the Group's impairment loss of investment in an associate came from Rapid Medical amounting to RMB30.2 million. The Group did not recognise further impairment losses for the year ended 31 December 2024.

Share of the Losses of an Associate

In FY2024, the Group's share of the losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from an accounting perspective since May 2021.

Income Tax Expenses

Our income tax expenses increased by 96.1% from RMB27.5 million in FY2023 to RMB53.9 million in FY2024, primarily due to an increase in operating profit before tax.

Non-HKFRS Measures

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

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

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

	Fiscal year		
	2024 RMB'000	2023 RMB'000	**Change %**
Net profit	**248,855**	134,581	84.9%
Add/(less):			
— Equity-settled share-based payment expenses	**12,321**	6,813	78.1%
— Impairment loss of investment in an associate	**—**	30,200	-100.0%
— Share of losses of an associate	**20,557**	23,844	-13.8%
Non-HKFRS adjusted net profit for the period	**281,733**	195,438	44.2%

(1) Equity-based share-based payment expenses are expenses arising from granting shares through the Share Option Scheme and Employee Incentive Platforms to relevant eligible employees of the Group, the amount of which may not directly correlate with the underlying performance of our business operations;

(2) Impairment loss of investment in an associate came from the investment in Rapid Medical. The Group made impairment loss based on value in use of Rapid Medical as of 31 December 2023.

(3) Share of losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from accounting perspective since May 2021.

Inventories

Our inventories consist of (1) raw materials used in production and research and development; (2) work in progress; and (3) finished goods.

Our inventory decreased from RMB201.0 million as of 31 December 2023 to RMB157.3 million as of 31 December 2024, primarily due to the effective enhancement of the Group's inventory turnover in FY2024.

Current Trade and Other Receivables

Our current trade and other receivables primarily consist of (1) trade receivables; and (2) prepayments and deposits.

Our current trade and other receivables increased from RMB62.8 million as of 31 December 2023 to RMB177.0 million as of 31 December 2024, primarily due to an increase in trade receivables as a result of the growth of the business.

Trade and Other Payables

Our trade and other payables primarily consist of (1) trade payables due to third-party suppliers and related parties; (2) accrued expenses; (3) accrued payroll; and (4) other payables.

Our trade and other payables increased from RMB213.1 million as of 31 December 2023 to RMB213.4 million as of 31 December 2024, with no significant change.

Lease Liabilities

As of 31 December 2024, the Group recorded lease liabilities of RMB37.1 million, which were primarily in relation to the properties the Group leased for our office premises, manufacturing and R&D facilities. The Group recognizes lease liabilities with respect to all leases, except for short-term leases and leases of low value assets.

Capital Expenditure

During the year, the capital expenditure of the Group amounted to RMB51.0 million, representing an addition of intangible assets and property, plant and equipment. In particular, the intangible assets of the Group primarily represent the capitalized development costs.

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 31 December 2024, certain portion of the Group's bank balances was denominated in U.S. dollars. The Group currently does 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 receivables, trade and other payables, and other amounts denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of 31 December 2024.

Significant Investment

As of 31 December 2024, the Group's significant investment was an investment in an associate company Rapid Medical at a cost of US$27.5 million (equivalent to RMB191.9 million). The issued and fully paid share capital of Rapid Medical is 22.1 million shares, 22.3% of which are held by the Group, and its principal business is the development, manufacture and sale of innovative devices for neuro-interventional procedures. As at 31 December 2024, the Group's interests in associates were all derived from Rapid Medical, amounting to RMB86.0 million, which accounted for 4.2% of the Group's total assets. For the year ended 31 December 2024, Rapid Medical recorded a loss of US$26.9 million (equivalent to RMB191.4 million), which was mainly due to the increase in R&D and sales activities expenses of Rapid Medical, and the Group recorded a share of losses of an associate of RMB20.6 million. We have been approved to use trademarks of Rapid Medical and became the exclusive agent of Rapid Medical's related products in Greater China, and we have leveraged Rapid Medical's sales network in the United States to facilitate our overseas business. As a strategic investor, we will hold our investment in Rapid Medical for the long term.

Contingent Liabilities

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

Capital Management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the 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 makes adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

The Group's cash and cash equivalents were approximately RMB622.6 million as of 31 December 2024, as compared to approximately RMB721.2 million as of 31 December 2023, primarily due to the net cash inflow from operating activities of approximately RMB284.4 million, net cash outflow from investing activities of approximately RMB160.5 million and net cash outflow from financing activities of approximately RMB226.3 million during the Reporting Period. The Group's policy is to regularly monitor its liquidity requirements, 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 long term.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowing as of 31 December 2024 and 31 December 2023 were nil. As of 31 December 2024, the gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity) decreased to 2.2%, as compared to 3.7% as of 31 December 2023.

Net Current Assets/Liabilities

The Group's net current assets as of 31 December 2024 were RMB1,108.5 million, as compared to net current assets of RMB1,083.3 million as of 31 December 2023, with no significant change.

Charge on Assets

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As of 31 December 2024, the Group did not have any plans for material investments and capital assets.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

As at the date of this report, there were no material events after the Reporting Period.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on Listing Date with total net proceeds from the listing of approximately HK$278.1 million after deduction of the underwriting commissions, fees and other estimated expenses payable by the Company in connection with the Global Offering. The proceeds from listing are and will continuously be used in accordance with the plans as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, namely:

Use of proceeds	Approximate percentage of total amount (%)	Amount of net proceeds allocated upon listing (HK$ million)	Utilized amount as at 1 January 2024 (HK$ million)	Unutilized amount as at 1 January 2024 (HK$ million)	Utilized amount during the Reporting Period (HK$ million)	Unutilized amount as at 31 December 2024 (HK$ million)	Expected timeline of full utilization
Research and development of therapeutic and access products for hermorrhagic stroke, cerebral atherosclerotic stenosis and AIS	30%	83.4	83.4	–	–	–	Fully utilized
Commercialization of the Company's products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	20%	55.6	55.6	–	–	–	Fully utilized
Expansion of the Company's manufacturing facility to increase the scale of the Company's production	15%	41.7	41.7	–	–	–	Fully utilized
Expansion of the Company's global presence	20%	55.6	55.6	–	–	–	Fully utilized
Advancing the Company's product portfolio through strategic acquisitions, investment, cooperation or a combination of these tactics	10%	27.8	–	27.8	12.7	15.1	By the year ending 31 December 2025
Working capital and other general corporate purposes	5%	13.9	13.9	–	–	–	Fully utilized

Save as disclosed above, the Group has not utilized any other portion of the net proceeds and will gradually utilize the remaining net proceeds in accordance with the intended purposes as stated in the Prospectus. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and remains subject to change based on future development of market conditions and actual business needs.

DIRECTORS

Executive Directors

Mr. Xie Zhiyong (謝志永), born in 1976, was appointed as our Director on November 2, 2020 and re-designated as our executive Director on December 16, 2021. He joined our Group in April 2012 and has been serving as our president since then. He was appointed as chief executive officer in January 2024 and is mainly responsible for the overall management of our Group. He is also a member of the nomination committee of the Company (the "**Nomination Committee**") and the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Xie also holds various directorships and management positions in our Group companies including a director and general manager of MicroPort NeuroTech (Shanghai) Co., Ltd. ("**MicroPort Neuro**") since May 2012, and was appointed as Chairman of the Board from November 2023.

Mr. Xie had over 26 years of experience in the neuro-intervention industry. Prior to joining our Group, from January 1999 to March 2012, Mr. Xie successively served as a R&D engineer, a manager of the stent R&D department and a R&D director at Shanghai MicroPort Medical, where he was primarily responsible for R&D of coronary stents, peripheral vascular products and neuro-interventional products including leading the R&D work for APOLLO™ Intracranial Stent System ("**APOLLO™ Intracranial Stent**"). Mr. Xie was awarded the Second Prize for National Science and Technology Award (國家科學技術進步獎二等獎) by the State Council in February 2007 and December 2014, the First Prize and Second Prize for the Science and Technology Award of Shanghai (上海市科學技術獎一等獎及二等獎) by the Shanghai Municipal Government in November 2009, the Second Prize for the Science and Technology Award of Shanghai Pudong New Area (上海市浦東新區科技進步獎二等獎) by the People's Government of Shanghai Pudong New Area in January 2017, and the First Prize for the Science and Technology Award of Shanghai (上海市科學技術獎一等獎) by the Shanghai Municipal Government in December 2020. He was also recognised as a Zhangjiang Professional of Excellence (張江卓越人才) by the Management Committee of Shanghai Zhangjiang Hi-Tech Park (上海市張江高科園區管理委員會) in July 2017, a Leading Talent of Shanghai (上海市領軍人才) by the Organization Department of CPC Shanghai Committee (中共上海市委組織部) and Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in February 2020 and a Senior Engineer (正高級工程師) by the Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in December 2020. He has 100 authorized patents in China and overseas, presided over nine provincial and ministerial projects, and led the research and development of neuro-interventional medical devices, of which two were admitted to the "Green Path" of the NMPA and four were rated as innovative products in Shanghai.

Mr. Xie graduated from Shanghai Jiao Tong University (上海交通大學) in the PRC with a major in communications engineering in July 2004 and obtained his master's degree in project management from Zhejiang University (浙江大學) in the PRC in June 2011.

Mr. Wang Yiqun Bruce (王亦群), born in 1965, was appointed as our Director on November 2, 2020 and re-designated as our executive Director on December 16, 2021. He joined our Group in June 2015 and has been serving as our senior vice president since then. Mr. Wang is mainly responsible for the R&D and the international business of our Group. He also holds various directorships and management positions in our Group companies including a director of MicroPort Neuro since December 2015.

Mr. Wang has over 29 years of experience in the neuro-intervention industry. Prior to joining our Group, from September 1986 to December 1990, Mr. Wang worked as an assistant engineer at 621 Research Institute of Aviation Industry Corporation (航空工業總公司621研究所), a comprehensive scientific research institute principally engaged in the technological and engineering research of advanced aeronautical materials. From 1991 to 1995, Mr. Wang served as a researcher at the University of Florida in the United States where he was primarily conducting the research of materials science. From November 1995 to 2013, Mr. Wang successively served as a principal engineer, senior marketing manager and group product manager at Boston Scientific Corporation, a manufacturer of medical devices used in interventional medical specialties, where he was primarily responsible for the R&D and the sales and marketing of neuro-interventional products. From 2013 to 2015, Mr. Wang served as a managing director and chief executive officer of Medinova Global LLC, a company principally engaged in the development and consultancy of marketing channels for medical device companies. Mr. Wang was recognised as an expert of the Shanghai Foreign Elite Talent Introduction Program (上海海外高層次人才引進計劃) in 2016. He was awarded the First Prize for Science and Technology Award of Shanghai (上海市科技進步獎一等獎) by the Shanghai Municipal People's Government (上海市人民政府) in 2020.

Mr. Wang obtained his bachelor's degree in polymer materials from Beijing Institute of Chemical Technology (北京化工學院) (now known as Beijing University of Chemical Technology (北京化工大學)) in the PRC in July 1986, his master of science degree in materials science and engineering from the University of Florida in the United States in December 1992 and his second master's degree of business administration executive program from Temple University in the United States in May 2006.

Non-executive Directors

Dr. Chang Zhaohua (常兆華), born in 1963, was appointed as a non-executive Director and Chairman of the Board on 3 November 2023.

Dr. Chang is currently the Chairman of the Board, executive Director and Chief Executive Officer of MicroPort. He has over 34 years' experience in the medical device industry, and currently also serves as a professor at School of Medical Device, University of Shanghai for Science and Technology. Before establishing Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) in 1998, from 1996 to 1997, Dr. Chang served as vice president of R&D at Endocare Inc., a NASDAQ listed medical device company based in California, U.S.. From 1990 to 1995, Dr. Chang served as senior engineer, chief scientist, director of R&D and vice president of engineering at Cryomedical Sciences Inc., a medical device company in Maryland U.S. which was listed on NASDAQ prior to its acquisition by a third party.

Dr. Chang received his bachelor's degree in refrigeration engineering in 1983 and master's degree in cryogenic engineering in 1985, both from University of Shanghai for Science and Technology. In 1992, he received his doctoral degree in biological science from State University of New York (Binghamton).

Mr. Sun Qingwei (孫慶蔚), born in 1983, was appointed as a non-executive Director on 3 November 2023.

Mr. Sun joined MicroPort in October 2018 and has held various positions including assistant to the CEO and senior director of strategy and planning. During that period, he was responsible for the strategic planning and operation of the company, leading the strategic layout and assisting dozens of MicroPort's subsidiaries to establish medium to long-term development plans. He has also pioneered a number of emerging areas and led the start-up development of new businesses. Prior to joining MicroPort, Mr. Sun accumulated many years of experience in pharmaceutical and life science consulting in Boston, U.S., where he conducted in-depth research in the areas of biopharmaceuticals, medical devices, diagnostics, and healthcare services.

Mr. Sun graduated from Kyoto University of Japan in 2007 with a bachelor's degree in engineering science, majoring in materials science and engineering, and obtained a master's degree in materials engineering from Kyoto University of Japan in 2009. Mr. Sun attended Harvard School of Public Health since 2009 and obtained a master's degree in environmental health in 2011.

Mr. Wang Lin (王琳), born in 1973, was appointed as our Director on September 23, 2021 and was re-designated as our non-executive Director on December 16, 2021. He is primarily responsible for overseeing the management and operations of our Group.

From May 1997 to September 1998, Mr. Wang served as a project manager's assistant and subcontract manager of Sinopec Engineering Incorporation (中國石化工程建設有限公司), a company principally engaged in engineering construction, where he was primarily responsible for project management. From November 2003 to July 2005, Mr. Wang served as business development and marketing manager of Eli Lilly Asia Inc. (美國禮來亞洲公司), a company principally engaged in development and sales of pharmaceutical products, where he was primarily responsible for business development and marketing affairs. From August 2005 to February 2009, Mr. Wang served as a project manager of McKinsey & Company, a company principally engaged in management consulting services, where he was primarily responsible for project management. From February 2009 to February 2011, Mr. Wang served as a vice president of Zhejiang Hisun Pharmaceutical Co., Ltd. (浙江海正藥業股份有限公司), a pharmaceutical company whose shares are listed on the Shanghai Stock Exchange (stock code: 600267), where he was primarily responsible for business development and sales. From April 2011 to October 2013, Mr. Wang served as the strategic investment development director of China Resources Pharmaceutical Holdings Company Limited (華潤醫藥控股有限公司), a subsidiary of China Resources Pharmaceutical Group Limited (華潤醫藥集團有限公司), a pharmaceutical company whose shares are listed on the Stock Exchange (stock code: 3320) and general manager of Huarun Pien Tze Huang Pharmaceutical Co., Ltd. (華潤片仔癀藥業有限公司) (now known as Fujian Pien Tze Huang Health Technology co., Ltd. (福建片仔癀健康科技有限公司), a pharmaceutical company, respectively, where he was primarily responsible for the overall management. From October 2013 to January 2015, Mr. Wang served as a partner of Trustbridge Partners (摯信資本), a company principally engaged in investment and management consulting services, where Mr. Wang was primarily responsible for healthcare practice. From January 2015 to March 2017, he served as the general manager of Beijing Rogrand E-Commerce Co., Ltd. (北京融貫電子商務有限公司), a company principally engaged in operating ecommerce platform for pharmaceutical products, where he was primarily responsible for its overall management. From March 2018 to April 2019, he served as the co-president of Shanghai Tianyi Investment (Group) Co., Ltd. (上海天億實業控股集團有限公司), a company principally engaged in investment and management of healthcare related companies, where he was primarily responsible for investment management. Since April 2019, he has been serving as a consultant to companies regarding strategy and investment matters.

Mr. Wang graduated from Tianjin University (天津大學) in the PRC with a bachelor's degree in managerial engineering in July 1994. He received his master's degree in business administration in the China Europe International Business School (中歐國際工商學院) in the PRC in April 2003.

Ms. Wu Xia (吳夏), born in 1981, was appointed as our Director on November 19, 2021 and was re-designated as our non-executive Director on December 16, 2021. She is primarily responsible for overseeing the management and operations of our Group.

Ms. Wu has over 13 years of experience in research and private equity investment focusing on healthcare industry. 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. Ms. Wu transferred into CICC Capital Management Co., Ltd. (中金資本運營有限公司) ("**CICC Capital**") in August 2018 as an executive director and has been serving as a managing director of CICC Capital since January 2019, where she is primarily responsible for the overall investment and management of 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)). Ms. Wu has also been serving as a director of Genetron Holdings Limited since September 2017, and a non-executive director of MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司), a medical device company whose shares are listed on the Stock Exchange (stock code: 2160). She was awarded "Outstanding Young PE Investor of the Year 2018" by China Renaissance (華興資本) in 2018.

Ms. Wu obtained her bachelor's degree in finance from Peking University (北京大學) in the PRC in July 2003 and her master's degree in economics and finance from the University of Warwick in the United Kingdom in January 2005.

Independent non-executive Directors

Dr. Xu Yi (胥義), born in 1975, was appointed as our independent non-executive Director on June 22, 2022. He is also the chairperson of the remuneration committee and a member of the audit committee (the "**Audit Committee**") and the Nomination Committee.

Dr. Xu has over 19 years of experience in researching on cryopreservation of cells, tissues and organs. He successively served as a lecturer and an associate professor from July 2005 to June 2017, and has been serving as a professor since June 2017, at the University of Shanghai for Science and Technology (上海理工大學), where he is primarily responsible for conducting research on biological thermodynamics. Dr. Xu also served as a senior research scholar at the University of Minnesota in the United States from January 2013 to January 2014.

From April 2017 to April 2021, Dr. Xu served as a deputy head of Cryobiology Group of China Medicinal Biotechnology Association Tissue Biobank Branch (中國醫藥生物技術協會組織生物樣本庫分會低溫生物學組). He has been serving as a committee member of the Biological Resource Management and Utilization Branch of the Chinese Preventive Medicine Association (中華預防醫學會生物資源管理與利用研究分會) since May 2018 and a member of the Tenth Council of Chinese Association of Refrigeration (中國製冷學會第十屆理事會) since October 2020.

Dr. Xu was awarded the Third Prize for Technology Invention Award of Shanghai (上海市技術發明獎三等獎) in November 2006, the Second Prize of Science and Technology Progress Award of Chinese Association of Refrigeration (中國製冷學會科學技術進步獎二等獎) in January 2007, the Second Prize for China Machinery Industry Technology Award (中國機械工業科學技術獎二等獎) in December 2007, the Shanghai Youth Science and Technology "Qimingxing" Program (Type A) (上海市青年科技「啓明星」計劃(A類)資助) in September 2008 and the Third Prize for Technology Invention Award of Shanghai (上海市技術發明獎三等獎) in December 2013.

Dr. Xu graduated from the China University of Mining and Technology (中國礦業大學) in the PRC with a bachelor's degree in thermal engineering in July 1999 and a master's degree in fluid machinery and engineering in June 2002. He obtained his doctor's degree in refrigeration and cryogenic engineering from University of Shanghai for Science and Technology (上海理工大學) in the PRC in August 2005.

Dr. Zhang Haixiao (張海曉), born in 1971, was appointed as our independent non-executive Director on June 22, 2022. She is also the chairperson of the Nomination Committee and a member of the Audit Committee.

Dr. Zhang has over 26 years of working experience in law firms and acquired extensive corporate governance experience by providing legal consulting services including but not limited to anti-corruption compliance consulting, internal compliance investigation, intellectual property and anti-unfair competition law consulting services to a number of multinational companies and listed companies. From October 1998 to March 2000, she served as a legal assistant at the Shanghai Representative Office of Schulz Noack Bärwinkel Law Firm (舒諾貝律師事務所上海辦事處). From March 2000 to July 2003, she served as a practicing lawyer at the Shanghai Office of Beijing Junhe Law Firm (北京市君合律師事務所上海分所). From September 2004 to July 2006, she worked at Shanghai Bangxinyang Law Firm (上海邦信陽律師事務所). From July 2006 to March 2008, she served as a senior associate at the Shanghai Representative Office of Weil Gotshal & Manages LLP (威嘉國際律師事務所上海代表處), where she was primarily responsible for providing legal advice on mergers and acquisitions. From March 2008 to May 2009, she successively served as a senior legal consultant at the Shanghai Representative Office of WongPartnership LLP and a partner at Shanghai Yuanda Law Firm (上海元達律師事務所). From July 2009 to April 2019, she served as a partner at Beijing Zhonglun (Shanghai) Law Firm (北京市中倫(上海)律師事務所), where she was primarily responsible for providing legal advice on anti-corruption, compliance, intellectual property and dispute resolution related matters. Since April 2019, she has been serving as a partner at Beijing Anjie Broad Law Firm (北京安傑世澤律師事務所), where she was mainly responsible for providing legal advice on anti-corruption, compliance, intellectual property and dispute resolution related matters. From 2015 to 2019, she was continuously rated as the "Leading Individual in Compliance" by the international legal ranking institution Legal Band. She has also been serving as an expert member of the Arbitration and Anti-Corruption Working Group of the ICC Arbitration and ADR Committee of the International Chamber of Commerce since November 2019.

Dr. Zhang obtained her first bachelor's degree in industrial management engineering from Tongji University (同濟大學) (formerly known as Shanghai Institute of Building Materials Industry (上海建築材料工業學院)) in the PRC in July 1993 and her second bachelor's degree in international economic law from Fudan University (復旦大學) in the PRC in July 1995. She obtained her master's degree in law from University of Pennsylvania in the United States in May 2002 and her doctor's degree in law from Fudan University (復旦大學) in the PRC in June 2013.

Mr. Fan Xin (樊欣), born in 1979, was appointed as our independent non-executive Director on June 26, 2024. He is also the chairperson of the Audit Committee and a member of the Remuneration Committee.

Mr. Fan has served as the chief financial officer at Bilibili Inc. (Nasdaq: BILI; HKEX: 9626) ("**Bilibili**") since September 2017. Prior to that, Mr. Fan served as Bilibili's vice president of finance since April 2016.

Prior to that, Mr. Fan served as a finance director at NetEase Inc. (Nasdaq: NTES; HKEX: 9999.HK) from 2011 to 2016. Prior to 2011, Mr. Fan held various positions at KPMG Huazhen for an aggregate of eight years and served as a senior manager there from 2008 to 2011. Mr. Fan has also served as an independent director of Sipai Health Technology Co., Ltd. (HKEX: 0314.HK) since May 2023.

Mr. Fan received his bachelor's degree in international accounting from Shanghai University of Finance and Economics in 2001. Mr. Fan is a regular member of the American Institute of Certified Public Accountants and a certified public accountant in China. He also holds licenses as chartered global management accountant and chartered certified accountant in the United Kingdom.

SENIOR MANAGEMENT

Dr. Liao Wangcai (廖旺才), born in 1964, was appointed as the chief technology officer in January 2024 and is mainly responsible for the research and development affairs of the Group.

Dr. Liao has over 29 years of experience in medical research and development. Prior to joining the Group, Dr. Liao served as an assistant engineer at Wuhan School of Geodesy and Geomatics (武漢測繪學院) (now known as Wuhan University) from 1985 to 1988. From 1995 to 1997, 1998 to 1999 and 1999 to 2001, Dr. Liao was engaged in postdoctoral research at the Institute of Physics, Chinese Academy of Sciences, Rehabilitation Institute of Chicago and Northwestern University Medical School, Department of Pathology and Laboratory Medicine (DPALM) of University of Texas Houston Medical School. From 1997 to 1998, Dr. Liao served as an associate researcher in the Department of Psychology at the Chinese University of Hong Kong, mainly responsible for the research and development of electroencephalography systems. From 2001 to 2005, Dr. Liao served as senior engineer and chief engineer successively at ZOLL Medical Corporation. From 2005 to 2007, Dr. Liao served as a senior scientist at Guidant Corporation (later acquired by Boston Scientific Corporation (a company listed on the New York Stock Exchange, stock code: BSX)) and Boston Scientific Corporation, leading and completing a number of research and development work related to pulmonary artery blood pressure and intracardiac blood pressure sensors. Dr. Liao served as chief engineer at InnerPulse, Inc. from 2007 to 2009, as chief scientist at LivaNova PLC (a company listed on the NASDAQ, stock code: LIVN) from 2009 to 2018, and a chief auditor and medical product expert successively at TÜV SÜD, TÜV Rheinland and DEKRA from 2018 to 2022. From 2022 to 2023, Dr. Liao served as vice president of research and development at MicroPort Soaring CRM (Shanghai) Co., Ltd.

Dr. Liao received a bachelor's degree in radio from the Wuhan School of Geodesy and Geomatics (now known as School of Geodesy and Geomatics of Wuhan University) in China in June 1985, a master's degree in geophysics from the Institute of Geology, China Earthquake Administration in June 1991, and a PhD in biomedical engineering from Tsinghua University in June 1995. He has been an associate member of the Institute of Electrical and Electronics Engineers since 2002.

Mr. Duan Lei (段磊), born in 1982, joined our Group on October 1, 2014 as a senior vice president of sales and promotion of neurovascular disease treatment solutions. He was appointed as chief marketing officer in January 2024 and is primarily responsible for overall management of sales and promotion of neuro-interventional solutions of our Group.

Mr. Duan has over 19 years of experience in marketing and sales of medical devices. Prior to joining our Group, from July 2006 to September 2014, Mr. Duan successively served as a sales representative and sales manager in North China at Shanghai MicroPort Medical, where he was primarily responsible for the sales of coronary stents in North China from July 2006 to March 2012 and the sales of APOLLO™ Intracranial Stent in North China from March 2012 to September 2014.

Mr. Duan graduated from Jiangnan University (江南大學) in the PRC with a major in finance via distance learning in July 2018.

Ms. Lu Huina (盧惠娜), born in 1984, joined our Group on April 1, 2016 as a manager of strategy and project management. From January 2017 to November 2020, Ms. Lu successively served as a senior manager of project management and clinical affairs, director of project management and clinical affairs and advanced director of R&D and clinical affairs. Since November 2020, Ms. Lu has been serving as a senior director of quality, regulatory and clinical affairs, primarily responsible for quality, regulatory and clinical affairs of our Group.

Prior to joining our Group, from March 2010 to March 2013, Ms. Lu served as a R&D engineer at Shanghai MicroPort Medical, where she was primarily responsible for R&D of neurovascular products. From April 2013 to March 2016, Ms. Lu served as a supervisor of product development of Shanghai MicroPort Medical, where she was primarily responsible for its product development. Ms. Lu received a Project Management Professional certificate from Project Management Institute in September 2012. She was awarded the Second Prize for Science and Technology Award of Shanghai Pudong New Area (上海市浦東新區科技進步二等獎) by the People's Government of Shanghai Pudong New Area in January 2017 and Science and Technology Award of Shanghai (上海市科技進步獎) by the Shanghai Municipal People's Government in December 2020.

Ms. Lu obtained her bachelor's degree in polymer materials and engineering from Nanchang University (南昌大學) in the PRC in July 2007 and her master's degree in material science from Shanghai University (上海大學) in the PRC in April 2010.

Ms. Wu Zaoli (吳造力), born in 1983, joined our Group on December 7, 2012 as a manager of human resources and administration. From December 2012 to November 2020, Ms. Wu successively served as a manager, senior manager, director and advanced director of human resources and administration. Since November 2020, she has been serving as a senior director of human resources and administration, primarily responsible for human resources and administration management of our Group.

Prior to joining our Group, from September 2007 to December 2012, Ms. Wu successively served as a human resources promotion specialist, head of editorial department and corporate culture manager at Shanghai MicroPort Medical, where she was primarily responsible for corporate culture affairs.

Ms. Wu obtained her bachelor's degree in administrative management and master's degree in industrial economics from Shanghai Maritime University (上海海事大學) in the PRC in July 2005 and October 2007, respectively.

Ms. Hou Zhuoping (後卓萍), born in 1978, joined our Group on June 1, 2018 as a senior manager of finance. Since November 2020, she has been serving as an advanced director of finance, primarily responsible for finance of our Group.

Ms. Hou has over 26 years of experience in accounting and financial management. Prior to joining our Group, from June 1999 to April 2004, Ms. Hou successively worked at the Shanghai branch of Boli Food Industry (Kunshan) Co., Ltd. (波力食品工業(昆山)有限公司) ("**Boli Food**"), a food products manufacturer and distributor, Bote Plastics Industry (Shanghai) Co., Ltd. (波特塑料工業(上海)有限公司) and Boli Food. From July 2004 to March 2015, Ms. Hou successively served as an accountant and finance manager at Shanghai MicroPort Medical, where she was primarily responsible for its finance work. From March 2015 to May 2018, Ms. Hou served as a financial manager at MicroPort Endovascular where she was primarily responsible for its financial matters.

Ms. Hou obtained her bachelor's degree in accountancy from Fudan University (復旦大學) in the PRC in May 2008. Ms. Hou was certified as an Intermediate Accountant (中級會計師) by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in July 2010. She was qualified as a board secretary by the Shanghai Stock Exchange (上海證券交易所董事會秘書) in July 2020.

COMPANY SECRETARY

Ms. Yeung Siu Lam (楊兆琳), was appointed as our company secretary on August 14, 2024.

Ms. Yeung is a Senior Manager of Company Secretarial Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Yeung has over 8 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yeung is currently the company secretary or joint company secretary of a few Hong Kong listed companies.

Ms. Yeung is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yeung had obtained a Bachelor of Arts degree from The University of Hong Kong and a Master of Corporate Governance degree from The Hong Kong Metropolitan University.

REPORT OF THE DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of MicroPort NeuroScientific Corporation (the "**Company**" and together with its subsidiaries, the "**Group**") presents this report to the shareholders of the Company (the "**Shareholders**") together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is R&D, manufacturing and the sales of neuro-interventional products and the activities of its subsidiaries are set out in Note 13 to the consolidated financial statements. There are no significant changes in the nature of Group's activities during the year 2024.

FINANCIAL STATEMENTS

The financial position of the Group as at 31 December 2024 and the financial performance of the Group for the year then ended are set out in the consolidated financial statements on pages 148 to 238 of this annual report.

BUSINESS REVIEW

Overview

For the year ended 31 December 2024, the Company recorded the revenue of RMB761.8 million, representing an increase of 14.4% from the year ended 31 December 2023. The Group is committed to the R&D of high-end medical devices in the neuro-interventional field, providing the accessible, top-quality and comprehensive solutions for the treatment of cerebrovascular diseases.

A review of the business of the Group during the year ended 31 December 2024, which includes an analysis of the Group's performance using financial key performance indicators are set out in the section headed "Management Discussion and Analysis" on page 10 to 32 of this annual report. An analysis of the Group's performance indicators is set out in the section headed "Management Discussion and Analysis" — "Financial Review" on page 26 of this annual report. The compliance with relevant laws and regulations which have significant impact on the Group is set out in this report of the Directors. These discussions form part of this annual report.

Environmental Policies and Performance

The Company is well aware of the importance of sustainable development to the Company, and integrates green and low-carbon operation, social responsibility value and other concepts into the Company's operation and management. We have established and improved our environmental management system to regulate the environmental protection of our production sites.

A comprehensive review of the Company's environmental policy and performance during the year ended 31 December 2024 is set out in the "Environmental, Social and Governance Report" on pages 80 to 137 of this annual report.

Compliance with Relevant Laws and Regulations

The Company recognises the importance of compliance with legal and regulatory requirements, as well as the risk of non-compliance. The Company has allocated system and staff resources to ensure ongoing compliance with applicable laws, rules and regulations including but not limited to, those laws, rules and regulations promulgated by the NMPA, the MOFCOM, the State Administration for Market Regulation, the government of the Hong Kong Special Administrative Region, and such regulators' global counterparts in countries where the Company conducts business. We maintain cordial working relationships with regulators through effective communications. Throughout the year ended 31 December 2024, we have strived to operate business in accordance with all applicable laws, rules and regulations in all material respects and there is no investigation, disciplinary proceeding or inquiry by, or order, decree, decision or judgment of any authority outstanding, or, to the best of the Company's knowledge, threatened or expected to be issued against any member of the Company or its respective assets or any person for whose acts or defaults it may be vicariously liable, and which is of a material nature.

PRINCIPAL RISKS AND UNCERTAINTIES

- We are largely dependent on the sales of our commercialised products. Our business, financial condition and results of operations would be materially and adversely affected if sales of these products were to decline;

- We are faced with the substantial competition. Our competitors may have substantially greater resources than we do and may be able to develop more effective products or offer their products at lower prices than we can, which could materially and adversely impact our business, financial condition and results of operations;

- Recently enacted and future legislation, such as the centralized procurement, may increase the difficulty and cost for us to obtain regulatory approval of and commercialize our product candidates and affect their prices;

- Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations;

- If we fail to maintain an effective distribution channel for our products, our business and sales of the relevant products could be adversely affected;

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

- If we determine our intangible assets to be impaired, our results of operations and financial condition may be adversely affected;

- Our historical operating results may not be representative of future performance. We may need to obtain additional financing to fund our operations. If we are unable to obtain that financing, we may be unable to complete the development and commercialization of our pipeline products; and

- We could be unsuccessful in obtaining or maintaining adequate patent protection for our products and pipeline products through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers, and shareholders.

Employees

The Group builds its success on employees' dedication and commitment. We are committed to providing as much opportunities as possible for employees' skills enhancement and career development. The Group aims at cultivating talents in a long run, encouraging employees to realize their full potential and to keep pace with growth of the Company.

As at 31 December 2024, the Group had 527 employees (31 December 2023: 571 employees).

Customers

The Group's principal customers are distributors and hospitals throughout the world. We have established an experienced sales team, a wide network of distributors and hospitals, and tried our best to provide perfect customer service, aiming at maintaining long-term cooperation and strengthening business competitive advantage.

The Group is committed to building "a brand belonging to patients", persisting in continuous innovation for the purpose of solving clinical needs, and enabling medical technology and innovative products that represent the highest technological level in the world to benefit patients around the world.

Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations ("**IR**") and investor understanding of the Company's business performance and strategies. Apart from transparent and timely disclosure of corporate information in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), the Company has kept effective communication with shareholders through the Company's website, Wechat Official Account, shareholder's hotline, and IR mailbox. Senior management are also pleased to receive 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.

Future Business Development

The Company's future business development is set out in the "Management Discussion and Analysis" section on page 10 to 32 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2024, purchases from the Group's largest supplier and the five largest suppliers in aggregate accounted for 17% and 42% respectively of the Group's total purchase for the year. Sales to the Group's largest customer and the five largest customers in aggregate accounted for 28% and 86% respectively of the Group's total revenue for FY2024.

None of the Directors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any material beneficial interest in the Group's five largest suppliers (except for the MicroPort Group) and customers.

SHARE CAPITAL

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

DISTRIBUTABILITY OF RESERVES

As at 31 December 2024, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB1,139,290,000 (31 December 2023: RMB1,216,857,000).

GROUP FINANCIAL SUMMARY

A summary of the Group's results and assets and liabilities for the past five financial years is set out in the section headed "Five Years' Financial Summary" of this annual report.

DIRECTORS

Directors during the year ended 31 December 2024 and up to the date of this report were:

EXECUTIVE DIRECTORS
Mr. Xie Zhiyong
Mr. Wang Yiqun Bruce

NON-EXECUTIVE DIRECTORS
Dr. Chang Zhaohua *(Chairman)*
Mr. Sun Qingwei
Mr. Wang Lin
Ms. Wu Xia

INDEPENDENT NON-EXECUTIVE DIRECTORS
Dr. Xu Yi
Dr. Zhang Haixiao
Mr. Siu Chi Hung *(Resigned on 26 June 2024)*
Mr. Fan Xin *(Appointed on 26 June 2024)*

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 33 to 40 of this annual report.

DIRECTORS' SERVICE CONTRACT

On 22 June 2022, each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 16 December 2021, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the service contract.

On 22 June 2022, each of Mr. Wang Lin and Ms. Wu Xia, as the non-executive Director, has entered into an appointment letter with the Company, for an initial term of three years commencing from 16 December 2021, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

On 22 June 2022, each of Dr. Xu Yi and Dr. Zhang Haixiao, as the independent non-executive Director, has entered into an appointment letter with the Company for an initial term of three years commencing from 22 June 2022, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

On 3 November 2023, each of Dr. Chang Zhaohua and Mr. Sun Qingwei, as the non-executive Director, has entered into an appointment letter with the Company, for an initial term of three years commencing from 3 November 2023, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

On 26 June 2024, Mr. Fan Xin, as the independent non-executive Director, has entered into an appointment letter with the Company for an initial term of three years commencing from 26 June 2024, subject to retirement by rotation and re-election in accordance with the Articles of Association and is subject to termination as provided in the appointment letter.

None of the Directors, including those to be re-elected at the forthcoming annual general meeting, has a service contract which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

COMPETING BUSINESS INTERESTS OF DIRECTORS

During the year ended 31 December 2024, none of the Directors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

EMOLUMENT POLICY

We have a market-competitive remuneration and welfare system, which is based on employees' qualification and experience, attaching importance to welfare packages of employees. The comprehensive remuneration package includes fixed salary, allowances, short-term incentive, and long-term incentive, which demonstrates our respect and recognition to talents. Meanwhile, we have established a number of supplementary benefits on top of the statutory benefits. Our employees' compensation includes basic salary, performance-based cash bonuses, incentive shares and other incentives. We determine our employees' compensation based on each employee's performance, qualifications, position and seniority.

The remuneration committee is responsible for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has also adopted the Share Scheme and the Share Award Scheme to provide certain incentives for Directors and eligible employees. Details of the scheme are set out in the section "Share Scheme" and "Share Award Scheme" below.

REMUNERATION OF SENIOR MANAGEMENT

Details of the remuneration bands of the senior management of the Company for the year ended 31 December 2024 are set out as follows:

Remuneration band (RMB)	Number of individuals
0	0
1–5,000,000	7
> 5,000,000	0

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five individuals with highest emoluments are set out in Note 7 and Note 8 to the consolidated financial statements.

PENSION SCHEME

According to relevant laws and regulations, as well as local policies, the Group's subsidiaries worldwide participate in retirement savings plans. Under these plans, the Group is required to pay the defined contribution to the plans by certain rules and up to certain maximums. The only obligation of the Group with respect to the retirement savings plans is to make required contributions under the plans. Contributions made under the retirement savings plans are charged in the statement of profit or loss as incurred.

The Company may not utilize any forfeited contributions in order to make fewer contributions than the current amounts.

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

As at 31 December 2024, the interests and short positions of Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be and were entered in the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(a) Long positions in the shares and underlying shares of the Company:

Name of Director	Number of Shares	Nature/ Capacity of Interest	Notes	Percentage of Shareholding
Mr. Xie Zhiyong	872,775	Beneficial Owner	1	0.15%
Mr. Wang Yiqun Bruce	362,063	Beneficial Owner	2	0.06%
Mr. Sun Qingwei	119,177	Beneficial Owner	3	0.02%

Notes:

1. As at the end of the Reporting Period, Mr. Xie Zhiyong was interested in (i) 381,775 underlying shares of the Company by virtue of the Award Shares (as defined below); and (ii) 491,000 underlying shares of the Company by virtue of options granted to him under the Company's share scheme(s). Please refer to the section headed "Share Schemes" below for further details.

2. As at the end of the Reporting Period, Mr. Wang Yiqun Bruce was interested in (i) 79,063 underlying shares of the Company by virtue of the Award Shares (as defined below); and (ii) 283,000 underlying shares of the Company by virtue of options granted to him under the Company's share scheme(s). Please refer to the section headed "Share Schemes" below for further details.

3. As at the end of the Reporting Period, Mr. Sun Qingwei was interested in (i) 39,177 shares of the Company; and (ii) 80,000 underlying shares of the Company by virtue of the options granted to him under the Company's share scheme(s). Please refer to the section headed "Share Schemes" below for further details.

(b) Long positions in the shares and underlying shares of our associated corporation:

Name of Director	Name of associated corporation	Number of shares	Nature/ Capacity of Interest	Notes	Percentage of Shareholding
Dr. Chang Zhaohua	MicroPort	49,047,671	Beneficial Owner	1	2.66%
	MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司)("**MicroPort CardioFlow**")	6,000,000	Beneficial Owner	2	0.25%
Mr. Xie Zhiyong	MicroPort	545,734	Beneficial Owner	3	0.03%
Mr. Wang Yiqun Bruce	MicroPort	405,620	Beneficial Owner	4	0.02%
Mr. Sun Qingwei	MicroPort	517,239	Beneficial Owner	5	0.03%
	MicroPort CardioFlow	505,960	Beneficial Owner	6	0.02%

Notes:

1. As at the end of the Reporting Period, Dr. Chang Zhaohua was interested in 49,047,671 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

2. As at the end of the Reporting Period, Dr. Chang Zhaohua was interested in 6,000,000 underlying shares of MicroPort CardioFlow by virtue of the options granted to him under a share option scheme of MicroPort CardioFlow.

3. As at the end of the Reporting Period, Mr. Xie Zhiyong was interested in (i) 228,851 shares of MicroPort; and (ii) 316,883 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

4. As at the end of the Reporting Period, Mr. Wang Yiqun Bruce was interested in 405,620 shares of MicroPort.

5. As at the end of the Reporting Period, Mr. Sun Qingwei was interested in 517,239 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.

6. As at the end of the Reporting Period, Mr. Sun Qingwei was interested in 505,960 shares of MicroPort CardioFlow.

Save as disclosed above, as at 31 December 2024, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2024, the following persons (other than Directors or chief executives of the Company), are directly or indirectly, interested in 5% or more of the shares or short positions in the shares and the underlying shares of the Company, which were required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein:

Name of Shareholder	Nature of Interest	Number of Shares[1]	Percentage of Shareholding
MP Scientific[2]	Beneficial Owner	310,871,340 (L)	53.18%
MicroPort[2]	Interest of controlled corporation	310,871,340 (L)	53.18%
WE'TRON Capital[3]	Beneficial Owner	59,900,000 (L)	10.25%
Maxwell Maxcare Science Foundation Limited ("**Maxwell Maxcare**")[3][4]	Interest of controlled corporation	63,288,500 (L)	10.83%

Notes:

1. The letter "L" denotes a long position in our Shares.

2. MP Scientific is directly wholly owned by MicroPort. By virtue of the SFO, MicroPort is deemed to be interested in the Shares in which MP Scientific is interested.

3. WE'TRON Capital is directly owned as to 100.00% by Maxwell Maxcare. By virtue of the SFO, Maxwell Maxcare is deemed to be interested in the Shares held by WE'TRON Capital.

4. Maxwell Maxcare is also the sole shareholder of Miracle Medical Limited. Miracle Medical Limited held 3,388,500 Shares, representing approximately 0.58%. By virtue of the SFO, Maxwell Maxcare is deemed to be interested in the Shares held by Miracle Medical Limited.

Save as disclosed above, as at 31 December 2024, no other interests or short positions in the shares or underlying shares of the Company were recorded in the register which is required to be kept under section 336 of the SFO.

MANAGEMENT CONTRACT

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

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

None of Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any its subsidiaries was a party during the year ended 31 December 2024.

Save as disclosed in Note 28(a) to the consolidated financial statements, no contract of significance was entered into between any member of the Group and a controlling shareholder of the Company or any of its subsidiaries or contract of significance for the provision of services to any member of the Group by a controlling shareholder or any of its subsidiaries subsisted as at the end of the year of 2024 or during the year ended 31 December 2024.

PERMITTED INDEMNITY PROVISION

The Company has maintained directors' liability insurance after Listing which provides appropriate cover for the Directors of the Company.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors and Chief Executives in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the year ended 31 December 2024 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them during the year; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

CONNECTED TRANSACTIONS

1. Master Catering Services Agreement

On 1 December 2023, the Company and MicroPort agreed to enter into the 2023 Master Catering Services Agreement, pursuant to which the MicroPort Group and its joint ventures and associates agreed to provide or procure the provision of catering services to the Group, including but not limited to provision of (i) daily meals for the employees; and (ii) catering services for conferences and business meals, details of which were set out in the Company's announcement dated 1 December 2023. The term of the 2023 Master Catering Services Agreement is from 1 January 2024 to 31 December 2026 (both dates inclusive).

It is estimated that the maximum transaction amounts for the procurement of the Catering Services for each of the three years ending 31 December 2026 will not exceed RMB3.3 million, RMB3.7 million and RMB3.9 million, respectively. In FY2024, the transaction amount under the agreement was RMB3.2 million.

2. Master Supporting Services Procurement Agreement

On 1 December 2023, the Group and MicroPort agreed to enter into the 2023 Master Supporting Services Procurement Agreement, pursuant to which the MicroPort Group and its joint ventures and associates agreed to provide the Group certain supporting services, including but not limited to animal testing services, product testing services, simulation technical services, sterilization services and administrative support services (the "**Supporting Services**"), details of which were set out in the Company's announcement dated 1 December 2023. The term of the 2023 Master Supporting Services Procurement Agreement is from 1 January 2024 to 31 December 2026 (both dates inclusive).

On September 27, 2024, the Group and MicroPort entered into a supplemental agreement to revise original annual caps for the continuing connected transactions under the 2023 Master Supporting Services Procurement Agreement for the three years ending December 31, 2026.

It is estimated that the maximum transaction amounts in relation to the procurement of the Supporting Services for each of the three years ending 31 December 2026 will not exceed RMB15.0 million, RMB20.0 million and RMB20.0 million, respectively. In FY2024, the transaction amount under the agreement was RMB8.1 million.

3. Master Materials Procurement Agreement

On 1 December 2023, the Company and MicroPort agreed to enter into the 2023 Master Materials Procurement Agreement, pursuant to which the Group agreed to procure from or procure through the MicroPort Group and its joint ventures and associates semi-finished products of stents and delivery systems and Rapamycin for use in its R&D and production of products, details of which were set out in the Company's announcement dated 1 December 2023. The term of the 2023 Master Materials Procurement Agreement is from 1 January 2024 to 31 December 2026 (both dates inclusive).

It is estimated that the maximum transaction amounts for the procurement under the 2023 Master Materials Procurement Agreement for each of the three years ending 31 December 2026 will not exceed RMB26.0 million, RMB26.5 million and RMB27.0 million, respectively. In FY2024, the transaction amount under the agreement was RMB25.4 million.

4. Master Technical Cooperation Service Agreement

On 1 December 2023, the Group and MicroPort entered into the Master Technical Cooperation Service Agreement (the "**Master Technical Cooperation Service Agreement**"), pursuant to which the MicroPort Group and its joint ventures and associates agreed to cooperate with the Group on multiple R&D projects and provide technical service to the Group including technical design and development, design verification and confirmation, supply chain management, entrusted production and processing in relation to the R&D projects, technical consultation and support, licenses and the transfer of technology and other technical services (the "**Technical Services**"), details of which were set out in the Company's announcement dated 1 December 2023. The term of the 2023 Master Technical Cooperation Service Agreement is from 1 December 2023 to 30 November 2026 (both dates inclusive).

It is estimated that the maximum transaction amounts in relation to the upcoming procurements of the Technical Services for the period from 1 December 2023 to 31 December 2023, the year ending 31 December 2024, the year ending 31 December 2025 and the eleven months ending 30 November 2026 will not exceed RMB1.5 million, RMB5.9 million, RMB5.9 million and RMB5.9 million, respectively. In FY2024, the transaction amount under the agreement was RMB2.4 million.

The Independent Non-executive Directors have reviewed the Company's continuing connected transactions and confirmed that the relevant transactions have been entered into:

— in the ordinary and usual course of business of the Group;

— on normal commercial terms; and

— on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole pursuant to the agreements governing such transactions.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The auditor has provided a letter containing their findings and conclusions in respect of the continuing connected transactions of the Group in accordance with Rule 14A.56 of the Listing Rules.

The Company's auditor has confirmed that regarding the continuing connected transactions of the Group, nothing has come to their attention that causes them to believe that:

— the disclosed continuing connected transactions have not been approved by the Board;

— for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group;

— the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and

— the transaction amounts of the disclosed continuing connected transactions as mentioned above have exceeded the annual cap set by the Company.

Save as the aforesaid, there were no discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules in FY2024.

Save as the aforesaid, none of the "Material Related Party Transactions" as disclosed in Note 28 to the consolidated financial statements in FY2024 constituted discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent that the above "Material Related Party Transactions" constitute 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 in FY2024.

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

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 26 June 2024 (the "**2023 AGM**"), the Directors were granted a general mandate to exercise the right to purchase on-market Shares not exceeding 10% of the aggregate number of issued Shares (excluding treasury shares) as at the date of the 2023 AGM (the "**Buy-back Mandate**"). During the Reporting Period, pursuant to the Buy-back Mandate, the Company bought back an aggregate of 7,292,000 Shares on the Stock Exchange at a total consideration of approximately HK$69,831,470, exclusive of commissions and other expenses.

Details of the repurchased Shares during the Reporting Period (the "**Repurchased Shares**") are as follows:

Month of buy-back	Number of Share bought back HK$	Consideration per Share Highest price paid HK$	 Lowest price paid HK$	Total consideration paid for the buy-back	Status of the Repurchased Shares
September 2024	1,150,000	8.22	7.71	9,141,700	Held as Treasury Shares
October 2024	4,399,000	10.50	9.02	44,127,520	Held as Treasury Shares
November 2024	1,743,000	9.98	8.86	16,562,250	Held as Treasury Shares

As of 31 December 2024,7,292,000 Repurchased Shares were not cancelled and were held by the Company as treasury shares (as defined in the Listing Rules) intended to be used in accordance with the applicable rules and regulations, including but not limited to resale for cash, transfer to satisfy share grants and cancellations under the share scheme.

During the Reporting Period, the Company did not sell or transfer any treasury shares. During the Reporting Period, Trustee of the Share Award Scheme purchased 5,923,000 Shares on the Stock Exchange at the total consideration of HK$51,889,100 (equivalent to RMB47,912,000) and 7,292,000 Shares purchased by the Company as treasury shares of the Company at the total consideration of HK$69,831,470 (equivalent to RMB64,479,000) pursuant to the terms of the trust deed under the Share Award Scheme. Save as disclosed in this annual report, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There was no material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2024.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2024.

SHARE SCHEMES

Share option scheme

A share scheme (the "**Share Scheme**") was adopted by the Company on 12 July 2023 ("**Adoption Date**"), after the approval of the annual general meeting on 28 June 2023. The terms of the Share Option Scheme are governed by Chapter 17 of the Listing Rules.

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

1. 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 the Group. The Share Scheme will give the Eligible Participants an opportunity to have a personal stake in the Company and will help motivate the Eligible Participants in optimising their performance and efficiency and attract and retain the Eligible Participants whose contributions are important to the long-term growth of the Group.

2. Administration of the Share Scheme

The Share Scheme shall be subject to the administration of the Board whose decision on all matters arising in relation to the Share Scheme or its interpretation or application or effect shall (save as otherwise provided in the Share Scheme and in the absence of manifest error) be final and binding. For the avoidance of doubt, subject to compliance with the requirements of the Listing Rules and the provisions of the Share Scheme, the Board shall have the right to (i) interpret and construe the provisions of the Share Scheme; (ii) determine the persons who will be offered Awards under the Share Scheme, and the number of Shares and the Exercise Price or Issue Price in relation to such Awards; (iii) make such appropriate and equitable adjustments to the terms of Awards granted under the Share Scheme as it may deem necessary; and (iv) make such other decisions or determinations or regulations as it shall deem appropriate for the administration of the Share Scheme.

Subject to compliance with the Listing Rules, the authority to administer the Share Scheme may be delegated by the Board to a committee of the Board or to any other person(s) deemed appropriate at the sole discretion of the Board.

The Company may establish a trust ("**Trust**") and appoint a trustee to hold Shares for the purposes of (i) holding Award Shares allotted and issued by the Company and reserved for specified Eligible Participants; (ii) settling Awards; and (iii) taking other actions for the purposes of administering and implementing the Share Scheme. The trustee of the Trust shall be instructed by the Company.

The trustee of the Trust holding unvested Award Shares, whether directly or indirectly, shall abstain from voting on matters that require Shareholders' approval under the Listing Rules.

3. Eligible Participants and the Basis of Eligibility

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: (1) the performance of the Employee Participant; (2) the skill, knowledge, experience, expertise and other personal qualities of the Employee Participant, (3) the time commitment, responsibilities or employment conditions of the Employee Participant according to the prevailing market practice and industry standard; (4) the length of employment with the Group; and (5) the contribution or potential contribution of the Employee Participant to the development and growth of the Group.

A service provider participant (the "**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 any of the following categories, 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.

4. Scheme Limits

The Scheme Mandate Limit

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 the Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date (the "**Scheme Mandate Limit**"), which is 58,265,810 Shares. Awards lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilised for the purpose of calculating the Scheme Mandate Limit. The maximum entitlement of each 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 shall not exceeding 1% of the Shares in issue.

The Service Provide Participant Sublimit

Subject to the 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 the Company to Service Providers shall not exceed such number of Shares as equals to 1% of the Shares in issue as at the Adoption Date (the "**Service Provider Participant Sublimit**") within the Scheme Mandate Limit. Awards lapsed in accordance with the terms of the Share Scheme will not be regarded as utilised for the purpose of calculating the Service Provider Participant Sublimit.

Refreshment

The Company may seek approval of the Shareholders in a general meeting of the 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. The total number of Shares which may be issued upon exercise of all (i) the Awards under the Share Scheme and (ii) the options and awards to be granted under any other schemes of the 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 (3), the Company must send a circular to the Shareholders containing the information required under the Listing Rules. Any refreshment within any three-year period shall be subject to independent Shareholders' approval.

Grant in excess of the Scheme Mandate Limit

The Company may seek separate approval of the Shareholders in a general meeting of the 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 the Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this paragraph, the 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.

The total number of shares available for issue under the Share Scheme are 58,265,810, representing 10% of the issued shares of the Company as at the date of the annual report.

5. 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 discretion grant Awards to Employee Participants only with a vesting period shorter than the Minimum Period in the following circumstances:

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

(2) grants to an Employee Participant whose employment is terminated due to death or occurrence of any out of control event;

(3) 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;

(4) 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

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

6. Exercise Period, Exercise Price, Issue Price and Exercise of Awards

The exercise period of the Share Scheme shall be determined and notified by the Company to the grantee at the time of making an 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 Exercise Price shall be determined by the Board at its absolute discretion, provided that it shall not be less than the highest of:

(1) 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;

(2) 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

(3) the nominal value of the Share on the offer date.

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.

7. Remaining Life of the Scheme

The Share Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further options shall be granted. Subject to the above, in all other respects, in particular, in respect of options remaining outstanding on the expiry of the 10-year period referred to in this paragraph, the provisions of the Share Scheme shall remain in full force and effect.

Subject to the early termination, the remaining life of the Share Scheme is approximately 8 years and 3 months as of the date of this annual report.

8. Outstanding Options Granted as of 31 December 2024

Categories of Grantees	Number of Shares underlying the granted options 1 January of 2024	Granted during the Reporting Period	Exercised during the Reporting Period	Vested during the Reporting Period	Lapsed during the Reporting Period	Cancelled during the Reporting Period	Exercise price	Number of Shares underlying the granted options as of 31 December 2024	Date of grant	Vesting period	Exercise period	Closing price of the Company immediately before the date of grant of options	Fair value of options at the date of grant	Share price of the Company immediately before the exercise date of options
Directors														
Xie Zhiyong	126,000	–	–	–	–	–	HK$13.52	126,000	2023/7/28	2028/7/28	2028/7/28–2033/7/27	HK$13.28	HK$6.96	N/A
	–	239,000	–	–	–	–	HK$8.496	239,000	2024/3/28	2029/3/28	2029/3/28–2034/3/27	HK$7.97	HK$4.13	N/A
	–	126,000	–	–	–	–	HK$7.73	126,000	2024/9/13	2028/7/28	2028/7/28–2034/9/12	HK$7.57	HK$2.56	N/A
Wang Yiqun Bruce	79,000	–	–	–	–	–	HK$13.52	79,000	2023/7/28	2028/7/28	2028/7/28–2033/7/27	HK$13.28	HK$6.96	N/A
	–	125,000	–	–	–	–	HK$8.496	125,000	2024/3/28	2029/3/28	2029/3/28–2034/3/27	HK$7.97	HK$4.13	N/A
	–	79,000	–	–	–	–	HK$7.73	79,000	2024/9/13	2028/7/28	2028/7/28–2034/9/12	HK$7.57	HK$2.56	N/A
Sun Qingwei	–	80,000	–	–	–	–	HK$8.496	80,000	2024/3/28	2029/3/28	2029/3/28–2034/3/27	HK$7.97	HK$4.13	N/A
Other employees of the Group	964,000		–	–	26,000	–	HK$13.52	938,000	2023/7/28	2028/7/28	2028/7/28–2033/7/27	HK$13.28	HK$6.93	N/A
	–	1,747,000	–	–	35,000	–	HK$8.496	1,712,000	2024/3/28	2029/3/28	2029/3/28–2034/3/27	HK$7.97	HK$4.12	N/A
	–	445,000	–	–	10,000	–	HK$6.99	435,000	2024/7/5	2025/7/5–2029/7/5	2025/7/5–2034/7/4	HK$6.88	HK$2.00	N/A
	–	938,000	–	–	–	–	HK$7.73	938,000	2024/9/13	2028/7/28	2028/7/28–2034/9/12	HK$7.57	HK$2.54	N/A
Total	1,169,000	3,779,000	–	–	71,000	–	–	4,877,000	–	–	–	–	–	–

Notes:

1. Details of the valuation of Options under the Share Scheme during the year ended 31 December 2024, including the accounting standard and policy adopted for the Share Scheme, are set out in Note 24(d) and Note 1(t(ii)) to the consolidated financial statements.

2. Save as determined by the Board and provided in the offer letter of the grant of an Option, the Share Scheme does not stipulate any performance target a grantee is required to achieve before the relevant award can be exercised.

3. No option was granted to Service Provider Participant since the Share Scheme was adopted. Therefore, the number of options available for grant under the Service Provide Participant Sublimit at the beginning and the end of the year of 2024 was 5,826,581 and 5,826,581, respectively. The number of options available for grant under the Share Scheme at the beginning and the end of the year of 2024 was 57,096,810 and 53,388,810, respectively.

4. The number of shares that may be issued in respect of options during the year of 2024 divided by the weighted average number of shares of the Company in issue for the year equals to 0.007.

5. No option was exercised during the Reporting Period. Therefore, the share price of the Company immediately before the exercise date of options is not applicable.

6. In relation to the related accounting policy, please refer to note 1(t)(ii) to the consolidated financial statements in the 2024 annual report of the Company.

The estimate of the fair value of the share options granted is measured based on a binomial tree model. The following inputs were used to calculate the fair values of the Options granted:

	Options granted on 28 March 2024	Options granted on 5 July 2024	Options granted on 13 September 2024
Fair value at measurement date	4.12 to 4.13	1.47 to 2.48	2.54 to 2.56
Share price	8.50	6.91	7.73
Expected volatility (expressed as weighted average volatility used in the modelling under binomial tree model)	50%	37.20%	37.60%
Option life	10 years	10 years	10 years
Expected dividends yield	0.00%	1.60%	1.60%
Risk-free interest rate	3.73%	4.28%	3.66%

The subjective input assumptions used in calculating the fair value of Options were based on the director's best estimates. Changes in the subjective input assumptions could affect the fair value estimate.

Share award scheme

The Group has adopted a share award scheme on its Board meeting held on 26 August 2022 (the "**Share Award Scheme**") as a means of recognising the contributions of selected employees of the Group. Pursuant to the Share Award Scheme, the Board may, from time to time and at its absolute discretion, award eligible participants by granting shares of the Company ("**Award Shares**"). A summary of the Share Award Scheme was set out in the announcement of the Company dated 26 August 2022.

Purpose and Objectives of the Share Award Scheme

The purpose of the Share Award Scheme is to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

Participants of the Share Award Scheme

The Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant) for participation in the Scheme as a selected participant and determine the Award Shares for each of them. Participation in the Scheme limited to selected participants only. The Board is entitled to impose any conditions as it deems appropriate in its absolute discretion with respect to the entitlement of the selected participant to the Award Shares.

The "eligible participants" include any employee or director of the Group; any director or employee of the MicroPort Group and associated companies of the Company who, in the sole and absolute direction of the Board, has contributed or will contribute to the development of the Group; and any service provider who provides service to 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.

Duration

Subject to any early termination or extension as may be determined by the Board according to the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on its adoption date.

Scheme Limit

The Board shall not make any further award of Award Shares which will result in the number of the shares which may be awarded by the Board under the Scheme exceeding ten per cent (10%) of the issued shares of the Company as at the adoption date.

The maximum number of shares which may be awarded to a selected participant under the Scheme shall not exceed one per cent (1%) of the issued share capital of the Company as at the adoption date, save and except approved by the shareholders of the Company in a general meeting.

Operation

The Board shall, in respect of the Scheme and after having regard to the requirement under the Scheme, determines the number of shares to be purchased as scheme shares, and cause to be paid the reference amount from Company's resources to the trustee to be held on trust for purchase the scheme shares. After receiving the reference amount and written instruction from the Company, the trustee shall apply the same towards the purchase the maximum number of shares at the prevailing market price.

Vesting

Unless otherwise provided in the Share Award Scheme, subject to the receipt by the trustee of within the period stipulated in the vesting notice sent to the relevant Selected Participant by the Board or the Committee, and a confirmation from the Company that all vesting conditions having been fulfilled, the trustee shall transfer the relevant Award Shares to the Selected Participant(s) or his/her nominee(s) as soon as practicable after the Vesting Date. The Vesting Date shall be on any Business Day at the end of March of any year or any other date as stated in the Offer Letter or may be otherwise determined by the Board.

The Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant) for participation in the Scheme as a selected participant and determine the Award Shares for each of them. Participation in the Scheme limited to selected participants only. The Board is entitled to impose any conditions as it deems appropriate in its absolute discretion with respect to the entitlement of the selected participant to the Award Shares. Upon receipt of the instruction from the Board as to the name of selected participant and the number of Award Shares to be granted to the selected participant, the trustee shall make relevant arrangement to convert the scheme shares to the Award Shares for the relevant selected participant.

The Share Award Scheme is funded by existing Shares to be purchased by the Trustee on the market. Therefore, no shares available for issue under the Share Award Scheme. As at the date of this report, the remaining life of the Share Award Scheme is approximately 7 years and 4 months.

			Number of Award Shares for the year ended 31 December 2024									
Categories of Grantees	Date of grant	Outstanding as of 1 January 2024	Closing price immediately prior to grant	Fair value of Award Shares at the date of grant[1]	Purchase price	Granted	Vested	Lapsed	Cancelled	Outstanding as of 31 December 2024	Weighted average closing price of Award Shares immediately before the Vesting Date	Vesting schedule
Directors												
Xie Zhiyong	2024/03/28	—	HK$8.19	HK$8.38	HK$0	256,000	256,000	—	—	0	HK$8.19	2024/03/28
The five highest paid individuals of the Group in aggregate (excluding those who are also Directors of the Company)	2024/03/28	—	HK$8.19	HK$8.38	HK$0	248,000	248,000	—	—	0	HK$8.19	2024/03/28
Other employees of the Group	2024/03/28	—	HK$8.19	HK$8.38	HK$0	276,000	276,000	—	—	0	HK$8.19	2024/03/28

Notes:

1. Details of the valuation and the accounting standard and policy adopted for the Share Award Scheme during the year of 2024 are set out in the Note 24(d) and Note 1(t(ii)) to the consolidated financial statements.

2. Subject to fulfilment of vesting conditions including customized performance targets for each grantee, the Award Shares shall be vested according to the vesting schedule.

3. There is no performance target for the grantees to achieve before the relevant Award Shares can be vested.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2024.

PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times as of the date of this report as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

DONATION

During the year ended 31 December 2024, the Group made donations of RMB 0.9 million.

ANNUAL GENERAL MEETING

The 2024 Annual General Meeting (the "**2024 AGM**") of the Company will be held on 27 June 2025. The notice of the 2024 AGM will be sent to shareholders at least 21 clear days before the 2024 AGM.

FINAL DIVIDEND

The Board has resolved to recommend the payment of a final dividend of HK$0.11 (tax inclusive) per share (the "**Share**") for the year ended 31 December 2024 to the shareholders whose names appear on the register of members of the Company on Tuesday, 8 July 2025 and also to recommend the offer to the shareholders the right to select as an alternative, to receive such final dividend wholly by allotment of new Shares credited as fully paid in lieu of cash (the "**Scrip Dividend Scheme**"), subject to the approval of the shareholders on the payment of final dividend at the 2024 AGM and the granting by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued pursuant thereto.

Once the relevant resolution is passed at the 2024 AGM, the proposed final dividend is expected to be paid on or about Friday, 22 August 2025. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be dispatched by ordinary mail on or about Friday, 22 August 2025. The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31 December 2024.

On the condition that the payment of the above final dividend is approved by the shareholders at the 2024 AGM, a circular containing details of the Scrip Dividend Scheme will be published on or about Wednesday, 23 July 2025.

Closure of Register of Members

(a) For determining the entitlement to attend and vote at the 2024 AGM

The register of members of the Company will be closed from Tuesday, 24 June 2025 to Friday, 27 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2024 AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 23 June 2025 (Hong Kong time), being the last registration date.

(b) For determining the entitlement to the proposed final dividend

The proposed final dividend for the year ended 31 December 2024 is subject to approval by the shareholders at the 2024 AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Friday, 4 July 2025 to Tuesday, 8 July 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch 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, for registration not later than 4:30 p.m. on Thursday, 3 July 2025 (Hong Kong Time), being the last registration date.

TAX RELIEF AND EXEMPTION

The Company is not aware of any particular tax allowances granted to the Company's shareholders due to their interests in its securities.

CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report of this annual report.

AUDITOR

KPMG has acted as auditor of the Company for the financial year ended 31 December 2024. KPMG shall retire at the forthcoming AGM and, being eligible, will offer themselves for re-appointment. A resolution may be proposed by our Company at the forthcoming 2024 AGM to re-appoint KPMG as auditor of the Company. There has been no change in auditor since the Listing Date.

On behalf of the Board
MicroPort NeuroScientific Corporation
Chairman and Non-Executive Director
Dr. Chang Zhaohua

26 March 2025

CORPORATE GOVERNANCE REPORT

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to report to the shareholders of the Company (the "**Shareholders**") on the corporate governance of the Company for the year ended 31 December 2024 ("**2024**" or the "**Reporting Period**").

CORPORATE GOVERNANCE CULTURE AND PURPOSE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

— satisfactory and sustainable returns to Shareholders;

— that the interests of those who deal with the Company are safeguarded;

— that overall business risk is understood and managed appropriately;

— the delivery of high-quality products and services to the satisfaction of customers; and

— that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the basis of the Company's corporate governance practices.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

In the opinion of the Directors, the Company has complied with all the applicable code provisions as set out in the CG Code during 2024. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS/MODEL CODE FOR SECURITIES TRANSACTIONS

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

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code/code of conduct during 2024.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who, because of such office or employment, are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of Executive Directors and Non-executive Directors (including Independent Non-executive Directors) so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

Board Composition

As at 31 December 2024 and up to the date of this Annual Report, the Board currently comprises the following:

Executive Directors

Mr. Xie Zhiyong *(Chief Executive Officer)*
Mr. Wang Yiqun Bruce *(Senior vice president)*

Non-executive Directors

Dr. Chang Zhaohua *(Chairman of the Board)*
Mr. Sun Qingwei
Mr. Wang Lin
Ms. Wu Xia

Independent Non-executive Directors

Dr. Xu Yi
Dr. Zhang Haixiao
Mr. Fan Xin

The biographical information of the Directors is set out in the section headed "Biographies of Directors and Senior Management" of this Annual Report. The relationships between the Directors are disclosed in the respective Director's biography under the section "Biographies of Directors and Senior Management" of this Annual Report. Save as disclosed above, there is no relationships (including financial, business, family or other material/relevant relationship(s)) between the Board members and in particular, between the Chairman and the Chief Executive Officer.

Directors' Attendance Records

The attendance record of each Director at the Board meetings, and the Board Committee meetings and general meetings of the Company held during 2024 is set out in the table below:

	Attendance/Number of Meetings			
Name of Director	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**
Executive Directors				
Mr. Xie Zhiyong	5/5		3/3	1/1
Mr. Wang Yiqun Bruce	5/5			
Non-executive Directors				
Dr. Chang Zhaohua *(Chairman)*	4/5			
Mr. Sun Qingwei	5/5			
Mr. Wang Lin	5/5			
Ms. Wu Xia	5/5			
Independent Non-executive Directors				
Dr. Xu Yi	5/5	3/3	3/3	1/1
Dr. Zhang Haixiao	5/5	3/3		1/1
Mr. Siu Chi Hung *(resigned on 26 June 2024)*	2/5	2/3	1/3	
Mr. Fan Xin *(appointed on 26 June 2024)*	3/5	1/3	2/3	

Board Meetings

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Responsibilities, Accountabilities and Contributions of the Board and Management

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

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

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.

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

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

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities.

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Dr. Chang Zhaohua and Mr. Xie Zhiyong respectively. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that Independent Non-executive Directors are independent.

Board Independence Evaluation

The Company has established mechanisms to ensure independent views and input are available to the Board, which set out the processes and procedures to ensure a strong independent element on the Board, these mechanisms allow the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

Pursuant to these mechanisms, the Board will conduct annual review on its independence, and the Board will collectively discuss the results and the action plan for improvement, if appropriate. The Board will also review the implementation and effectiveness of such mechanisms on an annual basis.

Appointment and Re-election of Directors

The Non-executive Directors (including Independent Non-executive Directors) are appointed for a specific term of three years, subject to renewal after the expiry of the then current term.

All the Directors are subject to retirement by rotation and re-election at the annual general meetings. Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three of a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Company's Articles of Association also provides that all Directors appointed to fill a casual vacancy or as addition to the Board shall hold office until the first annual general meeting after appointment. The retiring Directors shall be eligible for re-election.

Continuous Professional Development of Directors

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

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

Development of Directors is an ongoing process, which enables them to perform their duties appropriately. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

During 2024, the Company organized training sessions conducted by the qualified professionals/legal advisers for all Directors. The training sessions covered a wide range of relevant topics including Directors' duties and responsibilities, corporate governance and regulatory updates. In addition, relevant reading materials including compliance manual/legal and regulatory updates/seminar handouts have been provided to the Directors for their reference and studying.

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of Board committees/the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

Audit Committee

The Audit Committee consists of three, namely Mr. Fan Xin, Dr. Xu Yi and Dr. Zhang Haixiao. Mr. Fan Xin is the chairperson of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During 2024, the Audit Committee held three meetings to review, in respect of the year ended 31 December 2024, the interim and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors three times without the presence of the Executive Directors.

Remuneration Committee

The Remuneration Committee consists of three members, namely Dr. Xu Yi, Mr. Xie Zhiyong and Mr. Fan Xin. Dr. Xu Yi is the chairperson of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include determining/reviewing and making recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

The Company has adopted a share award scheme as an incentive to Directors, Supervisors and eligible employees. Details of the scheme are set out in the section headed "Share Award Scheme" in the Report of the Directors.

During 2024, the Remuneration Committee met three times to review and determine the policy for the remuneration of executive directors, assess performance of executive directors, and review and approve matters relating to share schemes. In addition, the Remuneration Committee also reviewed and made recommendations to the Board on, among other things, the year end bonus of senior management and the related remuneration policy.

Nomination Committee

The Nomination Committee consists of three members, namely Dr. Zhang Haixiao, Mr. Xie Zhiyong and Dr. Xu Yi. Dr. Zhang Haixiao is the chairperson of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy and the Company is in full compliance with the board diversity (requirements under Rule 13.92 of the Listing Rules).

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During 2024, the Nomination Committee held one meeting to review the Board composition, make recommendations to the Board on the appointment and succession planning of Directors, and assess the independence of Independent Non-executive Directors.

Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee reviews regularly the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

With regard to gender diversity on the Board, the Company recognises the particular importance of gender diversity. As at the end of the Reporting Period, an analysis of the Board's current composition is set out below:

Gender	**Age Group**
Male: 7 Directors Female: 2 Directors	40–49: 5 Directors 50–59: 3 Directors 60–69: 1 Director
Designation	**Educational Background**
Executive Directors: 2 Directors Non-executive Directors: 4 Directors Independent Non-executive Directors: 3 Directors	Business Administration: 1 Director Account and Finance: 3 Directors Legal: 1 Directors Other: 4 Directors
Nationality	**Business Experience**
Chinese: 8 Directors American: 1 Directors	Accounting & Finance: 3 Directors Legal: 1 Directors Experience related to the Company's Business: 7 Directors

The Nomination Committee and the Board considered that the current composition of Board is sufficiently diverse. The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at 31 December 2024:

	Female	**Male**
Board	22.22% (2)	77.78% (7)
Senior Management	42.86% (3)	57.14% (4)
Other employees	64.04% (333)	35.96% (187)
Overall workforce	63.76% (336)	36.24% (191)

The Board has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 80 to 137 of this Annual Report.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

The Company has adopted a director nomination policy. The director nomination policy contains the criteria for nomination and appointment of directors, as well as nomination process.

In evaluating and selecting any candidate for directorship, the following criteria should be considered:

- Reputation for integrity;
- Accomplishment and experience in respect of the neuro-interventional medical device industry and other relevant industries;
- Commitment in respect of available time and relevant interest;
- Ability to assist and support the Board and make sufficient contribution to the Company;
- Board diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, talent, skills, knowledge and length of service;
- Compliance with relevant legal and regulatory requirements;
- Comply with the independence criteria as set out in Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the appointment or reappointment of independent non-executive directors;
- Any other relevant factors as determined by the Nomination Committee or the Board from time to time.

For the appointment of new Director, the Nomination Committee shall conduct adequate due diligence on the proposing candidate and make recommendations for the Board's consideration and approval. With regard to the re-appointment of any current Board member, the Nomination Committee shall make recommendations to the Board for the re-appointment of the proposing candidate at the general meeting for its consideration and recommendation.

On 26 June 2024, the Board announced that Mr. Siu Chi Hung has retired as an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee; Mr. Fan Xin has been appointed as an independent non-executive Director, the Chairman of the Audit Committee and a member of the Remuneration Committee, with effect from the same date.

Mr. Fan Xin has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 25 June 2024. Mr. Fan Xin has confirmed that he understood his obligations as a Director of the Company.

Save as disclosed above, there was no change in the composition of the Board during 2024. The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

During 2024, the Audit Committee had reviewed the Group's internal control and risk management systems and processes which covered the whole financial year.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology. The Company has established legal department and internal review department with policies in relation contract management and compliance management. The legal department is primarily responsible for the comprehensive and centralized management of contracts with the power to guide and supervise the drafting, execution, consummation and management of contracts.

Through interviews and questionnaires, the internal audit department of the Company conducted independent risk assessment regularly to identify risks that potentially impact the business of the Group and various aspects including strategic risks, financial risks, market risks, operation risks, legal risks and so on.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, the impact, the vulnerability and the velocity. Also they provided treatment plans, and monitored the risk management progress.

The internal audit department of the Company is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department of the Company examined key issues in relation to the accounting practices and all material controls, provided its findings and recommendations for improvement auditees and report the remediation periodically to the Audit Committee.

The Board, as supported by the Audit Committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls periodically and considered such systems are effective and adequate.

The Company has in place the Whistleblowing Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, about possible improprieties in any matters related to the Company.

The Company has also in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. The Report Handling Team, comprised of the Internal Audit Department and the Compliance Management Department, investigates and deals with reports. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

During 2024, four trainings regarding compliance importance, hospitality principles and conflicts of interest were held with 517 employees. There were no non-compliance cases in relation to bribery and corruption.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

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 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 financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended 31 December 2024, and the disclosure of other financial information and report therein complies with relevant legal requirements.

The statement of the external auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report of this Annual Report.

AUDITORS' REMUNERATION

The remuneration paid and payable to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	**Fees Paid/Payable RMB'000**
Audit Services	2,790
Non-audit Services	26
Total	2,816

COMPANY SECRETARY

Ms. Hui Yin Shan had been the company secretary of the Company during the period from 1 January 2024 and resigned on 14 August 2024. Ms. Yeung Siu Lam was appointed as the company secretary of the Company in place of Ms. Hui Yin Shan since 14 August 2024. Each of Ms. Hui Yin Shan and Ms. Yeung Siu Lam was nominated by Tricor Services Limited, external service provider, and engaged by the Company as its company secretary in compliance with the Listing Rules.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. During 2024, Ms. Wang Xiaoxiao, the Board secretary of the Company has been designated as the primary contact person at the Company who would work and communicate with Ms. Hui Yin Shan and Ms. Yeung Siu Lam on the Company's corporate governance and secretarial and administrative matters.

During 2024, each of Ms. Hui Yin Shan and Ms. Yeung Siu Lam has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

Convening an Extraordinary General Meeting

Pursuant to the Articles 17.3 to 17.7 of the Articles of Association of the Company, the Board may, whenever it thinks fit, convene an extraordinary general meeting ("**EGM**").

Any one or more shareholders holding, at the date of deposit of the requisition, not less than 10% of the voting rights, on a one vote per share basis, of the issued shares which as at that date carry the right to vote at general meetings of the Company (the "**Eligible Shareholder(s)**"), shall at all times have the right, by written requisition to the directors of the Company (the "**Directors**"), to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

Eligible Shareholder(s) who wish to convene an EGM must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned at the principal office of the Company in Hong Kong at Room 1922, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, or in the event the Company ceases to have such a principal office, at the registered office of the Company at Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The Requisition must state the objects and the resolutions to be added to the agenda of the meeting. The Requisition must be signed by the Eligible Shareholder(s) concerned.

If there are no Directors as at the date of the deposit of the Requisition or if the Directors do not within 21 days from the date of the deposit of the Requisition duly proceed to convene an EGM to be held within a further 21 days, the Eligible Shareholder(s), or any of them representing more than one-half of the total voting rights of all of the Eligible Shareholders, may themselves convene an EGM, but any meeting so convened shall be held no later than the day which falls three months after the expiration of the said 21 day period.

Putting Forward Proposals at General Meetings

There are no provisions under the Articles of Association regarding procedures for Shareholders to put forward proposals at a general meeting Shareholders who wish to submit a proposal may request the Company to convene a general meeting in accordance with the procedure set out in the preceding paragraph, to consider the matters specified in the request.

Putting Forward Enquiries to the Board

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

Contact Details

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

Address: 1661 Zhangdong Road, Zhangjiang High-tech Park, Shanghai, PRC (For the attention of the Board Secretary)
Fax: (86) (21) 5080 1305
Email: NeuroTech_IR@microport.com

For the avoidance of doubt, Shareholders 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.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Shareholders' Communication Policy

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board has reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

The Company has established a number of channels for maintaining an on-going dialogue with its Shareholders as follows:

(a) Corporate Communication

"Corporate Communication" as defined under the Listing Rules refers to any document issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to, the directors' report and annual accounts together with a copy of the auditors' report, the interim report, a notice of meeting, a circular and a proxy form. Corporate communication will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding. Shareholders have the right to choose the language (either English or Chinese) or means of receipt of the corporate communications (in hard copy or through electronic means).

(b) Corporate Website

A dedicated Investor Relations section is available on the Company's website (www.microportneurosci.com). Information on the Company's website is updated on a regular basis. Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents etc. All presentation materials provided in conjunction with the Company's annual general meeting and results announcement each year will be made available on the Company's website. All press releases and Shareholders' newsletters will be made available on the Company's website.

(c) Shareholders' Meetings

The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its Shareholders. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. Appropriate arrangements for the annual general meetings will be in place to encourage Shareholders' participation. The process of the Company's general meeting will be monitored and reviewed on a regular basis, and if necessary, changes will be made to ensure that Shareholders' needs are best served. Board members, in particular, the chairpersons of the Board committees or their delegates, appropriate senior management and external auditors will attend annual general meetings to answer Shareholders' questions. Shareholders are encouraged to attend Shareholders' activities organized by the Company, where information about the Company, including its latest strategic plan and services will be communicated.

(d) Shareholders' Enquiries

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available. Shareholders may send any enquiries to the Board by email (NeuroTech_IR@microport.com) or by post to the Company at its principal place of business.

Amendments to Constitutional Documents

During the year ended 31 December 2024, the Company has amended its Memorandum and Articles of Association. Details of the amendments are set out in the circular dated 4 June 2024 to the Shareholders. An up to date version of the Company's Memorandum and Articles of Association is also available on the Hong Kong Stock Exchange's website and the Company's website.

Dividend Policy

Th Company has adopted the dividend policy for the payment of dividend. It is the policy of the Company to allow its shareholders to participate in the Company's profits whilst to retain adequate reserves for future growth. The Board may declare special dividends as it considers appropriate. When determining/proposing dividend payment frequency, amount and forms during any financial year/period, various elements would be taken into consideration by the Board, including but not limited to the Company's operations and financial performance, working capital and cash position, capital requirement as well as business strategies.

Such details have been disclosed in this annual report of the Company.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

The *2024 Environmental, Social and Governance Report* is the third environmental, social and governance ("**ESG**") report released by MicroPort NeuroScientific Corporation, which aims to disclose ESG-related information of the Group in response to the concerns and expectations of stakeholders on the ESG management of the Group.

Basis of Preparation of the Report

The Report is prepared in accordance with the Appendix C2-*Environmental, Social and Governance Reporting Code* (the "**ESG Reporting Code**") of the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* issued by the Stock Exchange of Hong Kong Limited ("**HKEx**").

Scope and Boundary of the Report

Unless otherwise stated, the Report covers the Company and its subsidiaries. Unless otherwise stated, the Report covers the period from 1 January 2024 to 31 December 2024 (the "**Reporting Period**" or the "**Year**"). The historical data cited in the Report are final statistics, and the financial data in the Report are in RMB unless otherwise indicated.

Principles of the Report

The report is prepared in accordance with the following principles:

- **Materiality:** The Report identifies and ranks the importance of ESG issues that are important or relevant to stakeholders and the Group through stakeholder communication and materiality assessment.

- **Quantitative:** The Report uses quantitative data to present key ESG performance indicators, with explanations of the quantitative data and comparative data provided where appropriate.

- **Balance:** The Report follows the principle of balance, and objectively presents the ESG management status of the Group.

- **Consistency:** Report adopts the same statistical methods for information disclosure as those used in the 2023 ESG Report. Any changes are explained in the respective places.

Sources and Guarantee of Reliability

The data and cases cited herein are mainly derived from statistical reports and relevant documents of the Group. The Board of Directors (the "**Board**") pledges that the Report does not contain any false records or misleading statements, and is responsible for the truthfulness, accuracy and completeness of the contents.

Confirmation and Approval of the Report

The report was approved by the Board upon confirmation from the management on 26 March 2025.

BOARD STATEMENT

Strictly abiding by the *ESG Reporting Code* of the HKEx, the Board of the Group gets increasingly involved in ESG-related issues and emphasizes its oversight role to refine ESG governance structure and management mechanism for the coordinated development of business and ESG governance.

Board of Directors' Responsibilities

The Board assumes the ultimate responsibility for the Group's ESG strategy and management. The Audit Committee under the Board cooperates with related business departments for the inclusion of ESG into the internal control and risk management and provides recommendations on related issues to the Board. The Board fully understands the Group's existing ESG management, makes the ultimate decision on ESG-related issues and is responsible for refining the ESG management system.

Management Policy

The Board assesses relevant risks and opportunities and updates management approaches and strategies if necessary to keep up with the developments by staying up on ESG development trends and peer performance, together with the Company's development plan. The Group maintains close communication with internal and external stakeholders and assesses, analyzes and ranks significant ESG issues. The materiality analysis results have been reviewed and approved by the Board.

Target Review

The Group has formulated annual ESG management targets and corresponding measures regarding key ESG management issues such as resources utilization and health and safety. Regular reviews are carried out against the progress towards relevant targets with recommendations provided to accelerate the achievement.

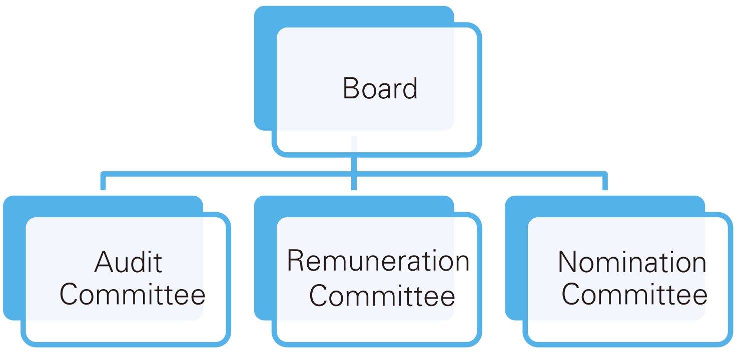
1. GOVERNANCE • STRENGTHENING GOVERNANCE EFFECTIVENESS

The Group regards compliance and sound corporate governance as the cornerstone of sustainable development and is committed to establishing a scientific, standardized and transparent governance system. The Group continuously strengthens corporate governance, attaches great importance to ESG management, adheres to business ethics and establishes a comprehensive risk management and internal control system, effectively prevents and mitigates risks, and ensures steady development of the Group.

1.1 Corporate Governance

The Company strictly complies with applicable laws and regulations in our operating locations and the listing location and adheres to governance under the rule of law. During the Reporting Period, the Company amended the *Memorandum of Association* to further strengthen our corporate governance capabilities and promote the standardized operation of our corporate governance mechanism.

The Company has established a comprehensive corporate governance system. The Board of Directors has set up an Audit Committee, a Remuneration Committee and a Nomination Committee. Each Committee fulfills its responsibilities within its respective scope of authority, jointly improves corporate governance, and ensures scientific and rational corporate decision-making.



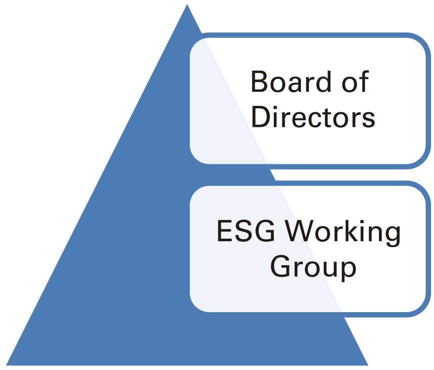
Board Governance Structure of the Company

1.2 ESG Management

The Group actively embraces ESG concepts, integrating sustainable development goals and practices into all aspects of our corporate strategy, operations, and management. The Group actively responds to the concerns and expectations of internal and external stakeholders, works with all stakeholders to create a sustainable future, and strives to achieve harmonious unity of economic, social, and environmental benefits.

1.2.1 ESG Management Structure

The Group strictly adheres to the requirements of the *ESG Reporting Code* issued by the HKEx and continuously enhances its ESG governance structure and management mechanisms. The Board of Directors is the highest governing body for ESG governance of the Group, responsible for overseeing ESG-related risks, regularly reviewing the effectiveness of ESG management, deliberating and approving the public disclosure of ESG-related matters by the Group. Additionally, the Group has established an ESG Working Group composed of key functions, with designated personnel to coordinate and advance various ESG matters, and report regularly to the Board to ensure the effective implementation of ESG work.



ESG Management Structure

1.2.2 Stakeholder Communication

The Group always regards stakeholders as vital partners for the development of the Group, and respects and values their concerns and expectations. The Group is committed to establishing a normalized and multi-channel communication mechanism, actively hearing and responding to the voices of stakeholders. These inputs serve as a crucial reference on enhancing our ESG practices, enabling us to continuously optimize ESG management and decision-making and driving the orderly implementation of various ESG initiatives.

Stakeholder Type	Concerned Issues	Communication Channels
Government and regulators	Compliant operation Risk management Business ethics Product safety and quality Emission management	On-site investigations Exchange of official documents Policy implementation Information disclosure
Shareholders and investors	Return on investment Information disclosure Technology and innovation Product safety and quality Intellectual property protection	Investor relations website[1] Shareholders meetings Information disclosure Letter correspondence Teleconferences On-site visit Roadshows
Customers	Information security and privacy protection Product safety and quality Customer service Responsible marketing	Distributor meetings Customer surveys Technical seminars Customer service hotline Customer satisfaction surveys
Employees	Talent development Employee benefits and compensation Diversity, equality and inclusion Occupational health and safety	Employee management committee Employee training Employee activities Employee surveys Horizontal communication Internal publications
Suppliers	Product safety and quality Responsible supply chain	Supplier assessment Supplier communication and training
Community and the media	Community and public welfare Product safety and quality	Volunteer service Community activities Media communication and interviews

1 https://ir.microportneurosci.com/cn/investor-relations/

1.2.3 Materiality Assessment

The Group is committed to collaborating with stakeholders to identify material issues based on their perspectives and needs and optimize the assessment of material issues. The Group continuously improves the process of assessing material issues, ranks the importance of issues according to the assessment results, and finally determine the matrix of material issues to provide a basis for the Group to formulate long-term ESG strategies.

Step 1: ESG issues identification

- In accordance with the *ESG Reporting Code*, the Group has identified 23 ESG issues, taking into account the current situation of our industry.

Step 2: Materiality assessment

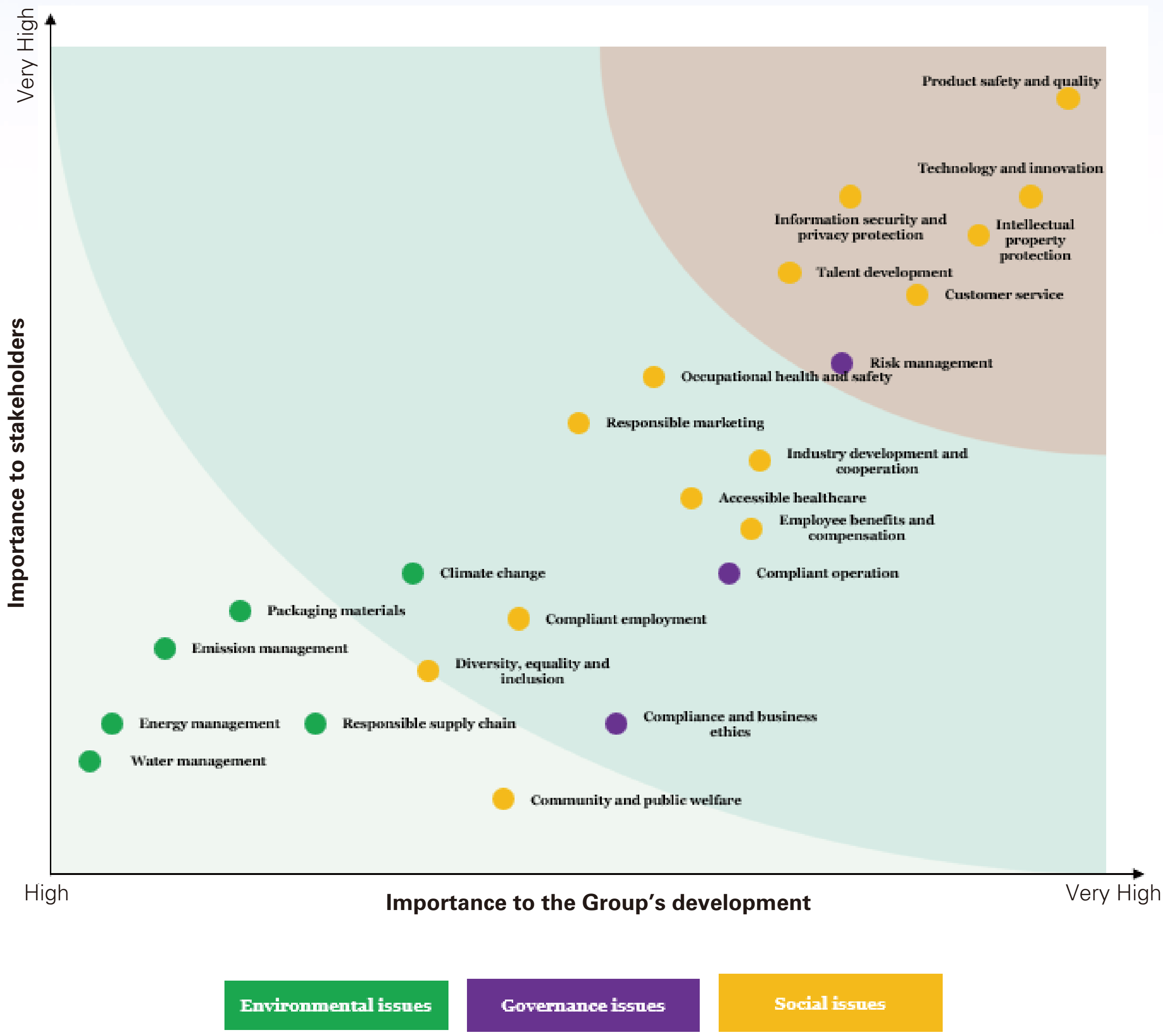
- The Group invited internal stakeholders to fill in questionnaires and ranked the importance of issues in terms of "importance to stakeholders" and "importance to the Group's development" to generate a preliminary materiality assessment matrix.

Step 3: Assessment results confirmation

- The Board and the ESG Working Group reviewed and confirmed the assessment results, and generated the ESG Materiality Matrix.

Materiality Assessment Process

During the Reporting Period, the Group reviewed the results of the materiality assessment in the previous year and believed that the assessment results were still applicable, and therefore the Group continued to use these results. The Group's materiality matrix includes 23 material issues, covering the three categories of environmental, social, and governance.



ESG Materiality Matrix

1.3 Risk Management and Internal Control

Comprehensive and efficient risk management and internal control are essential for the steady development of enterprises. The Group has established and continuously optimized a series of internal systems such as the *Risk Management System*, the *Internal Audit System*, and the *Working Rules of Internal Audit* to standardize and guide the effective implementation of risk management and internal control.

The Group has established a risk management framework covering the Board of Directors, the Audit Committee, and the Internal Audit and Risk Control Department to carry out supervision, management, and execution of risk management and internal control, ensuring comprehensive integration of risk management with the business of the Group.

Board of Directors

As the highest decision-making body for risk management and internal control, the Board is responsible for the development and maintenance of the risk management and internal control system. Additionally, the Board assesses and determines the nature and extent of risks we are willing to bear for achieving the strategic goals

Audit Committee

Assist the Board in guiding management and overseeing the design, implementation, and monitoring of the risk management and internal control system

Internal Audit and Risk Control Department

Regularly conduct independent risk assessments to identify risks that may impact the Group's businesses

Risk Management Framework

The Group has established a risk management system covering the key stages of prevention, control and supervision before, during and after the event respectively in place. Through continuous collection of relevant risk information, the Group can identify, assess and respond to risks in time. Management of the Company coordinates with department heads to assess and analyze potential risks in terms of key dimensions such as the likelihood of occurrence, impact, vulnerability and urgency. The Group has identified risks such as strategic risks, financial risks, market risks, operational risks, and legal risks. During the Reporting Period, the Group had no significant risk incidents.

The Group regards audit supervision as an important means of enterprise risk prevention and control. The Group regularly carries out internal audits and external audits, covering the Company and all its subsidiaries, in order to prevent and control risks.

1.4 Business Ethics

The Group conducts business operations with high standards of business ethics, strictly adheres to laws and regulations in all operating locations, and formulates and implements internal policies such as the *Compliance Manual*, the *Code of Business Conduct and Ethics*, and the *Service Fee Standard for Service Provided by Healthcare Professionals (HCPs)*, continuously strengthening the establishment of business ethics policies and effectively standardizing management and employee behavior.

The Board of Directors is the highest decision-making body for compliance management of the Group, assuming the primary responsibility for the effectiveness of compliance management. The Legal Department and the Internal Audit and Risk Control Department are responsible for formulating policies related to contract management and compliance management. Moreover, the Group has engaged a third party as a compliance advisor to further avoid potential conflicts of interest and ensure the fairness and impartiality of compliance management work.

The Group maintains a zero-tolerance approach towards corruption and bribery in any form, supervising and managing the professional ethics and behaviors of relevant internal and external personnel such as employees and partners.

Internal management	• The Group requires all employees to sign the *Code of Business Conduct and Ethics*, which explicitly prohibits any misconduct by employees.
External management	• The Group signs the *Statement of Commitment to Social Responsibility and Integrity* with suppliers and the *Standard Provisions for Anti-Corruption Compliance* with distributors, requiring business partners to uphold the same stance against corruption and bribery.

Compliance Management Measures

The Group encourages employees, customers, partners and other internal and external stakeholders to report any suspected illegal or disciplinary violations under their real identities or anonymously. During the Reporting Period, no violations involving corruption, bribery, extortion, fraud or money laundering occurred in the Group.

Reporting Channels	• Reporting email: NT_Legal@microport.com • "Woodpecker" Reporting mailbox: 1601 Zhangdong Road, Zhangjiang High-Tech Park, Pudong New Area, Shanghai • WeChat official account: "微創神通"
Report Handling Mechanism	• Establish a reporting handling team composed of the Internal Audit and Risk Control Department and the Compliance Management Department to be responsible for conducting reporting investigations and handling • Require that all reporting information be recorded, and initiate case assessment and investigation within 24 hours of receiving the report • Exclude all stakeholders who may affect the fairness of the case investigation from participating in the investigation to ensure the independence of the reporting handling process
Whistleblower Protection Mechanism	• Firmly protect the legitimate rights and interests of whistleblowers, clearly stipulate that real-name reporting and anonymous reporting are treated equally, and strictly prohibit anyone from retaliating against whistleblowers in any form

The Group continues to strengthen the construction of business ethics and compliance culture, sending the latest compliance hot topics through "Compliance Mini Class" to all employees to strengthen the awareness of business ethics and compliance among all employees. The Group attaches great importance to compliance awareness training for new employees and organizes compliance training for new employees in the early stage of their employment to help them quickly understand and master the rules and regulations and compliance requirements of the enterprise. In 2024, the Group conducted three business ethics and compliance training sessions specifically designed for new employees. At the same time, the Group pays close attention to the dynamics of the state's compliance policies in the medical field, and once there is an important version of the healthcare compliance policy, the Group will organize relevant departments to carry out targeted compliance training in a timely manner to ensure that all employees understand and implement the policy requirements timely and accurately to protect the enterprise's compliance operation. During the Reporting Period, four trainings regarding compliance importance, hospitality principles and conflicts of interest were held with 517 employees.

2. SOCIETY • COLLABORATING FOR VALUE CO-CREATION

Collaborating for value co-creation serves as a pivotal driver for the sustainable development of the Group. The Group upholds an innovation-driven growth strategy, striving to deliver superior products and services while fostering a responsible and competitive brand image. In daily operations, the Group prioritizes employee empowerment, collaborates with suppliers and industry partners for mutual growth, actively fulfills corporate social responsibilities, and engages both internal and external stakeholders to jointly achieve sustainable development goals.

2.1 Innovation-Driven

The Group is dedicated to the mission of "providing the accessible, top-quality and comprehensive solutions for the treatment of cerebrovascular diseases". The Group drives technological advancements through innovation, promotes the systematic layout and protection of intellectual property rights, strictly ensures clinical ethics and animal welfare, and promotes the efficient transformation of innovative outcomes, providing patients with scientific and effective medical solutions.

2.1.1 R&D and Innovation

The Group is committed to addressing the needs of doctors and patients, leveraging our outstanding R&D capabilities and efficient R&D model to address complex neurovascular diseases challenges. Through R&D innovation, the Group aims to benefit more patients and drive corporate growth. The Group has established a comprehensive product portfolio for interventional treatment of stroke, covering three major cerebrovascular disease areas, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke, providing a complete solution for cerebrovascular treatment.

The Group has established its own R&D center with full-cycle capabilities encompassing design development, design verification, registration clinical trials and registration applications. While actively promoting independent R&D, the Group implements the R&D mode of "Medical-Industrial Collaboration" and jointly promote R&D cooperation projects with multiple hospitals. In addition, the Group cooperates with well-known domestic universities to jointly promote R&D innovation and transformation of scientific and technological achievements.

In 2024, the Group adhered to our R&D strategy and plan, and achieved significant progress in developing therapeutic and auxiliary devices. The Group has channelled its resources into a series of key R&D projects, including the Bridge® MAX Rapamycin Target Eluting Vertebral Artery Stent System, Rebridge® Intracranial Stent System, and Nufairy® Absorbable Embolization Coil, and successfully completed 20 technical breakthroughs and project deliverables.

Product Line	**Major R&D Innovation Progress during the Reporting Period and as at the date of the approval of this Report by the Board**
Hemorrhagic Stroke Products	• Tubridge® Plus Flow Diverting Stent received approval • Numen® Lighting Coil Embolization System received approval • Nufairy® Absorbable Embolization Coil has completed patients enrollment • Numen® Nest Detachable Coil has been submitted for registration
Cerebral Atherosclerotic Stenosis Products	• Bridge® MAX Rapamycin Target Eluting Vertebral Artery Stent System has been submitted for registration • Safecer™ Embolic Protection Device received approval • PathFinder™ Carotid Artery Balloon Dilatation Catheter received approval
Acute Ischemic Stroke Products	• Neurohawk® Pass17/21 Thrombectomy Device received approval • NeuroGuard® Neurovascular Balloon Guide Catheter received approval • NeuroHawk® Medibox™ Shenying Xialv™ Theombectomy Device and Accessories received approval
Access Products	• Sheathru™ Lingqiao™ Delivery Catheter received approval • Cerelmon™ filter extension tube for single use received approval

At the date of the approval of this Report by the Board, the Group's product portfolio included 36 commercialized products and product candidates, including 25 products approved and commercialized in China and 11 products in different stages of development. In addition, four products have been admitted to the NMPA's innovative special review and approval procedure, ranking the first among Chinese neuro-interventional medical device companies.

The Group's Innovative R&D Project Has Received Special Support from the "Science and Technology Innovation Action Plan"

In 2024, the Science and Technology Commission of Shanghai Municipality announced the list of approved projects funded by the "Science and Technology Innovation Action Plan" for biomedical innovation and development. Our "Clinical Registration Study of Absorbable Embolic Coils for Intracranial Aneurysm Treatment" stood out among many projects and was successfully funded, receiving RMB1 million in special funding support by the Commission.

The Group prioritizes the recruitment and cultivation of high-quality talents while continuously improves the establishment of innovative talent teams. At the end of the Reporting Period, our R&D team comprised a total of 124 R&D personnel, with over 60% holding master's degree or above. In addition, the Group has continued to improve its R&D incentive policies and programs to reward R&D personnel with significant contributors, stimulating innovation momentum and accelerating commercialization of innovation achievements.

2.1.2 Intellectual Property Protection

The Group adheres to the management principle of "development driven by technology and innovation and protected by intellectual property". The Group continuously conducts R&D and innovation with independent Intellectual Property ("**IP**") to ensure effective protection for technological achievements. Strict compliance is maintained with laws such as the *Trademark Law of the People's Republic of China*, the *Patent Law of the People's Republic of China*, and the *Anti-Unfair Competition Law of the People's Republic of China*, while following with our internal policies such as the *Intellectual Property Rights Manual* to standardize IP practices across R&D, procurement, production, etc. The Group continues to strengthen the IP management system and our subsidiary, MicroPort NeuroTech (Shanghai) Co., Ltd. ("**MP NeuroTech Shanghai**"), has obtained the GB/T 29490–2013 Intellectual Property Management System certification and passed the annual audit in July 2024.

The Group prioritizes a "prevention-first" principle by integrating IP into our risk management framework. Regular IP risk assessments are conducted to promptly identify and address potential vulnerabilities, ensuring maximum mitigation of associated risks. Additionally, the Group implements employee responsibility agreements and delivers comprehensive training programs focused on IP protection and trade secret safeguarding. These initiatives reinforce awareness of IP protection and capabilities in safeguarding trade secrets, thereby elevating the Group's overall IP management standards.

Agreement Execution

- New employees are uniformly required to sign the *Agreement on the Confidentiality and Ownership of Intellectual Property* upon onboarding
- Employees sign additional specialized confidentiality agreements as needed during routine application processes
- Employees sign relevant agreements upon completing trade secret protection training

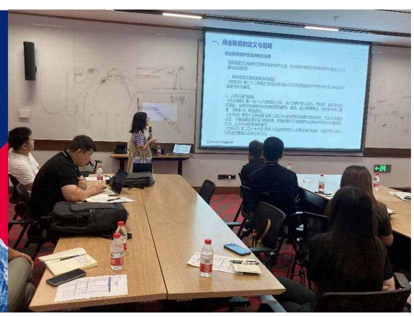
Training and Awareness

- Training sessions are conducted from time to time, including patent basics, technical specification drafting, technological know-how, patent search techniques, and trade secret safeguarding

IP Management Measures

Trade Secret Protection Training

In 2024, the Group conducted trade secret protection training for new employees and multiple functions such as R&D, clinical quality, market sales, etc., with an employee coverage rate of 80%. The training content covers the definition of trade secrets, relevant laws and regulations, typical cases and practical operations, etc., aiming to bolster employees' knowledge and drive effective execution in their work.



During the Reporting Period, there are no infringement events of patents, business secrets or trademarks of others.

At the end of the Reporting Period:

- A total of 210 authorized patents, including 42 overseas patents; 216 patents pending
- A total of 192 registered trademarks

2.1.3 Ethical Research

The Group attaches great importance to clinical ethics and animal welfare, complies with the applicable laws, regulations and standards in our operating locations such as the *World Medical Association's Declaration of Helsinki*, the *Good Clinical Practice*, and the *Personal Information Protection Law of the People's Republic of China*, formulates internal polices including the *Controls in Clinical Trials*, the *Guidelines for the Clinical Trail Centre* and the *Code of Practice for the Management of Animal Experiments*. A rigorous governance framework for trial approval and process oversight ensures procedural compliance and safety throughout research activities.

Clinical Trial Design Phase	Trial Execution Phase
• Thoroughly evaluate and articulate the anticipated risks and benefits to subjects (and society) within the clinical trial protocol • Trials may only commence after obtaining required approvals documents or filing documents the Ethics Committee, Human Genetic Resource Administration Office, Shanghai Municipal Medical Products Administration, NMPA, and other regulators (if required)	• Rigorously monitor and document safety events, device-related adverse events (AEs)/serious adverse events (SAEs), device deficiencies, protocol deviations, and other critical issues • Conduct ongoing risk analysis to safeguard the safety of subject

Clinical Trial Management Mechanism

The Group strictly conducts clinical trials in accordance with relevant national laws, regulations and ethical principles to effectively protect the safety and rights of subjects. Before the subjects enter the clinical trial, the researchers provide thorough explanations, answer questions, and obtain fully signed informed consent forms to ensure the subjects clearly understand the related risks and benefits. In addition, the Group enforces strict confidentiality obligations for all personnel involved, with supplementary confidentiality agreements signed as needed, to protect subjects' personal information and privacy.

In terms of animal testing ethics, the Group fully assesses the necessity of conducting animal tests and follows the 3R principles of "Replacement, Reduction and Refinement" to minimize the use of live animals and uphold animal welfare standards. Collaborating with qualified animal testing vendors and professionals, the Group engages them in protocol design and implementation, including appropriate pilot studies before safety and efficacy research.

Moreover, the Group has strengthened the clinical ethics awareness among relevant personnel through trainings on the E-learning platform, covering procedural documents, management policies, and ethical guidelines for both animal and clinical trials, which enhances the Group's clinical ethics governance capabilities.

2.2 Products and Services

The Group continuously enhances our full-lifecycle quality management system to stringently control product quality and is committed to providing patients with safer, more reliable and high-quality products. At the same time, the Group optimizes customer service management, conducts responsible marketing practices, strengthens information security and privacy protection measures to comprehensively safeguard the rights and well-being of customers and patients.

2.2.1 Quality Management

The Group prioritizes product quality as the cornerstone of our growth to provide safe and reliable solutions for patients. The Group continuously advances our Quality Management System (QMS), strengthens product testing capabilities, and refines product release and recall mechanism. By integrating digital tools into quality oversight and fostering a culture of accountability, the Group enhances market recognition and competitiveness.

- *Quality Management System*

  The Group strictly adheres to relevant laws and regulations in operating locations, including the *Product Quality Law of the People's Republic of China*, the *Regulations on the Supervision and Administration of Medical Devices*, and the *Medical Device Regulations*. The Group has formulated the *Quality Manual* and more than 30 control procedure documents, and established a complete dedicated quality management team to ensure the efficient operation of the QMS.

The Group is continuously improving our digital product quality control system, achieving full lifecycle management covering product design traceability, development, manufacturing and after-sales service, and actively promoting quality management system certification. At the end of the Reporting Period, MP NeuroTech Shanghai has obtained multiple quality system certifications, including ISO 13485 Medical Device Quality Management System certification, MDSAP Quality Management System certification, EU MDD/MDR Product Registration Certifications, complying with regulatory and standard requirements in China, the European Union, Japan, South Korea, Argentina, Brazil, and other global markets. In addition, our NeuroScientific TC Laboratory has been certified by the China National Accreditation Service for Conformity Assessment (CNAS).

- *Quality Audit*

The Group regularly conducts internal and external quality audits, promptly implementing necessary corrective actions to ensure the effectiveness of the quality management system. During the Reporting Period, the Group conducted internal audits on all departments and processes covered by the quality system based on the annual quality system planning. A total of 15 minor non-conformances and 3 observations were identified, with corrective action plans were formulated to address these issues in a timely manner. In addition, the Group actively cooperated with the quality audit work of external regulators and third parties, conducting a total of 21 external quality audits, with a rectification completion rate of 100%.

> In 2024, the Group has achieved the goal of 100% pass rate in external audit of quality system

- *Product Testing and Release*

The Group has established a comprehensive product quality testing and release mechanism, relying on fully functional and technologically advanced laboratories and testing rooms, and cooperating with external institutions that have professional qualifications for testing, to ensure that products released at each stage meet relevant quality and technical requirements. Additionally, the Group conducts preventive testing on potential quality and safety issues in our products, identifying and addressing potential problems in advance to ensure compliance with relevant quality standards.

Product Testing

- Include incoming testing of raw materials, in-process testing during production, and final testing of finished products
- Reasonable testing items and sampling plans are established at different production stages based on product design and process characteristics

Product Release

- Qualified products are released strictly in accordance with production quality management standards, after completing all specified process flows and ensuring that all testing records, including incoming, in-process, and final testings, are completely documented

Product Testing and Release Management

- *Digital Empowerment of Quality Management*

  The Group is committed to promoting the digitalization and automation of quality management. By establishing digital manufacturing, intelligent monitoring and customer complaint management platforms, the Group has achieved precise control of quality data and conducts quality analysis and control throughout the entire process, thereby ensuring product quality.

Digital Manufacturing Platform	Intelligent Monitoring Platform	Customer Complaint Management Platform
Manufacturing Execution System (MES): Ensures transparency and controllability of the production process through planning, scheduling, material management, production execution, and quality traceability, achieving digital management of the entire production workflow	Machine Vision Inspection System: Automatically identifies product defects, improving monitoring accuracy and efficiency	Customer Complaint Information Collection Platform (Green Trail): Collects complaint information for various products in a timely and accurate manner, facilitating complaint analysis and continuous product improvement
Enterprise Resource Planning System (ERP): Integrates supply chain, production, finance, and other modules to optimize resource allocation, enhance production efficiency, and improve cost control capabilities	Automation Equipment: Automates the monitoring of key product parameters, reducing human error	Digital System for Customer Complaint Process Analysis (PLM System): Enables real time tracking of complaint analysis status, ensures timely identification, reporting, and tracking of adverse events, and supports online approval and archiving of complaint investigation results

Quality Management Digital Platform

- *Quality Management Culture*

The improvement of quality culture construction provides inexhaustible driving force for the efficient operation of the Group's quality system. The Group regularly organizes quality management training for all employees and conducts special quality training for R&D, engineering, quality and front-line personnel according to business needs, effectively improving employees' quality awareness and ability. During the Reporting Period, the Group conducted 22 quality trainings, covering the quality management regulations, adverse event monitoring and re-evaluation management, etc., with a coverage rate of 100% for employees.

"Quality Month" Activity

During the "Quality Month" in 2024, the Group organized a series of training and activities to enhance the construction of quality culture in the Group. The Group conducted process confirmation training, process confirmation compliance verification, medical device product and production standard talks for R&D, engineering technology and quality personnel to improve employees' knowledge reserve and skill level in quality management. In addition, the Group organized labor competitions for front-line employees to stimulate their enthusiasm and creativity and build an efficient production and high-quality front-line team.

With our outstanding quality management capabilities, MP NeuroTech Shanghai was awarded the "Third Prize of the 2024 Shanghai Key Product Quality Improvement Projects" and the "Quality Technology Excellence Award from the Shanghai Association for Quality in 2024" during the Reporting Period.

- *Product Recall*

The Group strictly complies with the applicable laws and regulations in operating location, including the *Administrative Measures for Medical Device Recall* and the *Medical Device Regulation* and ISO 13485 standard. The Group has formulated management policies such as the *Product Recall Management System*, the *Product Recall Management System (United States)*, the *Provisions on the Management of Product Vigilance Systems (EU)*, and *Provisions on the Management of Product Vigilance Systems (Japan)*, to clarify the product recall and handling process and enhance the emergency response capability for product safety emergencies.

The Group classifies product recalls into three levels based on the severity of medical device defects and implements differentiated emergency response measures. Upon confirming a recall decision, the Group submits the *Medical Device Recall Incident Report Form* to the pharmaceutical regulatory authority for record-keeping within five days and regularly submits *Reports on the Implementation of the Recall Plan*. Additionally, the Group continuously optimizes our product recall mechanisms to ensure the effectiveness and efficiency of the recall process.

During the Reporting Period, there was no product recall due to safety and health reasons.

2.2.2 Customer Service

The Group adheres to the service philosophy of "customer-centric" and establishes clear channels for customer complaints and feedback, committed to providing customers with better service experience. The Group has formulated internal regulations such as the *Administrative Regulations on Handling Customer Complaints*, the *Administrative Regulations on Overseas Complaints* and the *Feedback Control Procedures* to clarify the customer complaints handling process and ensure the standardized operation of the customer service system.

Hotline: (86) (21) 38954600–55200 Email: Complaints-NeuroTech@microport.com WeChat Official Account: "微創神通"

Customer Service Contact Information

The Group attentively listens to customer needs and feedback, clearly specifying the channels for customer complaints, such as telephone, fax, email, etc., in the product manual, and establishing a complete process for handling customer complaints. The Group takes measures such as acceptance, classification, investigation, analysis, and corrective prevention to ensure timely responses and effective resolutions to customer needs, thereby enhancing customer satisfaction.

Complaint Acceptance

- Based on the content and severity of the complaint, understand customer demands and collect information on the surgical procedure, patient condition, and relevant surgical accessories

Internal Investigation

- Conduct an internal investigation based on customer demands and promptly provide the investigation results to the customer

Result Handling

- Take corresponding corrective actions and conduct review, approval, and archiving of the customer complaint investigation report

Customer Complaint Handling Process

During the Reporting Period, the Group received a total of 1,052 customer complaints, all of which have been promptly addressed and resolved, with improvement measures implemented. The handling rate reached 100%.

2.2.3 Responsible Marketing

The Group deeply understands the importance of responsible marketing in fulfilling social responsibilities. The Group strictly complies with laws and regulations such as the *Advertising Law of the People's Republic of China* and the *Standards for the Examination and Publication of Medical Device Advertisements*, and has formulated internal policies such as the *Management Measures for Product Promotion Materials for the International Market* to strictly control the authenticity and timeliness of publicly disclosed information, including designs, printing, and brochures, ensuring compliance in market promotion and marketing processes.

The Group has established diverse promotion channels in China, including case sharing, surgical technique promotion, live surgical broadcasts, surgical follow-ups, academic exchange, etc., and actively expanded the international market through international exhibitions and other channels. The Group adheres to the principle of responsible marketing, firmly rejects all advertising practices, and continuously strengthens marketing management and compliance review to ensure the presentation of true and reliable product information.

Marketing Management	Compliance Review
• Sign standard non-competition agreements with sales and marketing employees to avoid direct or indirect competition • All content must obtain consent from patients or doctors and redact personal information to fully protect patient privacy and information security	• Promotional materials must undergo joint review by multiple departments, including the Intellectual Property Department

Responsible Marketing Management Measures

To enhance employees' awareness of responsible marketing, the Group regularly conducts product training and compliance training to standardize the behavior of sales and marketing personnel.

During the Reporting Period, the Group did not have any administrative penalties or litigation cases due to marketing violations.

2.2.4 Information Security and Privacy Protection

Information security and privacy protection are crucial for the Group to maintain business stability and controllable data assets. The Group strictly complies with laws and regulations such as the *Cybersecurity Law of the People's Republic of China*, the *Data Security Law of the People's Republic of China*, and the *Personal Information Protection Law of the People's Republic of China*, and has formulated internal policies and systems including the *Information Security Policy*, the *Employee Code of Conduct on Information Security*, and the *Data Security Management Process* to achieve standardized management of information security and privacy protection.

The Group has established the Information Security and Privacy Management Committee as the highest decision-making body, responsible for formulating and improving the information security development strategy and promoting the implementation of various management measures. The Group continuously optimizes the information security and privacy protection management system in accordance with relevant certification standards. At the end of the Reporting Period, MP NeuroTech Shanghai has passed the ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System certification. In addition, the official website of the Group has passed the National Information System Security Level Protection Certification (Level 2).

To improve the security of information systems, the Group has implemented a series of management measures, including improving information system security construction, strengthening information security incident handling, and regularly conducting employee training and awareness campaigns, effectively reducing the risks associated with information security and privacy protection management and safeguarding data asset security.

Information System Security Construction

- Deploy firewalls, restrict storage devices, conduct security audits, etc.;
- During the Reporting Period, the Group improved employee account security policies and conducted comprehensive system vulnerability scans. All vulnerabilities were remediated through measures such as patch upgrades, closing unnecessary ports, and optimizing security configurations, achieving 100% vulnerability resolution.

Enhancing Information Security Incident Handling

- Manage information security incidents by level in accordance with the *Information Security Incident Management Process*, and standardize response requirements and handling procedures to ensure timely responses and effective resolutions of anomalies, reducing risks to an acceptable level.

Employee Training and Awareness Promotion

- During the Reporting Period, the Group conducted two phishing email drills for all employees and organized online and offline security training for select staff as needed, effectively enhancing employees' awareness and capabilities in information security prevention.

Information Security and Privacy Protection Measures

During the Reporting Period, the Group did not experience any risk events related to information security and privacy protection, such as data breaches.

2.3 Employee Empowerment

An excellent team of talents is the source of vitality for the sustainable development of enterprises. The Group attaches importance to the value of employees, adheres to compliance employment, and always respects and cares for each employee. We continuously improves the talent training system, maintains the health and safety of employees, creates an equal and diverse work environment, and realizes the common development of employees and enterprises.

2.3.1 Compliant Employment

The Group strictly complies with the *Labour Law of the People's Republic of China*, the *Labour Contract Law of the People's Republic of China*, the *Provisions on the Prohibition of Using Child Labour* and other laws and regulations, hires employees in compliance with laws and regulations, formulates policies such as the *Employee Manual*, the *Measures on Remuneration Management*, and the *Measures on Welfare Management*, optimizes the employee management process, and ensures that the legitimate rights and interests of employees are fully protected.

The Group recruits employees through channels such as campus recruitment, social recruitment and internal recommendations. In the recruitment process, the Group verifies the identity information of applicants, adheres to legal employment and firmly opposes any form of child labour. Once a violation occurs, the Company will immediately organize an investigation and take measures such as terminating the employment relationship in accordance with the requirements of relevant laws and regulations and internal policies. Also, the Group prohibits any form of forced labor and pays overtime or arranges for rest days for employees who submit applications and work overtime. During the Reporting Period, there were no incidents of using child labour or forced labour in the Group.

The Group is committed to building an equal and diverse working environment, strictly prohibiting any form of discrimination, opposing any unfair treatment in the recruitment process due to factors such as race, nationality, age, gender, skin color, ethnicity, religion, family background, etc., and ensuring fairness and equality in employee employment. The Group adheres to a "zero tolerance" attitude towards sexual harassment and bullying, providing smooth reporting channels for employees. If employees suffer from discrimination or harassment, they can promptly report it to the company. During the Reporting Period, the Group did not experience any incidents of discrimination or sexual harassment in the workplace.

The Group respects and protects the right of employees to freedom of association, establishes the Trade Union and the Women's Federation, and is responsible for implementing the signing of collective agreements, including special agreements on the protection of female employees, etc., to safeguard the legitimate rights and interests of employees.

Indicator	Unit	2024
Number of Employees		
Total Number of Employees	Person	527
Number of Employees by Gender		
Male	Person	191
Female	Person	336
Number of Employees by Age		
30 Years Old and Below	Person	161
31–50 Years Old	Person	364
Over 50 Years Old	Person	2
Number of Employees by Region		
China	Person	518
Overseas	Person	9
Number of Employees by Employee Level		
Senior-level Management	Person	7
Middle-level Management	Person	38
Other Employees	Person	482
Employee Turnover Rate		
Employee Turnover Rate	%	20.51

Indicator	Unit	2024
Employee Turnover Rate by Gender		
Male	%	30.04
Female	%	13.85
Employee Turnover Rate by Age		
30 Years Old and Below	%	30.90
31–50 Years Old	%	14.75
Over 50 Years Old	%	33.33
Employee Turnover Rate by Region		
China	%	20.80
Overseas	%	0
Employee Turnover Rate by Employee Level		
Senior-level Management	%	0
Middle-level Management	%	9.52
Other Employees	%	21.50

2.3.2 Employee Care

The Group follows the internal policies, including the *Measures on Remuneration Management*, the *Measures on Welfare Management*, and the *Measures on Leave Management*. The Group takes full account of employees' work experience and skills and provides market-competitive compensation and comprehensive welfare benefits. The Group has established a compensation system consisting of fixed salary, allowances, short-term incentives, long-term incentives, etc., to provide positive guidance for employees' work enthusiasm and development aspirations, retaining and attracting internal and external talents.

The Group fully considers the needs of employees and builds an attractive employee welfare system. On the basis of national statutory benefits, it provides a variety of supplementary benefits, covering employee support, family care, work-life balance, etc., enhancing employees' sense of belonging.

Statutory Benefits	Employee Support	Family Care	Work-Life Balance
• The Group implements employee insurance and housing fund programs in accordance with regulatory requirements • Employees are entitled to statutory holidays, paid time off, maternity leave, etc.	• In addition to statutory benefits, the Group also provides commercial insurance, employee health check-ups, dormitory benefits, summer heat consolation, nutritious work meals, etc. • Employees who are dispatched to work in other places are entitled to special subsidies	• The Group provides supplementary housing fund, rental allowances, wedding bonuses, newborn benefits, birthday/festival gifts etc.	• Flexible working arrangements are in place • The Group 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

Employee Welfare System

The Group fully listens to the suggestions and opinions from employees, establishes diversified communication channels, and ensures the efficient delivery and feedback of employees' requirements. The Group organizes "Meeting Senior-level Management" lunch meetings to provide opportunities for communication and exchange between different levels. At the same time, the Group has set up a "Woodpecker Mailbox", where employees can directly send real-name or anonymous letters to designated executives to express their true feelings, seek answers and solutions from the management, and eliminate worries in the work process.

The Group has established a sound employee care mechanism that actively promotes employee communication and strengthens employee cohesion. The Group has launched the Annual In-Service Care Programme, which presents each employee with a commemorative card on the anniversary of joining the company. The Group also organizes a series of activities such as suburban hiking trips, making wormwood bags during the Dragon Boat Festival, and making pressed flower table lamps for National Day, etc., providing employees with beneficial physical and mental health activities outside of work, and enhancing employee belonging. In addition, the Group sets up a lactation room for breastfeeding women, provides flexible working hours for female employees who need to pick up and drop off children, and distributes gifts on Women's Day to express our careful care for female employees.

Together for a Shared Future — "Ride" Miracle Cycling Activity

On July 14, 2024, the Company held the "Together for a Shared Future — 'Ride' Cycling Event". The event aimed to showcase the positive and upward spirit of enterprise employees through cycling, a low-carbon, environmentally friendly, and healthy sport, while also strengthening communication and cooperation among employees.

Together for a Shared Future — "Ride" Miracle Cycling Activity

2.3.3 Talent Cultivation

The Group focuses on talent cultivation and development, formulates a sound "One Point, Two Paths, Three Plans" talent development strategy, builds the "Two Career Paths and Eighteen Ranks" talent promotion path, provides employees with a broad career development platform and transparent and equal promotion opportunities, and helps employees to grow continuously.

“One Point”: Talent Review

- Initiates annual organization and talent assessment process to create more career development opportunities for management talents at different stages.

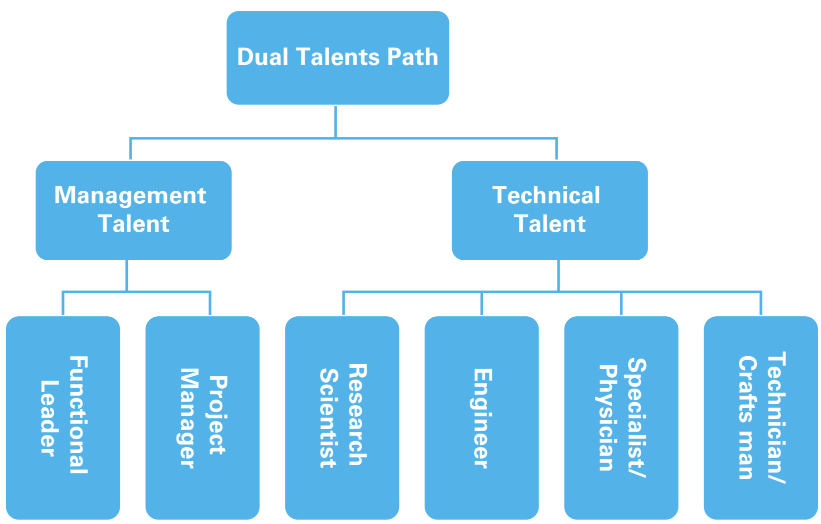
“Two Paths”: Dual Talent Paths

- Dual talent paths of career development regarding “Management Talent” and “Technical Talent” are designed to encourage and guide employees to select the right track for their individual development.
- Set up the “Two Career Paths and Eighteen Ranks Career Development” talent development track. Each development channel consists of 18 job grades to guide employees to gradually achieve their development goals.

“Three Programs”：Three Talent Programs

- Provide three types of incentive programs customized for technology talent under different growing stages: “Overseas Returnee Leadership Program“, “Next Generation Leadership Program“, and “Future Talent Program“.

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



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

The Group is committed to building a sound talent development system, with the "Career Development Plan" as its core, adopting a training model combining internal and external training, and carrying out online and offline employee training programs. The Group has also organized employees to participate in training from the four major training schools, namely Earth-Down Leadership Academy, Innovation Qualification & Competency Institute, Emerging Technology Knowledge & Action Institute and Culture & Philosophy Academy, established by our parent company, to improve employees' professional skills and work quality. During the Reporting Period, the Group carried out multi-dimensional training for new talents, management talents, and technical talents, covering 19,074 employee participations, with an average training time of 22.90 hours per employee, a training coverage rate of 99%, and a training satisfaction score of 92 points.

The Group follows the internal regulations such as the *Internal Instructor Management System* and the *Internal Mentor Management System*, to leverage the role of senior employees in passing on knowledge and experience, making them mentors and lecturers for new employees, helping new employees to become familiar with their job responsibilities efficiently, and assisting new employees to integrate quickly. During the Reporting Period, the Group continued to promote training activities such as training camps for sales newcomers and R&D management trainees, and collaborated with medical education to train 29 newcomers in sales; and 7 R&D management trainees have been assigned to their fixed positions.

Besides, the Group formulated the *Reimbursement Guidance for Further Education* to encourage employees to improve their professional ability and academic qualifications. The Group provides different reimbursement amounts for employees participating in academic advancement according to their job level, supporting employees to continuously improve in their professional fields, realize personal value and contribute to the development of the Company.

Indicatior	Unit	2024
Percentage of Trained Employees by Gender		
Male Employees	%	**36.26**
Female Employees	%	**63.74**
Percentage of Trained Employees by Employee Level		
Senior-level Management	%	**0.95**
Middle-level Management	%	**7.25**
Other Employees	%	**91.80**
Average Training Hours per Employee by Gender		
Male Employees	Hour	**22.91**
Female Employees	Hour	**22.89**
Average Training Hours per Employee by Employee Level		
Senior-level Management	Hour	**16.45**
Middle-level Management	Hour	**23.03**
Other Employees	Hour	**22.98**

2.3.4 Health and Safety

The Group fulfills its responsibilities as an employer and regards the health and safety of employees as a top priority in the operation of the Group. The Group strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, as well as formulates and implements internal policies such as the *Safety Production Responsibility System for All Employees*, the *Safety Education and Training Management System*, the *Hidden Disease Investigation and Management System*, the *Occupational Health Management System,* the *Occupational Disease Prevention and Control Publicity*, the *Education and Training System*, and the *Occupational Disease Protection Supplies Management System*, clarifies the responsibility and norms of safety management, and creates a safe and healthy working environment. MP NeuroTech Shanghai has obtained the certification of "Level II Enterprise of Standardization of Occupational Safety and Health" and passed the ISO 45001 Occupational Health and Safety Management System certification during the Reporting Period.

The Group has also established the Safety Team, with the MP NeuroTech Shanghai's Director of Supply Chain as the team leader, to manage the actual implementation of safety work in each subsidiary and department and to improve the overall level of safety management.

To fully implement the safety policy, the Group has set annual safety goals to ensure that safety work is continuously promoted and implemented. At the end of the Reporting Period, the Group's annual safety targets have all been achieved.

2024 Safety Goals

- Zero death and serious injury, zero responsible traffic accident, zero accident due to fire, explosion, poisoning, major environmental pollution;
- The rectification rate of accident-related hazards is 100%, the timely rectification rate is 100%, and the timely reporting of hazard investigation information is 100%;
- The pass rate of special equipment inspection is 100%;
- 100% safety training participation rate, and 100% pass rate;
- The certificate holding rate of staff in charge, production safety administrator and operators in special or other areas reaches 100%;
- Zero improper management and use of hazardous chemicals;
- The completion rate of occupational disease hazard inspection, environmental inspection, fire inspection, special equipment inspection and other related inspections is 100%;
- The indicators of employee's working environment meet the national occupational health standards, and the incidence rate of occupational diseases is 0.

The Group has adopted a number of safety management initiatives, covering the identification of hazard detection, safety management on chemicals, occupational health monitoring, safety training, emergency drills, etc., to ensure that the production safety policy is implemented.

Hazard detection

- The Group has formulated the *Hazard Detection and Management System*, requiring regular inspections on equipment and facilities, including seasonal inspections, quarterly special inspections, comprehensive inspections, holiday inspections and occasional daily inspections, to strictly identify safety risk factors and effectively eliminate and avoid potential safety hazards. During the Reporting Period, two minor non-conformities had been identified and rectified on time.

Safety management on chemicals

- The Group has formulated chemical management systems such as the *Hazardous Chemical Management System* and the *Chemical Reagent Management System*, and the Group deals prudently with the entire process of "warehousing, storage, use, and disposal" of chemicals. All explosion-proof electrical appliances are used in chemical storage warehouses and have passed explosion-proof tests to ensure the safety and effectiveness in the processes of purchasing, using, storing, and disposing of waste.
- The Group conducts monthly chemical safety inspections, and the local police officers visit monthly to inspect highly toxic chemicals and chemicals prone to explosion.
- The Group organized hazardous chemical practitioners and pressure vessel operators to participate in external training and obtain relevant certificates to work on their posts, so as to enhance the chemical safety management capabilities of key personnel.

Occupational health monitoring

- The Group arranges pre-employment, in-service and post-employment occupational disease physical examinations for personnel exposed to occupational disease hazard factors every year, and provides protective equipment. During the Reporting Period, no occupational diseases were found in the physical examinations.
- The Group also invites a third-party testing agency every year to conduct on-site testing of occupational disease hazard factors and publicly release the test data. During the Reporting Period, the results of on-site testing of occupational disease hazard factors all met the requirements.

Safety training

- The Group organizes regular safety training. Personnel who are required to work with certificates must complete pre-job training and pass the examination, and they can only participate in production operations after obtaining the operation certificates. During the Reporting Period, The Group planned and carried out a number of safety training sessions, such as three-level safety education and training for new employees, external training on the management of dangerous explosive and hazardous chemical warehouses, and training related to occupational disease risks. A total of 255 people participated, and the total training hours were 1,520 hours.

Emergency drills

- The Group actively carries out safety emergency drills to enhance employees' awareness of safety risk prevention and their emergency handling capabilities. During the Reporting Period, the Group completed a total of 10 emergency drills, including special drills for hazardous chemical accidents, fire evacuation drills, food poisoning accident drills, electric shock injury accident drills, pressure vessel explosion accident drills, and factory-internal motor vehicle injury accident drills, etc.

Safety Management Measures

Three-level Safety Education and Training for New Employees

Fire Evacuation Drill

In the past three years, there has been no fatality in the Group. During the Reporting Period, the Group had 0 work-related accident and 0 lost days related to work injury.

Indicator	Unit	2024	2023	2022
Work-Related Death/Work Injury				
Number of Fatal Accidents in the Past Three Years	Case	0	0	0
Number of Work-Related Accidents	Case	0	1	0
Number of Lost Days Related to Work Injury	Day	0	140	0

2.4 Coordinated Development

The Group conducts standardized management of suppliers, distributors and agents, builds a responsible and sustainable supply chain, actively participates in industry exchange activities, promotes the common progress of the industry and is committed to co-development with partners and shared value together.

2.4.1 Supplier Management

The Group complies with the relevant laws and regulations of its operating locations, formulates the *Procurement Control Procedure*, and updates the *Supplier Management System* during the Reporting Period, optimizes the annual re-evaluation cycle and the frequency requirements for annual quality audit, and continuously improves the supplier full life cycle management system.

The Group clearly defines the supplier management responsibilities of each function, and the supplier management process is jointly controlled by the procurement function, quality assurance function and technical function to ensure that the procured products and services meet our quality standards and production and operational requirements.

For new suppliers, the Group carries out supplier access in a systematic manner, evaluating the qualifications, business, quality and performance of candidates, determining whether the supplier can be listed as a qualified supplier, and forming the *Comprehensive Evaluation Report of Suppliers* and the *List of Qualified Suppliers*. For existing suppliers, the Group evaluates suppliers on two dimensions, business and quality, and conducts supplier audits focus on the actual operation of the supplier's quality management system.

At the end of the Reporting Period, the Group had a total of 282 suppliers, including 243 suppliers in China and 39 overseas suppliers. Based on the importance of raw materials or the impact of supplier services on our product quality, the Group classified suppliers into A, B and C categories for tiered management in accordance with the *Management Regulations on Classification of Raw Materials and Technical Inspection Requirements*, and set different audit frequencies respectively. The Group formulates an annual supplier audit plan and conducts supplier audits accordingly. For suppliers whose audit results do not meet the standards, the Group requires timely remediation, and suppliers who are still not qualified after rectification will be disqualified. During the Reporting Period, the Group audited 64 suppliers, and all the audit results were qualified.

2.4.2 Sustainable Supply Chain

The Group actively promotes the construction of a sustainable supply chain. In the supplier management process, the Group considers ESG factors such as suppliers' business ethics, social responsibility, environmental responsibility and quality management, and gives priority to selecting suppliers that have obtained relevant certifications for the ISO 13485 Quality Management System in the Medical Device Industry, the ISO 14001 Environmental Management Systems and the ISO 9001 Quality Management Systems. The Group has signed the *Commitment to Social Responsibility and Integrity* with its suppliers, requiring them to conduct their business activities in compliance with national legal requirements and business ethics principles, fulfill confidentiality obligations, eliminate discrimination, child labour, forced labour and other behaviors, and maintain workplace safety and ecological environment. During the Reporting Period, the Group newly signed 33 *Commitment to Social Responsibility and Integrity*. In addition, the Group practices the principle of green procurement and supports suppliers in promoting recycling during the procurement process, shaping the green concept of resource conservation.

To ensure the sustainability and stability of the supply chain, during the Reporting Period, the Group carried out the identification of environmental and social risks in each link of the supply chain, identified risk factors such as temperature and humidity risks, extreme weather risks, storage risks, hazardous materials transportation risks, international trade risks, supplier existence risks, etc., and actively implemented safety stock setting, inventory increase, procurement plan optimization, backup supplier development and other response measures to effectively reduce the potential impact of related risks on the stability of the Group's supply chain. During the Reporting Period, the Group achieved "zero material shortage" in material supply.

The Group is committed to working with suppliers to make progress together and adheres to supplier communication and empowerment. The Group conducts supplier training every year to convey the concept of sustainable development and advanced production technology to suppliers. During the Reporting Period, the Group conducted four supplier trainings in the form of on-site forum sharing and technical exchange meetings, covering product technology, raw material processing and application, etc., to fully understand the product manufacturing process capabilities of suppliers, and promote subsequent development and product improvement.

Supplier Technology Exchange Meeting

2.4.3 Distributors and Agents Management

The Group adheres to the concept of "Solidarity, Cooperation and Win-Win" and closely cooperates with distributors and agents. The Group has formulated the *Distributor Management Policies*, established a standardized distributor admission and continuous supervision process, screened distributors according to industry qualifications, capabilities and experience, etc., and investigated their business licenses, business permits and other qualifications and backgrounds. At the same time, the Group regularly carries out distributor review, covering the financial status, sales data, and regulatory compliance of distributors, and ensure that their medical device operating qualifications meet the requirements of the Group.

The Group has established a robust compliance system for distributors and agents, requiring them to comply with the requirements of the *Compliance Manual*, to abide by anti-corruption and anti-bribery laws and regulations, and to sign the *Standard Provisions for Anti-Corruption Compliance*. The Group organizes compliance training for dealers and agents every year to learn about the relevant requirements and standards for their compliance behavior in the *Compliance Manual*, and to continuously improve their compliance awareness.

2.4.4 Industry Development

The Group adheres to the integrated development concept of "innovation, communication, exchange and sharing", participates in and promotes industry exchanges, actively invites domestic and foreign medical elites and industry peers to carry out cutting-edge view discussion activities, provides industry-leading neurointerventional treatment solutions, and jointly promotes the high-quality development and progress of the industry.

During the Reporting Period, the Group actively participated in domestic and international industry exchange activities such as the China Cerebrovascular Disease Forum and the LINNC Paris 2024 Real-time Medical Case Seminar, interacting with top international neurology experts, and showcasing our innovative medical solutions. The Group also actively participated in exchange platforms such as the "8090" Club, which is mainly composed of young backbone doctors in the field of neurointerventional, and the "3.7" Club, which is centered on experts in the field of stenosis intervention. In addition, the Group planned three MindShare overseas physician visits, bringing together international medical professionals and industry experts to share knowledge, experience, and innovation in neurointerventional devices.

The Third Academic Conference of the "8090" Club of Neurointerventional was Successfully Held

The first academic annual meeting of the Youth Committee of the Neurointerventional Physician Branch of the Guangdong Medical Doctor Association and the third academic meeting of the "8090" Club of Neurointervention were successfully held in Shantou, Guangdong in December 2024. This meeting conducted in-depth discussions on topics such as application cases of Tubridge Plus flow diversion dense mesh stents, new concepts technologies of neurointervention, as well as handling and response to common complications of neurointervention, sharing industry cutting-edge technologies and medical practice concepts of senior physicians, promoting the rapid growth of young doctors.

The Third Academic Conference of the "8090" Club of Neurointervention

MP NeuroTech Shanghai Hosts MindShare Event

In 2024, MP NeuroTech Shanghai successfully held three MindShare events, inviting top medical experts from many countries and regions including Brazil, Germany, Nepal and South Korea. During the event, we led the experts to visit the "Know Me" exhibition hall, factory and R&D laboratory of MP NeuroTech Shanghai, and tried out the products of MP NeuroTech Shanghai, so that they could fully understand the excellent performance of MP NeuroTech Shanghai's products. At the same time, we actively communicated with the experts, deeply shared and discussed insights into neurointerventional devices.

MindShare Events Held by MP NeuroTech Shanghai

2.5 Social Welfare

The Group always adheres to the mission of "providing the accessible, top-quality and comprehensive solutions for the treatment of cerebrovascular diseases", makes full use of our own resources and professional advantages, actively engages in comprehensive medical care and public welfare undertakings, brings hope to more patients, creates greater value for society, and contributes to protecting people's lives and health.

2.5.1 Accessible Healthcare

The Group actively promotes inclusive healthcare and is committed to breaking down barriers to medical resources, reducing health inequalities and providing accessible, affordable and quality medical services to every patient. The Group strives to reduce the financial burden on patients, enabling more patients to have access to and afford high-quality medical products and practicing corporate social responsibility through concrete actions.

The Group believes that life is priceless, and every patient deserves the right to access high-quality medical services. For some products with high price, the Group provides free medicines to poor patients who cannot afford medical expenses, helping more poor patients overcome diseases and regain health, so that advanced medical technologies can benefit more people.

2.5.2 Public Welfare and Charity

The Group actively participates in disease popular science and public welfare rescue, implementing the spirit of the instructions of the *Opinions of the State Council on Implementing the Healthy China Initiative*. The Group improves public health awareness and brings hope to more patients by continuously carrying out popular science activities on stroke diseases, initiating the "WeLove NeuroTech" special relief fund, etc., fulfilling our corporate social responsibility and contributing to the building of "Healthy China".

"World Stroke Day" Brain Science Series Public Welfare Activity for Health Science Publicity

In October 2024, the Company carried out a series of public welfare activities for the 2024 "World Stroke Day" with the theme of "Integration of Sports and Medicine to Combat Stroke" to help more grassroots hospitals carry out publicity on stroke prevention and control, and also help community residents identify and understand stroke diseases earlier.

The Company's Stroke Health Ambassadors have provided stroke prevention and control brochures to more than 180 hospitals in China. During the Reporting Period, more than 13,000 copies of stroke prevention and control brochures were distributed to the public, benefiting more than 10,000 people in total.

"World Stroke Day" Activities

“WeLove NeuroTech” Special Relief Fund

At the end of 2020, the Group and the Shanghai Shangshan Foundation jointly launched the “WeLove NeuroTech” Special Relief Fund. “WeLove NeuroTech” is the first foundation for patients with cerebral aneurysm and is committed to caring for patients with cerebral aneurysm patients in need of financial assistance, saving patients’ lives, improving patients’ long-term survival quality and family well-being.

“WeLove NeuroTech” Special Relief Fund

3. ENVIRONMENT • CONTRIBUTING TO A LOW-CARBON FUTURE

The Group adheres to the green development concept, actively responds to the national “carbon peaking” and “carbon neutrality” goals, and deeply integrates low-carbon and environmental protection into the whole process of production and operation. The Group implements systematic management of energy, resources, and emissions to minimize the impact of production and operation on the environment and strives to create a sustainable development model for resource-saving and environmentally friendly enterprises.

3.1 Environmental Management

The Group strictly complies with relevant laws and regulations such as the *Environmental Protection Law of the People’s Republic of China* and the *Law of the People’s Republic of China on Environmental Impact Assessment*, and has formulated internal policies such as the *Environmental and Occupational Health and Safety Management Manual* to standardize environmental management. The Group has established an environmental management system in accordance with the requirements of the ISO 14001 Environmental Management System, and its subsidiary MP NeuroTech Shanghai has obtained the certification of ISO 14001 Environmental Management System.

The Group's Safety Team is responsible for environmental management. The team leader is responsible for overall coordination, promoting the efficient and orderly implementation of various environmental management tasks. Team members are responsible for the environmental management work of their respective departments.

The Group sets annual targets, strengthens environmental monitoring, and strictly controls waste disposal to ensure the effective advancement and implementation of environmental management. In 2024, Group's environmental management targets have all been achieved.

Environmental Goals for 2024
• 100% completion of environmental testing
• A 100% eligible disposal rate of hazardous waste, medical waste, general industrial solid waste and domestic waste

To ensure the effectiveness of the environmental management system, the Group actively conducts internal daily unannounced inspections. Each month, the Group conducts interactive inspections of each factory according to our plan, issues internal audit reports and tracks the progress of improvements. During the Reporting Period, the Group accepted and passed two law enforcement inspections by external regulatory authorities and third-party environmental protection inspections commissioned by regulatory authorities. The Group promptly rectifies problems identified in various environmental inspections to ensure the compliance and effectiveness of environmental management.

The Group continues to carry out environmental awareness trainings covering all employees, which effectively improve the environmental awareness and knowledge of employees and lay solid foundation for better the environmental management. During the Reporting Period, the Group conducted two trainings on environmental protection, covering environmental policies, relevant laws and regulations, major environmental factors and impacts, solid waste classification, hazardous waste generation and treatment, etc. The training coverage rate reached 100%.

3.2 Climate Change Response

The Group proactively addresses the potential challenges brought by climate change to enterprises. The Group identifies the risks and opportunities of climate change faced by our business, conducts a comprehensive assessment, formulates targeted measures to address the risks of climate change, and continuously improve our ability to mitigate and adapt to climate change.

Risk/Opportunity Category		Potential Impact	Response Measures
Physical Risks	Acute physical risks	Extreme weather events may disrupt day-to-day operations and cause supply chain disruptions, resulting in health and safety impacts and reduced capacity.	The Group increases the inventory in advance according to production needs and develops backup suppliers. The Group has formulated contingency plans for operation and production. The Safety Team takes preventive measures in advance, carries out emergency response procedure when necessary, and checks the losses in time.
	Chronic physical risks	The continuous high temperature and changes in rainfall patterns caused by climate change may affect the daily production and operation plans.	

Risk/Opportunity Category		Potential Impact	Response Measures
Transition Risks	Policy and law	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.	The Group has task assignment systems and adequate employee resources in place to ensure ongoing compliance with the laws and regulations of the regulatory authorities in various countries.
	Technology	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	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	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	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.

3.2.1 Energy Management

The Group strictly abides by the *Energy Conservation Law of the People's Republic of China* and other laws and regulations, implements standardized and systematic energy management. The Group takes energy-saving measures such as managing energy consumption of air conditioning, optimizing lighting control, applicating energy-saving equipment, and adjusting equipment operation during holidays to improve the efficiency of the use of energy in production and operation processes and effectively reduce energy consumption.

Management of Energy Consumption of Air Conditioning	For the largest source of energy consumption in office areas, i.e., air conditioners, the Group has formulated detailed and comprehensive operation plans. According to different functions, areas and seasons, the Group flexibly adjust the operation mode of air conditioners to effectively reduce energy consumption in office. During the Reporting Period, a subsidiary MP NeuroTech Shanghai carried out optimization on energy consumption of air conditioner. Through adjusting from the original 24-hour operation mode to an 8 to12-hour operation mode, more than 55% of electricity consumption is saved.
Optimization of Lighting Control	On the premise of ensuring lighting, the Group has formulated an energy-saving lighting operation plan and adopted an intelligent lighting system to automatically adjust brightness according to actual needs, further reducing lighting energy consumption.
Application of Energy-saving Equipment	All the light bulbs in the new plants are energy-saving LED light bulbs which reduce power consumption.
Adjustment of Operation during holidays	During holidays, the operation plan of equipment in office and production areas is adjusted in time to ensure the rational use of energy and avoid unnecessary waste of energy.

Energy Conservation Measures

To continuously promote daily energy management, the Group has launched a "Senior Management Inspection" project. Senior management of the Group inspects energy consumption monthly, identifies and corrects energy waste in time to avoid unnecessary energy consumption. The Group has also set up a "Thought with Green Actions" energy-saving group to promote the concept of energy saving from details. The energy-saving group encourages employees to find energy-saving opportunities in their daily work, advocates all staff to become "green-minded person", and jointly build a green office environment. Moreover, the Group launched the "MicroPort NeuroTech Carpool" campaign to encourage employees to commute by carpooling to reduce energy consumption and carbon emissions during commuting.

Energy-saving Tips

Indicator	Unit	2024	2023	2022
Energy Consumption[2]				
Direct Energy Consumption	kWh	**215,615.87**	366,557.83	505,026.50
Gasoline	kWh	**4,339.97**	13,712.75	14,237.14
Diesel	kWh	**5,975.41**	25,229.19	82,544.03
Natural Gas	kWh	**205,300.49**	327,615.89	408,245.33
Indirect Energy Consumption	kWh	**2,657,512.00**	3,751,908.00	4,085,625.00
Purchased Electricity	kWh	**2,657,512.00**	3,751,908.00	4,085,625.00
Total Energy Consumption	kWh	**2,873,127.87**	4,118,465.83	4,590,651.50
Intensity of Total Energy Consumption	kWh per million RMB Revenue	**3,771.69**	6,179.87	8,387.05
Greenhouse Gas (GHG) Emissions[3]				
Scope 1 GHG Emissions	Tonne of CO_2e	**43.76**	89.32	124.14
Scope 2 GHG Emissions	Tonne of CO_2e	**1,556.24**	1,575.80	1,715.96
Total GHG Emissions	Tonne of CO_2e	**1,600.00**	1,665.12	1,840.10
Intensity of GHG Emission	Tonne of CO_2e per million RMB Revenue	**2.10**	2.50	3.36

2 The Group's total energy consumption is calculated with reference to the *GB/T 2589-2020 General Rules for Calculation of the Comprehensive Energy Consumption* released by the State Administration for Market Regulation and the Standardization Administration.

3 The Group's greenhouse gas emission factors are determined according to the *Guidelines for the Calculation and Reporting of Greenhouse Gas Emissions by Enterprises in Other Industries (Trial)* issued by 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.

3.3 Resource Utilization

The Group actively practices the concept of resource conservation. The Group have taken several measures to conserve water resources and packaging materials. Through reducing waste of resources and improving efficiency of the use of resource, the Group advances the progress on resource conservation and green development.

3.3.1 Water Resources Management

The Group strictly complies with the *Water Law of the People's Republic of China* and other laws and regulations, and continuously optimizes water resource management. The Group has effectively improved the efficiency of the use of water resource and reduced water consumption through several measures such as strengthening the management of registered water use, strengthening equipment maintenance and enhancing employees' awareness of water conservation. During the Reporting Period, the total water consumption of the Group decreased by about 32% year-on-year.

Water Conservation Measures	Install water purification systems to reduce the consumption and waste of bottled water. Conduct regular inspections of water-consuming devices to ensure proper functioning and prevent water waste due to equipment malfunctions. Put up water conservation signs to enhance employees' awareness of water-saving practices.

Indicator	Unit	2024	2023	2022
Water Consumption[4]				
Total Water Consumption	Tonne	33,688.00	34,283.00	42,346.00
Intensity of Water Consumption	Tonne per million RMB Revenue	44.22	51.44	77.37

4 The Group's water consumption mainly consists of domestic water consumption, and the water resource is supplied by the municipal water supply system, which can meet the daily water demand.

3.3.2 Packaging Material Management

The Group attaches great importance to the management of packaging materials. The Group follows the relevant requirements of the packaging materials for terminal sterilized medical devices of ISO 11607 and has formulated management policies such as the *Packaging Design Management Specification* and the *Packaging Raw Material Storage Cycle*. These policies clarify the requirements for the selection of packaging materials, structural design, etc., which ensure the compatibility of packaging with products and meet the specific needs of different countries and markets.

Under the premise of ensuring product safety and compliance, the Group continuously improves the efficiency of the use of packaging materials and minimizes the use of packaging materials through methods such as reduction and recycling. The Group has implemented packaging reduction measures for some products by eliminating non-essential packaging components and optimizing packaging design, thereby effectively achieving reduction in packaging material consumption while enhancing the practicality of transport packaging and improving product protection standards. The Group reuses sterilization containers when they meet relevant standards, reducing the consumption of packaging materials.

Indicator	Unit	2024	2023	2022
Packaging Materials Consumption[5]				
Total Amount of Packaging Materials Consumption of Finished Products	Tonne	**86.74**	45.90	11.18
Intensity of Packaging Materials Consumption of Finished Products	Tonne per million RMB Revenue	**0.11**	0.07	0.02

5 The Group's packaging materials comprise both inner and middle packaging. Specifically, inner packaging includes a packaging bag, retaining clip, coil, lining plate, etc., and middle packaging includes a label, specification, packaging box, etc.

3.4 Emissions Management

The Group fully recognizes the importance of emission management in protecting the ecosystem and maintaining public health. While achieving economic benefits, the Group strictly implements the management of waste, wastewater, waste gas emission, and noise. Under compliance with emission standards, the Group has taken a series of emission reduction measures to minimize environmental impact as much as possible. During the Reporting Period, the Group did not have any environmental violations.

3.4.1 Waste Management

The Group strictly complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Environment Pollution Caused by Solid Wastes*, and has formulated the *Management System for Solid Wastes Prevention and Control* to regulate waste management. The Group aims to minimize the impact of waste generated from production and operation on the external environment.

- ***Non-hazardous Waste Management***

  The types of non-hazardous waste generated in the production and operation process of the Group include general industrial solid waste and municipal waste generated by office operations. The Group follows the principle of classified disposal in the management of non-hazardous waste. For general industrial solid waste, the Group engages qualified third parties to carry out professional transfer and achieve harmless treatment through recycling, incineration, or landfill; for municipal waste generated by office operations, it is uniformly transferred and disposed by municipal sanitation.

  The Group actively promotes the reduction of non-hazardous waste by reducing paper consumption through the implementation of electronic processes and paperless office. Additionally, the Group carries out the recycling of packaging materials through classifying disposal and recycling cardboard boxes, plastics, and other solid wastes with recycling value.

- ***Hazardous Waste Management***

  The types of hazardous waste generated in the production and operation process of the Group include medical waste, chemical waste liquid, etc. The Group transfers hazardous waste to the hazardous waste warehouse and regularly engages qualified third parties to transport and finally incinerate it.

  The Group actively promotes process optimization to reduce the generation of harmful waste from the source. During the Reporting Period, the Group effectively reduced the generation of harmful waste by optimizing production processes.

Indicator	Unit	2024	2023	2022
Hazardous Waste[6]				
Total Amount of Hazardous Waste Generated	Tonne	**31.27**	33.90	20.07
Total Amount of Hazardous Waste Disposed	Tonne	**31.27**	33.90	20.07
Intensity of Hazardous Waste Disposed	Tonnes per million RMB Revenue	**0.04**	0.05	0.04
Non-Hazardous Waste[7]				
Total Amount of Non-Hazardous Waste Generated	Tonne	**56.36**	62.84	52.84
Total Amount of Non-Hazardous Waste Recycled	Tonne	**56.36**	62.84	52.84
Intensity of Non-Hazardous Waste Disposed	Tonne per million RMB Revenue	**0.07**	0.09	0.10

3.4.2 Wastewater Management

The Group strictly follows laws and regulations such as the *Law of the People's Republic of China on Prevention and Control of Water Pollution*, formulates and implements the *Management System for Water Pollution Prevention and Control*, establishing a scientific wastewater management mechanism to achieve categorized treatment and compliant discharge. In terms of domestic and office wastewater, The Group transfers it through sewage network and into the sewage treatment plant for centralized treatment. In terms of wastewater from production and R&D processes, the Group regularly transfers it to the hazardous waste warehouses and engages a qualified third party for regular transport and disposal.

Indicator	Unit	2024	2023	2022
Wastewater[8]				
Total Amount of Wastewater	Tonne	**16,000.00**	11,017.00	11,375.00
Intensity of Wastewater	Tonne per million RMB Revenue	**21.00**	16.55	20.78

6 The Group's hazardous waste mainly includes waste fluids from product cleaning and testing, chemical contaminated waste, activated carbon for treatment of waste gas emissions and waste test samples.
7 The Group's non-hazardous waste mainly includes products' tertiary packaging materials, leftover materials, defective products and domestic waste.
8 The Group's wastewater mainly includes those generated in the course of production and R&D, and domestic sewage.

3.4.3 Waste Gas Management

The Group adheres to laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Air Pollution*, compiles and implements the *Management System for Air Pollution Prevention and Control*, strictly managing waste gas emissions to ensure that waste gas emissions meet discharge standards and minimize environmental impact. The Group adopts tailored treatment methods based on the characteristics of different waste gas emissions to further ensure effective processing. For instance, for volatile organic compounds (VOCs), the Group utilizes activated carbon for adsorption treatment. For acid mist, the Group employs alkaline adsorbents for adsorption, ensuring compliance with emission standards before release.

To ensure compliance and efficiency in waste gas emission management, the Group has equipped portable monitoring devices to enhance the convenience and accuracy of monitoring. Additionally, the Group conducts regular maintenance, servicing, inspection, and upgrading of waste gas emission treatment facilities to comprehensively guarantee the stable operation of waste gas emission facilities.

Indicator	Unit	2024	2023	2022
Waste Gas Emissions[9]				
Total Amount of Waste Gas Emissions	Tonne	**0.05**	0.07	0.06
Intensity of Waste Gas Emissions	Kg per million RMB Revenue	**0.07**	0.11	0.11

9 The Group's waste gas emissions mainly come from gasoline use by cars, and cleaning, coating, spraying and laboratory testing of products.

3.4.4 Noise Management

The Group complies with laws and regulations such as the *Law of the People's Republic of China on the Prevention and Control of Noise Pollution*, formulates and implements the *Management System for Noise Pollution Prevention and Control*. Through routine testing, source control, and construction process management, the Group reduces the impact of noise generated by operations on the surrounding environment as much as possible.

Noise Control Measures	**Routine monitoring:** Regular noise level testings are conducted to ensure compliance with regulatory requirements. During the Reporting Period, no instances of exceeding permissible limits were recorded. **Source control:** Prioritize the selection of low-noise equipment, conduct timely maintenance of equipment, and implement noise reduction measures such as optimal layout planning, installation of vibration dampening pads and shock absorbers to mitigate equipment noise. **Construction process management:** Focus on controlling noise levels at the park boundary, avoiding or minimizing the impact of noise-generating construction activities on the surrounding areas.

APPENDIX: INDEX TO THE HKEX'S ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

Environmental, Social and Governance Aspects and General Disclosures and KPIs			Relevant Section
A. Environmental			
Aspect A1: Emissions	**General Disclosure**	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment · Contributing to a Low-Carbon Future — Emission Management
	KPI A1.1	The types of emissions and respective emissions data.	Environment · Contributing to a Low-Carbon Future — 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).	Environment · Contributing to a Low-Carbon Future — 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).	Environment · Contributing to a Low-Carbon Future — 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).	Environment · Contributing to a Low-Carbon Future — Emission Management
	KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Environment · Contributing to a Low-Carbon Future — 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.	Environment · Contributing to a Low-Carbon Future — Emission Management
Aspect A2: Use of Resources	**General Disclosure**	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, storage, transportation, buildings, electronic equipment, etc.	Environment · Contributing to a Low-Carbon Future — 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).	Environment · Contributing to a Low-Carbon Future — Climate Change Response
	KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Environment · Contributing to a Low-Carbon Future — Resource Utilization
	KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environment · Contributing to a Low-Carbon Future — 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.	Environment · Contributing to a Low-Carbon Future — Resource Utilization
	KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Environment · Contributing to a Low-Carbon Future — Resource Utilization

Environmental, Social and Governance Aspects and General Disclosures and KPIs			Relevant Section
Aspect A3: The Environment and Natural Resources	**General Disclosure**	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment · Contributing to a Low-Carbon Future — Environmental Management Environment · Contributing to a Low-Carbon Future — Resource Utilization
	KPI A3.1	Description of the significant impacts of business activities on the environment and natural resources and the actions taken to manage them.	Environment · Contributing to a Low-Carbon Future — Environmental Management Environment · Contributing to a Low-Carbon Future — Resource Utilization
Aspect 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.	Environment · Contributing to a Low-Carbon Future — 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.	Environment · Contributing to a Low-Carbon Future — Climate Change Response
B. Social			
Aspect B1: Employment	**General Disclosure**	Information on: (a) the policies; and (b) compliance to 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.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Society · Collaborating for Value Co-Creation — Employee Empowerment
Aspect B2: Health and Safety	**General Disclosure**	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B2.2	Lost days due to work injury.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Society · Collaborating for Value Co-Creation — Employee Empowerment

Environmental, Social and Governance Aspects and General Disclosures and KPIs			Relevant Section
Aspect B3: Development and Training	**General Disclosure**	Policies on improving employees' knowledge and skills of discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B3.2	The average training hours completed per employee by gender and employee category.	Society · Collaborating for Value Co-Creation — Employee Empowerment
Aspect B4: Labour Standards	**General Disclosure**	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Society · Collaborating for Value Co-Creation — Employee Empowerment
	KPI B4.2	Description of steps taken to eliminate such violations when discovered.	Society · Collaborating for Value Co-Creation — Employee Empowerment
Aspect B5: Supply Chain Management	**General Disclosure**	Policies on managing environmental and social risks of the supply chain.	Society · Collaborating for Value Co-Creation — Coordinated Development
	KPI B5.1	Number of suppliers by geographical region.	Society · Collaborating for Value Co-Creation — Coordinated Development
	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.	Society · Collaborating for Value Co-Creation — Coordinated Development
	KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Society · Collaborating for Value Co-Creation — Coordinated Development
	KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Society · Collaborating for Value Co-Creation — Coordinated Development

Environmental, Social and Governance Aspects and General Disclosures and KPIs			Relevant Section
Aspect B6: Product Responsibility	**General Disclosure**	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Society · Collaborating for Value Co-Creation — Products and Services
	KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Society · Collaborating for Value Co-Creation — Products and Services
	KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Society · Collaborating for Value Co-Creation — Products and Services
	KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Society · Collaborating for Value Co-Creation — Innovation-Driven
	KPI B6.4	Description of quality assurance process and product recall procedures.	Society · Collaborating for Value Co-Creation — Products and Services
	KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Society · Collaborating for Value Co-Creation — Products and Services
Aspect B7: Anti-corruption	**General Disclosure**	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Governance · Strengthening Governance Effectiveness — 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.	Governance · Strengthening Governance Effectiveness — Business Ethics
	KPI B7.2	Description of preventive measures and whistleblowing procedures and how they are implemented and monitored.	Governance · Strengthening Governance Effectiveness — Business Ethics
	KPI B7.3	Description of anti-corruption training provided to directors and staff.	Governance · Strengthening Governance Effectiveness — Business Ethics
Aspect B8: Community Investment	**General Disclosure**	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take the communities' interests into consideration.	Society · Collaborating for Value Co-Creation — Social Welfare
	KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Society · Collaborating for Value Co-Creation — Social Welfare
	KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Society · Collaborating for Value Co-Creation — Social Welfare

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of MicroPort NeuroScientific Corporation
(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of MicroPort NeuroScientific Corporation ("**the Company**", formerly known as MicroPort NeuroTech Limited) and its subsidiaries ("**the Group**") set out on pages 148 to 238 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, 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 of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

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 these matters.

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies on pages 179 to 181.

The Key Audit Matter	How the matter was addressed in our audit
The Group recognises revenue from the sale of medical devices at a point in time when control of goods is transferred to the customer. The amount to which the Group expects to be entitled can vary due to sales rebates granted to customers explicitly identified in the sales contracts signed with customers. The Group uses distributorship business model to sell its medical devices. In addition to the distribution agreements, the Group also signs consignment agreements with certain distributors. Thus, the time when control of goods is transferred may vary under different circumstances.	Our audit procedures to revenue recognition included the following: • obtaining an understanding of and assessing and testing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition; • inspecting, on a sample basis, key customer contracts to identify terms and conditions relating to transfer of goods control and sales rebates and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;

Key audit matters (continued)

Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies on pages 179 to 181.

The Key Audit Matter	How the matter was addressed in our audit
The sales rebates granted to customers are based on different factors, including purchase volume from distributors, sales volume to end-customers. Revenue from sales subject to rebate arrangements is recognised at the net amount of consideration to which the Group is entitled, after adjusting for the estimated amount that the Group may be required to rebate to the customer in respect of these sales, unless it is highly probable that the customer will not satisfy the rebate entitlement criteria within the rebate period. We identified the recognition of revenue as a key audit matter because (i) revenue is a key performance indicator of the Group and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations, (ii) the variety of different terms of sale may affect the timing of the recognition of revenue.	• selecting, on a sample basis, key distributors to send confirmations to verify the accuracy and completeness of the Group's sales rebate accruals and disbursement amounts; • comparing, on a sample basis, specific revenue transactions recorded before and after the financial year end date with relevant underlying documentation, which included goods dispatch notes, shipping documents and other documents, as applicable under the different sales contracts, 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; and • inspecting underlying documentation for journal entries relating to revenue which met specific risk-based criteria.

Key audit matters (continued)

Assessing potential impairment of intangible assets

Refer to note 11 to the consolidated financial statements and the accounting policies on pages 193 to 197.

The Key Audit Matter	How the matter was addressed in our audit
The carrying values of the Group's intangible assets as at 31 December 2024 was RMB189 million (2023: RMB151 million). Intangible assets are primarily related to capitalised development costs for certain products. Management performs annual impairment assessments of the intangible assets that are not yet available for use and also performs impairment assessments for specific intangible assets when the management identifies related impairment indicators by comparing the carrying values of these assets with their recoverable amounts being the higher of the fair value less costs of disposal and the value in use. The preparation of discounted cash flow forecasts involves the exercise of significant management judgment, in particular in assessing future revenue growth, future gross margins, future capital expenditure and working capital movements and appropriate discount rates.	Our audit procedures to assessing potential impairment of intangible assets included the following: • evaluating management's identification of the impairment indicators related to the intangible assets and assessing the appropriateness of the methodology adopted by management in its impairment assessments with reference to the requirements of the prevailing accounting standards; • evaluating the reasonableness of certain assumptions adopted in the discounted cash flow forecasts by comparing data in the discounted cash flow forecasts with the relevant data, including forecast revenue ("**assumptions**") by comparing with the financial budgets which was approved by the board of directors and with available industry statistics; and assessing whether the discount rate applied was within the range adopted by other companies in the same industry;

Key audit matters (continued)

Assessing potential impairment of intangible assets

Refer to note 11 to the consolidated financial statements and the accounting policies on pages 193 to 197.

The Key Audit Matter	How the matter was addressed in our audit
We identified the assessment of potential impairment of intangible assets as a key audit matter because such assessment, if any, involves a significant degree of management judgement, which can be inherently uncertain and could be subject to management bias.	• comparing the assumptions included in discounted cash flow forecasts prepared in the prior year with the current year's performance to assess how accurate the prior year's discounted cash flow forecasts were and making enquiries of management as to the reasons for any significant variations identified and whether there was any indication of management bias; • involving our internal valuation specialists in assessing the appropriateness of the impairment assessment model with reference to the prevailing accounting standards and the discount rate applied in the discounted cash flow forecast by benchmarking against those of comparable companies and external market data if available; • performing a sensitivity analysis on future revenue growth rates and the discount rates applied in the discounted cash flow forecasts and considering the resulting impact on the impairment charge for the year and whether there were any indicators of management bias in the selection of these assumptions; and • considering the reasonableness of the disclosures in the consolidated financial statements in respect of management's impairment assessments of intangible assets with reference to the requirements of the prevailing accounting standards.

Key audit matters (continued)

Assessing impairment of investment in Rapid Medical Ltd. ("Rapid Medical") which was accounted for as an associate

Refer to note 13 to the consolidated financial statements and the accounting policies pages 199 to 200.

The Key Audit Matter	How the matter was addressed in our audit
The Group has 22.3 % interest in Rapid Medical, which is accounted for under the equity method. The Group's share of the net assets in Rapid Medical as at 31 December 2024 was RMB86 million (2023: RMB104 million), which represented approximately 4.2% of the total assets of the Group. As at 31 December 2024, management determined that there was an indicator of impairment of investment in Rapid Medical and, therefore, assessed the recoverable amounts with reference to the higher of value-in-use ("**VIU**") and fair value less costs of disposal. Management determined VIU based on a discounted cash flow forecast prepared by an external valuer, which involved significant judgement in assessing terminal growth rate and discount rate.	Our audit procedures to assess impairment of investment in Rapid Medical included the following: • obtaining an understanding of and testing the design and implementation of the key internal controls related to the impairment assessment; • evaluating management's identification of the existence of impairment indicators of the interests in Rapid Medical with reference to the requirements of the prevailing accounting standards; • evaluating the competence, capabilities and objectivity of the external valuer engaged by management; • challenging the reasonableness of the key assumptions adopted in the preparation of the discounted cash flow forecast supporting the VIU by comparing the forecasted revenue and forecasted gross margins with historical data and available economic and industry forecasts;

Key audit matters (continued)

Assessing impairment of investment in Rapid Medical Ltd. ("Rapid Medical") which was accounted for as an associate	
Refer to note 13 to the consolidated financial statements and the accounting policies pages 199 to 200.	
The Key Audit Matter	**How the matter was addressed in our audit**
Based on the assessment, the Group did not recognise further impairment losses for the year ended 31 December 2024 (2023: RMB30 million). We identified assessing impairment of the investment in Rapid Medical as a key audit matter because such assessment requires significant judgement and estimation, which increases the risk of error or potential management bias.	• involving our internal valuation specialists to assess the appropriateness of methodology used in the preparation of the discounted cash flow forecast with reference to the requirements of the prevailing accounting standards and the reasonableness of discount rate and terminal growth rate applied by benchmarking against those of comparable companies; • evaluating the reasonableness of the disclosures in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

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.

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

26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Revenue	3	**761,762**	665,624
Cost of sales		**(205,835)**	(153,833)
Gross profit		**555,927**	511,791
Other net income	4	**56,580**	40,035
Research and development costs		**(96,482)**	(165,133)
Distribution costs		**(132,472)**	(110,738)
Administrative expenses		**(55,832)**	(56,133)
Other operating costs	5(c)	**(900)**	—
Profit from operations		**326,821**	219,822
Finance costs	5(a)	**(3,531)**	(3,727)
Share of losses of an associate		**(20,557)**	(23,844)
Impairment loss on investment in an associate		**—**	(30,200)
Profit before taxation	5	**302,733**	162,051
Income tax	6(a)	**(53,878)**	(27,470)
Profit for the year		**248,855**	134,581
Attributable to:			
Equity shareholders of the Company		**254,165**	145,548
Non-controlling interests		**(5,310)**	(10,967)
Profit for the year		**248,855**	134,581
Earnings per share (RMB)	9		
Basic and diluted		**0.44**	0.25

The notes on pages 155 to 238 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 25(b).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024
(Expressed in Renminbi)

	2024 RMB'000	2023 RMB'000
Profit for the year	**248,855**	134,581
Other comprehensive income for the year, (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**17,802**	20,740
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(9,783)**	(9,536)
Other comprehensive income for the year	**8,019**	11,204
Total comprehensive income for the year	**256,874**	145,785
Attributable to:		
Equity shareholders of the Company	**262,184**	156,752
Non-controlling interests	**(5,310)**	(10,967)
Total comprehensive income for the year	**256,874**	145,785

The notes on pages 155 to 238 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	10	119,850	161,603
Investment property	10	12,582	12,925
		132,432	174,528
Intangible assets	11	189,287	151,384
Interest in an associate	13	85,966	103,692
Financial assets at fair value through profit and loss	15	11,298	—
Time deposit	18	50,768	—
Deferred tax assets	22(b)	18,567	11,119
Other non-current assets	14	184,143	187,374
		672,461	628,097
Current assets			
Financial assets measured at fair value through profit or loss	15	372,480	283,504
Inventories	16	157,318	200,963
Trade and other receivables	17	176,991	62,765
Pledged deposit and time deposit	18	40,705	64,137
Cash and cash equivalents	18	622,581	721,175
		1,370,075	1,332,544
Current liabilities			
Trade and other payables	19	213,398	213,076
Contract liabilities	20	3,193	8,056
Lease liabilities	21	22,359	23,786
Income tax payables	22(a)	22,588	4,331
		261,538	249,249
Net current assets		1,108,537	1,083,295
Total assets less current liabilities		1,780,998	1,711,392

The notes on pages 155 to 238 form part of these financial statements.

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current liabilities			
Lease liabilities	21	14,763	37,574
Deferred income	23	46,022	24,816
Other non-current liabilities		13,378	10,751
		74,163	73,141
NET ASSETS		1,706,835	1,638,251
CAPITAL AND RESERVES	25		
Share capital		76	76
Reserves		1,710,487	1,635,429
Total equity attributable to equity shareholders of the Company		1,710,563	1,635,505
Non-controlling interests		(3,728)	2,746
TOTAL EQUITY		1,706,835	1,638,251

Approved and authorised for issue by the board of directors on 26 March 2025.

Chang Zhaohua
Chairman

Xie Zhiyong
Director

The notes on pages 155 to 238 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2023		76	1,377,791	(10,791)	(17,118)	38,810	84,035	1,472,803	12,848	1,485,651
Changes in equity for 2023										
Profit/(loss) for the year		—	—	—	—	—	145,548	145,548	(10,967)	134,581
Other comprehensive income		—	—	11,204	—	—	—	11,204	—	11,204
Total comprehensive income		—	—	11,204	—	—	145,548	156,752	(10,967)	145,785
Capital contributions from non-controlling interests		—	—	—	1,665	—	—	1,665	865	2,530
Appropriation of statutory general reserve		—	—	—	—	24,933	(24,933)	—	—	—
Equity-settled share-based transactions	24	—	—	—	5,943	—	—	5,943	—	5,943
Repurchase of shares under share award scheme	25(c)(ii)	—	—	—	(8,310)	—	—	(8,310)	—	(8,310)
Shares granted under share award scheme	24(d)	—	—	—	6,652	—	—	6,652	—	6,652
Balance at 31 December 2023		76	1,377,791	413	(11,168)	63,743	204,650	1,635,505	2,746	1,638,251

The notes on pages 155 to 238 form part of these financial statements.

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Statutory general reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		76	1,377,791	413	(11,168)	63,743	204,650	1,635,505	2,746	1,638,251
Changes in equity for 2024										
Profit/(loss) for the year		–	–	–	–	–	254,165	254,165	(5,310)	248,855
Other comprehensive income		–	–	8,019	–	–	–	8,019	–	8,019
Total comprehensive income		–	–	8,019	–	–	254,165	262,184	(5,310)	256,874
Capital contributions from non-controlling interests		–	–	–	3,864	–	–	3,864	(1,164)	2,700
Repurchase of shares under share award scheme	25(c)(ii)	–	–	–	(112,391)	–	–	(112,391)	–	(112,391)
Shares granted under share award scheme	24(d)	–	–	–	5,935	–	–	5,935	–	5,935
Equity-settled share-based transactions	24	–	–	–	5,743	–	–	5,743	–	5,743
Business combination under common control	25(d)(iii)	–	–	–	(18)	–	–	(18)	–	(18)
Issuance of ordinary shares under scrip dividend scheme	25(c)(i)	–	10,778	–	–	–	–	10,778	–	10,778
Dividends approved in respect of the previous year	25(b)	–	(58,496)	–	–	–	–	(58,496)	–	(58,496)
Dividends declared in respect of the current year	25(b)	–	(42,541)	–	–	–	–	(42,541)	–	(42,541)
Balance at 31 December 2024		76	1,287,532	8,432	(108,035)	63,743	458,815	1,710,563	(3,728)	1,706,835

The notes on pages 155 to 238 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024
(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	18(b)	**327,479**	194,862
Tax paid		**(43,069)**	(41,084)
Net cash generated from operating activities		**284,410**	153,778
Investing activities			
Payments for the purchase of property, plant and equipment		**(8,866)**	(12,850)
Payments for the purchase of intangible assets, including expenditures on capitalised development costs		**(43,700)**	(29,325)
Placement of pledged deposits		**—**	(13,370)
Placement of time deposits		**(50,000)**	(10,000)
Proceeds from redemption of pledged deposits and time deposits		**23,370**	—
Interest received		**1,434**	1,399
Payments for the purchase of financial assets at fair value through profit and loss	26	**(1,016,086)**	(492,938)
Proceeds from redemption of financial assets at fair value through profit and loss	26	**639,019**	484,353
Proceeds from disposal of financial assets at fair value through profit and loss	26	**289,137**	—
Payment for investment in joint ventures and associates		**(1,500)**	—
Payment for consideration and deposit for land use rights		**(4,051)**	(160,428)
Proceed from refund of land deposit		**10,695**	—
Net cash used in investing activities		**(160,548)**	(233,159)
Financing activities			
Capital element of lease rentals paid		**(23,988)**	(24,036)
Interest element of lease rentals paid		**(2,316)**	(3,460)
Capital contribution from non-controlling interests		**2,700**	2,530
Payment for repurchase of shares under share award scheme		**(112,391)**	(8,310)
Dividends paid to equity shareholders of the Company		**(90,259)**	—
Net cash used in financing activities		**(226,254)**	(33,276)
Net increase in cash and cash equivalents		**(102,392)**	(112,657)
Cash and cash equivalents at 1 January		**721,175**	827,929
Effect of foreign exchanges rates changes		**3,798**	5,903
Cash and cash equivalents at 31 December		**622,581**	721,175

The notes on pages 155 to 238 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 MicroPort NeuroScientific Corporation ("**the Company**") and its subsidiaries ("**the Group**") are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 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 the Company and its subsidiaries and the Group's interest in an associate.

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

— investments in debt and equity securities (see Note 1(f)).

— derivative financial instruments (see Note 1(g)).

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

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

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.

1 Material accounting policies (continued)

(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.

(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 Notes 1(q) and (r) depending on the nature of the liability.

1 Material accounting policies (continued)

(d) Subsidiaries and non-controlling interests (continued)

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(l)(ii)).

(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(l)(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.

1 Material accounting policies (continued)

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in 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 26(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

Non-equity investments 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 from the investment is calculated using the effective interest method (see Note 1(w)(iv)), 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. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and 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 OCI is recycled from equity to 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.

1 Material accounting policies (continued)

(f) Other investments in securities (continued)

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition 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 an 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(w)(iii)).

(g) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

(h) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see Note 1(k)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see Note 1(l)(ii)). Depreciation is calculated to write off the cost of investment property less its estimated residual value using the straight-line method over its estimated useful life. Rental income from investment properties is accounted for as described in Note 1(w)(ii).

1 Material accounting policies (continued)

(i) Property, plant and equipment

Property, plant and equipment, including right-of-use assets arising from leases over leasehold properties and of underlying plant and equipment (see Note 1(k)) are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 1(l)(ii)).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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 43–45 years

— Leasehold improvements are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being 3 to 10 years from the date of completion;

— Equipment and machinery 10 years

— Office equipment, furniture and fixtures 5 years

— Motor vehicles 5 years

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(j) 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.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(l)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

1 Material accounting policies (continued)

(j) Intangible assets (continued)

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Software	3 years
— Capitalised development costs	10 years

The useful life of capitalised development costs is estimated based on the expected life cycle of the underlying product since the commercialisation. Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(k) 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.

(i) 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 laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

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 are charged to profit or loss as incurred.

1 Material accounting policies (continued)

(k) Leased assets (continued)

(i) As a lessee (continued)

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, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 1(i) and 1(l)).

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 Notes 1(f)(i), 1(w)(iv) and 1(l)(i)). 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.

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.

1 Material accounting policies (continued)

(k) Leased assets (continued)

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 1(w)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 1(k)(i), then the Group classifies the sub-lease as an operating lease.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on:

— financial assets measured at amortised cost (including cash and cash equivalents, time deposits and trade and other receivables, that are held for the collection of contractual cash flows which represent solely payments of principal and interest;

— contract assets (see Note 1(n)); and

— lease receivables.

1 Material accounting policies (continued)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

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.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate; and

— lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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 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 receivables and contract assets are always measured at an amount equal to lifetime ECLs.

1 Material accounting policies (continued)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (continued)

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) 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.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

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) does not reduce the carrying amount of the financial asset in the statement of financial position (see Note 1(f)(i)).

1 Material accounting policies (continued)

(l) Credit losses and impairment of assets (continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (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 debtor will enter bankruptcy or other financial reorganisation; or

— 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, lease receivable or contract asset is written off 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)

(l) 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, inventories, 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. In addition, for intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

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). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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.

1 Material accounting policies (continued)

(m) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the moving weighted average method and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 1(w)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 1(l)(i)) and are reclassified to receivables when the right to the consideration become unconditional (see Note 1(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 1(w)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable is also recognised (see Note 1(o)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 1(w)).

(o) 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 (see Note 1(l)).

1 Material accounting policies (continued)

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other 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 ECLs (see Note 1(l)(i)).

(q) Preference share capital

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

(r) 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 cost.

1 Material accounting policies (continued)

(s) Convertible bonds that contain an equity component

Convertible bonds that can be converted into ordinary shares at the option of the holder, where a fixed number of shares are issued for a fixed amount of cash or other financial assets, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured at the fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The equity component is the difference between the initial fair value of the convertible bonds as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the capital reserve until either the bonds are converted or redeemed.

If the bonds are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the bonds are redeemed, the capital reserve is released directly to retained profits.

When the Group extinguishes the bonds before maturity through an early redemption or repurchase in which the original conversion privileges are unchanged, the Group allocates consideration paid and any transaction costs for the repurchase or redemption to the liability and equity components of the bonds at the date of such transaction. The method used in allocating is consistent with that used in the original allocation when the bonds were issued. Once the allocation is made, any resulting gain or loss relating to the liability and equity components is recognised in profit or loss and in equity, respectively.

1 Material accounting policies (continued)

(t) 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.

(ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. 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 Group recognises costs for a restructuring.

(u) 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)

(u) 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)

(v) Provisions and contingent liabilities

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.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(l)(ii)).

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.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of medical devices that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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.

1 Material accounting policies (continued)

(w) Revenue and other income (continued)

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of medical devices that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

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.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of medical devices

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

The amount of the revenue recognised is adjusted for the expected returns, which are estimated based on the historical return rate. Accordingly, a refund liability and a right to recover returned good asset are recognised, where applicable.

The right to recover returned goods asset is recognised only when the returned goods are available to resell. The refund liability is included in other payables and the right to recover returned goods, if any, is included in the inventories. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the assets and liabilities accordingly.

(ii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

1 Material accounting policies (continued)

(w) Revenue and other income (continued)

(iii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iv) 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.

(v) 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.

(x) 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.

However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognised in OCI.

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.

1 Material accounting policies (continued)

(x) Translation of foreign currencies (continued)

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.

(y) 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.

(z) 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.

1 Material accounting policies (continued)

(z) Related parties (continued)

(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 a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(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.

(aa) 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.

2 Accounting judgements and estimates

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(i) Research and development expenses

Development expenses incurred on the Group's pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the pipeline so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are recognised as an expense in profit or loss when incurred. Management will assess the progress of each of the development projects and determine the criteria met for capitalisation.

(b) Sources of estimation uncertainty

Notes 24 and 26(e) contain information about the assumptions and their risk factors relating to fair value of equity-settled share-based payment transactions and financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Impairment of capitalised development costs

The Group is required to test capitalised development costs assets not available for use on an annual basis. Intangible assets are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount. The recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the intangible assets can be supported by the net present value of future cash flows. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) timing of commercialisation, productivity and market size; (ii) revenue compound growth rate; (iii) costs and operating expenses; and (iv) the selection of discount rates to reflect the risks involved.

(ii) Sale returns

The Group only permits the distributors to return or exchange the near-expiry products under the situations specified in the distribution agreements. The Group assesses that such return/exchange would not result in any significant outflow of the Group's embodying economic benefits. The Group has recorded refund liabilities under trade and other payables based on the expected return/exchange rate.

2 Accounting judgements and estimates (continued)

(b) Sources of estimation uncertainty (continued)

(iii) Impairment of investment in an associate

The Group assesses whether there are any indicators of impairment for investment in an associate at the end of each reporting period. An impairment exists when the carrying amount of the investment in an associate exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

Determination of the value in use is an area involving management judgement in order to assess whether the carrying value of the investment in an associate can be supported by its share of the net present value of future cash flows expected to be generated by the associate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of (i) revenue compound growth rate; (ii) costs and operating expenses; and (iii) the selection of discount rates to reflect the risks involved.

3 Revenue and segment reporting

(a) Revenue

The Group sells medical devices through appointed distributors.

For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines 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	**760,509**	663,604
Revenue from other sources		
Gross rentals	**1,253**	2,020
	761,762	665,624

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 during the year ended 2023 and 2024 is set out below:

	2024 RMB'000	2023 RMB'000
Customer A	211,142	198,448
Customer B	202,237	142,786
Customer C	186,045	145,078

(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 of HKFRS 15 to its sales contracts of medical devices such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from customers and (ii) the Group's property, plant and equipment, investment property, intangible assets, interest in an associate and other non-current financial assets ("**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 and investment property, the location of the operation to which they are allocated, in the case of intangible assets and other non-current financial assets, and the location of operations, in the case of interest in an associate and other non-current financial assets.

Revenue from customers

	2024 RMB'000	2023 RMB'000
The PRC (place of domicile)	686,468	633,931
Outside the PRC	75,294	31,693
	761,762	665,624

3 Revenue and segment reporting (continued)

(b) Geographical information (continued)

Specified non-current assets

	31 December 2024 RMB'000	31 December 2023 RMB'000
The PRC (place of domicile)	321,719	325,912
Israel	97,264	103,692
	418,983	429,604

4 Other net income

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Fair value changes in financial assets measured at fair value *(Note 15)*	10,316	5,567
Government grants (i)	29,499	18,607
Interest income on financial assets measured at amortised cost	15,870	16,574
Net foreign exchange gain/(loss)	427	(642)
Net gain/(loss) on disposal of property, plant and equipment	370	(133)
Others	98	62
	56,580	40,035

Note:

(i) Majority of the government grants are subsidies received from government for encouragement of research and development projects and overseas markets developments.

5 Profit before taxation

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

(a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on lease liabilities	2,316	3,460
Others	1,215	267
	3,531	3,727

(b) Staff costs

	2024 RMB'000	2023 RMB'000
Contributions to defined contribution retirement plans *(Note)*	17,108	13,860
Equity-settled share-based payment expenses *(Note 24)*	12,321	6,813
Salaries, wages and other benefits	132,236	160,196
	161,665	180,869

Note: As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a specified percentage of the eligible employees' salaries during the year.

(c) Other operating costs

	2024 RMB'000	2023 RMB'000
Donations	900	—

5 Profit before taxation (continued)

(d) Other items

	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets# *(Note 11)*	**16,138**	15,452
Depreciation charge# *(Note 10)*		
— owned property, plant and equipment and investment property	**20,063**	18,479
— right-of-use assets	**24,406**	25,060
Less: Capitalised into intangible assets	**(1,638)**	(2,899)
	58,969	56,092
Research and development expenditure	**150,523**	199,665
Less: Development costs capitalised into intangible assets *(Note 11)*	**(54,041)**	(34,532)
	96,482	165,133
Cost of inventories# *(Note 16(b))*	**230,950**	204,074
Auditors' remuneration		
— audit services	**2,790**	2,700
— non-audit services	**26**	32
	2,816	2,732

Cost of inventories includes RMB68,659,000 (2023: RMB62,381,000), relating to depreciation and amortisation expenses and staff costs, which is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

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	**61,326**	26,947
Deferred tax		
Origination and reversal of temporary differences	**(7,448)**	523
	53,878	27,470

(i) Cayman Islands and British Virgin Islands tax

Pursuant to the current rules and regulations of Cayman Islands and British Virgin Islands, the Company and its subsidiaries located in the Cayman Islands and British Virgin Islands are not subject to any income tax in these jurisdictions.

(ii) Hong Kong Profits Tax

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2024 and 2023 as there are no assessable profits during the year.

(iii) PRC CIT

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 MicroPort NeuroTech (Shanghai) Co., Ltd. ("**MP NeuroTech Shanghai**"), which is entitled to a preferential income tax rate of 15% as it is certified as a "High and New Technology Enterprise" ("**HNTE**") during the year ended 31 December 2024 and 2023. According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC, an additional 100% of qualified research and development expenses incurred from 1 January 2021 onwards is allowed to be deducted.

The CIT law and its relevant regulations also impose a withholding tax at 10% on the foreign investors with respect to dividend distributions made out of the PRC entities from earnings accumulated from 1 January 2008, unless the foreign investors meet certain requirements specified in the relevant tax regulations in the PRC and accordingly are entitled to a preferential rate of 5%.

6 Income tax in the consolidated statement of profit or loss (continued)

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

	2024 RMB'000	2023 RMB'000
Profit before taxation	**302,733**	162,051
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	**79,416**	49,376
Effect of the preferential income tax rate *(Note 6(a)(iii))*	**(35,675)**	(27,696)
Effect of other non-deductible expenses	**15,173**	11,861
Effect of additional deduction on research and development expenses *(Note 6(a)(iii))*	**(8,840)**	(17,799)
Effect of tax losses not recognised	**3,804**	11,728
Actual tax expenses	**53,878**	27,470

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:

	Year ended 31 December 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 payments *(note)* RMB'000	Total RMB'000
Executive director						
Zhiyong Xie	–	1,181	–	–	2,268	3,449
Yiqun Bruce Wang	–	1,576	1,023	–	187	2,786
Non-executive directors						
Zhaohua Chang	–	–	–	–	–	–
Qingwei Sun	–	–	–	–	46	46
Lin Wang	–	–	–	–	–	–
Xia Wu	–	–	–	–	–	–
Independent non-executive directors						
Yi Xu	–	–	–	–	–	–
Haixiao Zhang	251	–	–	–	–	251
Siu Chi Hung *(a)*	50	–	–	–	–	50
Xin Fan *(b)*	153	–	–	–	–	153
	454	2,757	1,023	–	2,501	6,735

7 Directors' emoluments (continued)

	Year ended 31 December 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 payments *(note)* RMB'000	Total RMB'000
Executive director						
Zhiyong Xie	—	1,190	—	—	67	1,257
Yiqun Bruce Wang	—	1,268	—	—	42	1,310
Non-executive directors						
Zhaohua Chang	—	—	—	—	—	—
Bo Peng	—	—	—	—	—	—
Qingwei Sun	—	—	—	—	—	—
Lin Wang	—	—	—	—	—	—
Xia Wu	—	—	—	—	—	—
Independent non-executive directors						
Yi Xu	160	—	—	—	—	160
Haixiao Zhang	199	—	—	—	—	199
Siu Chi Hung *(a)*	199	—	—	—	—	199
	558	2,458	—	—	109	3,125

Note:

These represent the estimated value of share-based transactions with the directors, the details of which are disclosed in Note 24. The value of these share-based transactions is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 1(t)(ii).

(a) Siu Chi Hung has resigned as an independent non-executive director, chairman of Audit Committee and a member of Remuneration Committee due to retirement on 26 June 2024.

(b) Xin Fan has been appointed as an independent non-executive director on 26 June 2024.

8 Individuals with highest emoluments

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in Note 7. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	3,173	2,178
Discretionary bonuses	—	961
Equity-settled share-based payments	2,236	96
	5,409	3,235

The emoluments of the individuals who are not director and with the highest emoluments are within the following bands:

	2024 Number of individuals	2023 Number of individuals
HK$Nil to HK$1,000,000	—	1
HK$1,000,001 to HK$1,500,000	—	2
HK$1,500,001 to HK$2,000,000	2	—
HK$2,000,001 to HK$2,500,000	1	—

9 Earnings per share

The calculation of the basic earnings per share during the year is based on the earning of the year attributable to ordinary equity shareholders of the Company divided by the weighted average number of ordinary shares in issue, calculated as follows:

(i) Earnings of the year attributable to ordinary equity shareholders of the Company

	2024 **RMB'000**	2023 RMB'000
Earnings of the year attributable to ordinary equity shareholders of the Company	**254,165**	145,548

(ii) Weighted average number of ordinary shares

	2024 **'000**	2023 '000
Issued ordinary shares at 1 January for the purpose of basic earnings per share	**582,658**	582,658
Issuance of ordinary shares *(note 25(c)(i))*	**693**	—
Purchase of own shares *(note 25(c)(ii))*	**(4,812)**	—
Share awards *(note 24(d))*	**518**	—
Weighted average number of ordinary shares at 31 December for the purpose of basic earnings per share	**579,057**	582,658

The calculation of diluted earnings per share amounts for the year ended 31 December 2024 and 2023 had not included the share options issued by the Company, as they had an anti-dilutive effect on the basic earnings per share amounts.

10 Investment property and property, plant and equipment

(a) Reconciliation of carrying amount

	Buildings held for own use RMB'000	Leasehold improvements RMB'000	Equipment and machinery RMB'000	Office equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Right-of-use assets RMB'000	Construction in progress RMB'000	Sub-total RMB'000	Investment property RMB'000	Total RMB'000
Cost:										
At 1 January 2023	14,973	68,283	56,701	6,218	1,476	133,058	3,624	284,333	15,527	299,860
Transfer	—	3,394	11,646	398	—	—	(15,438)	—	—	—
Additions	—	—	—	—	—	3,883	12,043	15,926	—	15,926
Disposals	—	(739)	(852)	(1,400)	(297)	(13,401)	—	(16,689)	—	(16,689)
At 31 December 2023 and 1 January 2024	14,973	70,938	67,495	5,216	1,179	123,540	229	283,570	15,527	299,097
Transfer	–	2,037	2,699	49	–	–	(4,785)	–	–	–
Additions	–	–	–	–	–	–	5,116	5,116	–	5,116
Disposals	–	–	(2,331)	(342)	(1,179)	(1,730)	–	(5,582)	–	(5,582)
At 31 December 2024	14,973	72,975	67,863	4,923	–	121,810	560	283,104	15,527	298,631
Accumulated depreciation and amortisation:										
At 1 January 2023	3,183	23,732	11,962	3,055	1,354	47,481	—	90,767	2,259	93,026
Charge for the year	313	11,167	5,679	927	50	25,060	—	43,196	343	43,539
Written back on disposals	—	(546)	(281)	(1,206)	(281)	(9,682)	—	(11,996)	—	(11,996)
At 31 December 2023 and 1 January 2024	3,496	34,353	17,360	2,776	1,123	62,859	–	121,967	2,602	124,569
Charge for the year	313	11,724	7,038	645	–	24,406	–	44,126	343	44,469
Written back on disposals	–	–	(371)	(321)	(1,123)	(1,024)	–	(2,839)	–	(2,839)
At 31 December 2024	3,809	46,077	24,027	3,100	–	86,241	–	163,254	2,945	166,199
Net book value:										
At 31 December 2023	11,477	36,585	50,135	2,440	56	60,681	229	161,603	12,925	174,528
At 31 December 2024	11,164	26,898	43,836	1,823	–	35,569	560	119,850	12,582	132,432

10 Investment property and property, plant and equipment (continued)

(b) Investment property

As at 31 December 2024, the investment property located in Shanghai in the PRC was rented out under terms of operating leases. The fair value of investment property during the year ended 31 December 2024 is approximately RMB23 million (2023: RMB17 million), which is determined by management with reference to the market price of comparable properties.

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Properties leased for own use, carried at depreciated cost	**35,569**	60,681

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	**24,406**	25,060
Interest on lease liabilities (Note 5(a))	**2,316**	3,460
Expense relating to short-term leases	**294**	80

Details of total cash outflow for leases and the maturity analysis of lease liabilities and future cashflow for leases are set out in Notes 18(d) and 26(b), respectively.

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 Investment property and property, plant and equipment (continued)

(d) Leases as lessor

The Group leases out its investment property under operating leases. The lease typical run for an initial period of 2 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place from the investment property at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	1,260	1,141

11 Intangible assets

	Capitalised development costs RMB'000	Software RMB'000	Total RMB'000
Cost			
At 1 January 2023	168,065	1,427	169,492
Additions	34,532	654	35,186
At 31 December 2023 and 1 January 2024	**202,597**	**2,081**	**204,678**
Additions	**54,041**	**—**	**54,041**
At 31 December 2024	**256,638**	**2,081**	**258,719**
Accumulated amortisation:			
At 1 January 2023	37,116	726	37,842
Amortisation charge for the year	15,016	436	15,452
At 31 December 2023 and 1 January 2024	**52,132**	**1,162**	**53,294**
Amortisation charge for the year	**15,641**	**497**	**16,138**
At 31 December 2024	**67,773**	**1,659**	**69,432**
Net book value:			
At 31 December 2023	150,465	919	151,384
At 31 December 2024	**188,865**	**422**	**189,287**

Included in intangible assets were an amount of RMB52,442,000 and RMB87,717,000 that are not yet available for use as of 31 December 2023 and 2024, respectively. These intangible assets were solely related to capitalised development costs.

Majority of amortisation of intangible assets is recognised in "cost of sales" in the consolidated statement of profit or loss.

11 Intangible assets (continued)

(a) Impairment test

The capitalised development costs not yet available for use are tested annually based on the recoverable amount of each individual asset at the product level.

As of 31 December 2024, the capitalised development costs not yet available for use included Rebridge, NuFairy™ Absorbable Coil Embolization System ("**NuFairy**"), Bridge-Max Rapamycin Target Eluting Vertebral Artery Stent System ("**Bridge-Max**"), Intracranial Drug-Coated Balloon Catheter System and Liquid Embolic Agent.

In addition, the sales performance of the Company's commercialised product Neurohawk® Thrombectomy Device ("**Neurohawk**") this year is lower than expected. The Company identified it as an indicator of impairment and performed an impairment test in accordance with the Group's accounting policies set out in Note 1(l)(ii).

The recoverable amount of each product was determined based upon the fair value less costs of disposal calculations, which adopted the multi-period excess earnings method.

The cash flow projections are based on the financial budgets approved by the directors of the Company. Revenue forecasts are based on management's expectations of the timing of the commercialisation, productivity and the market size of related products. Management estimates the products will have a 10 years' useful life commencing from the approval for commercialisation with higher rates of revenue growth in the earlier years and declining revenue during the remaining years of the estimated useful life. The discount rates used are pre-tax and reflect specific risks relating to the relevant products.

The key assumptions used for recoverable amount calculations of each individual asset are as follows:

Rebridge	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	**25%**
Revenue for the remaining useful life (% annualised compound growth rate)	**-11%**
Pre-tax discount rate	**26.4%**

(Expressed in Renminbi unless otherwise indicated)

11 Intangible assets (continued)

(a) Impairment test (continued)

NuFairy	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	43%
Revenue for the remaining useful life (% annualised compound growth rate)	-9%
Pre-tax discount rate	29.9%

Bridge-Max	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	28%
Revenue for the remaining useful life (% annualised compound growth rate)	-6%
Pre-tax discount rate	25.9%

Intracranial Drug-Coated Balloon Catheter System	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	29%
Revenue for the remaining useful life (% annualised compound growth rate)	-24%
Pre-tax discount rate	24.6%

Liquid Embolic Agent	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	25%
Revenue for the remaining useful life (% annualised compound growth rate)	-13%
Pre-tax discount rate	24.5%

(Expressed in Renminbi unless otherwise indicated)

11 Intangible assets (continued)

(a) Impairment test (continued)

Neurohawk	As at 31 December 2024
Revenue from the maturity to the peak sales (% annualised compound growth rate)	24%
Revenue for the remaining useful life (% annualised compound growth rate)	–1%
Pre-tax discount rate	34.0%

The Company's products generally enter into the mature sales stage in the third year after being commercialised and reach the sales peak in the eighth or nineth year.

(b) Impact of possible changes in key assumptions

The recoverable amount of Rebridge is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB21 million (2023: RMB13 million).

The recoverable amount of NuFairy is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB6 million (2023: RMB11 million).

The recoverable amount of Bridge-Max is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB11 million (2023: RMB13 million).

The recoverable amount of Intracranial Drug-Coated Balloon Catheter System is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB9 million.

The recoverable amount of Liquid Embolic Agent is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB12 million.

The recoverable amount of Neurohawk is estimated to exceed its carrying amount at 31 December 2024 by approximately RMB17 million (2023: RMB5 million).

Except for NuFairy, there was still sufficient headroom for all other products based on the assessment. The directors of the Company do not believe that a reasonably possible change in key assumptions would cause the carrying amount of each individual asset to exceed its respective recoverable amount.

(Expressed in Renminbi unless otherwise indicated)

11 Intangible assets (continued)

(b) Impact of possible changes in key assumptions (continued)

The recoverable amount of NuFairy would equal its carrying amount if each key assumption was to change as follows with all other variables held constant:

NuFairy	**As at 31 December 2024**
Revenue from the maturity to the peak sales (% annualised compound growth rate)	34%
Pre-tax discount rate	33.8%

12 Investments in subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of incorporation and business**	**Issued/ registered capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
MicroPort NeuroTech Medical LTD.	BVI	USD24,902,468.92	100%	100%	—	Investment holding
MicroPort NeuroTech Company Limited	Hong Kong	USD42,702,569.91	100%	—	100%	Investment holding
Sevenoaks Global Limited	BVI	USD5,500,000	100%	—	100%	Investment holding
MicroPort Brain Sciences Corporation	BVI	USD1	100%	—	100%	Investment holding
MicroPort Brain Sciences Company Limited	Hong Kong	USD100	100%	—	100%	Investment holding
MicroPort NeuroScience America INC.	USA	USD5,000	100%	—	100%	Investment holding
MicroPort NeuroSurgical (Hong Kong) Company Limited	Hong Kong	USD100	100%	—	100%	Investment holding
Shanghai Shentong Brain Science and Technology Co., Ltd (上海神通腦科學技術有限公司)	The PRC (Foreign)	USD75,000,000/ USD160,000,000	100%	—	100%	Distribution, research and development of medical devices

(Expressed in Renminbi unless otherwise indicated)

12 Investments in subsidiaries (continued)

Name of company	Place of incorporation and business	Issued/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
MicroPort NeuroTech (Shanghai) Co., Ltd. (微創神通醫療科技(上海)有限公司)	The PRC (Domestic)	RMB163,531,250	100%	—	100%	Manufacture, distribution, research and development of medical devices
Shentu Medical Technology (Shanghai) Co., Ltd. ("**Shentu**") (神途醫療科技(上海)有限公司)	The PRC (Domestic)	RMB53,040,000/ RMB60,000,000	67.87%	—	67.87%	Manufacture, distribution, research and development of medical devices
Shendun Medical Technology (Shanghai) Co., Ltd. ("**Shendun**") (神遁醫療科技(上海)有限公司)	The PRC (Domestic)	RMB16,660,000	69.99%	—	69.99%	Manufacture, distribution, research and development of medical devices
Shenhong Medical Technology (Shanghai) Co., Ltd. (神泓醫療科技(上海)有限公司)	The PRC (Domestic)	RMB1,000,000	100%	—	100%	Manufacture, distribution, research and development of medical devices
Beijing Shenrui Enterprise Management Consulting Co., Ltd. (北京神睿企業管理諮詢有限公司)	The PRC (Domestic)	RMB0/ RMB1,000,000	100%	—	100%	Research and development of medical devices
MicroPort NeuroTech Global B.V.	Netherland	USD3,000,000/ 5,000,000	100%	—	100%	Distribution of medical devices
MicroPort NeuroScience America Inc.	USA	USD1,000,000	100%	—	100%	Distribution of medical devices
MICROPORT NEUROTECH UK LTD	UK	USD1,500,000	100%	—	100%	Distribution of medical devices
MicroPort NeuroTech Brasil Ltda	Brazil	BRL7,791,300	100%	—	100%	Distribution of medical devices
NeuroFocus Medical Technology (Shanghai) Co., Ltd. (神聚醫療科技(上海)有限公司, "**Shanghai NeuroFocus**")	The PRC (Foreign)	RMB41,730,000/ RMB600,000,000	100%	—	100%	Property management
Minimally Invasive Neuroscience (Suzhou) Co., Ltd 微創腦科學(蘇州)有限公司	The PRC (Foreign)	RMB0/ RMB2,000,000	100%	—	100%	Research and development of medical devices

13 Interest in an associate

The following list contains the particulars of an associate as at 31 December 2024, which is an unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	**Form of business structure**	**Place of incorporation**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal Activity**
Rapid Medical Ltd. ("**Rapid Medical**")	Incorporated	Israel	22.1 million shares	22.3%	—	22.3%	Development, manufacturing and sales of innovative devices for neuro interventional procedures

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of Rapid Medical, adjusted for any differences in accounting policies are disclosed below:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Revenue	**191,392**	157,262
Loss for the year	**(90,690)**	(104,850)
Other comprehensive income	**—**	—
Total comprehensive income	**(90,690)**	(104,850)

(a) Impairment test

The Group has identified certain impairment indicators of the investment in Rapid Medical and performed valuation assessments. The recoverable amount of the investment in Rapid Medical is the higher amount of the fair value less costs of disposals and the value in use.

13 Interest in an associate (continued)

(a) Impairment test (continued)

Based on the result of impairment test, the carrying amount of the investment in Rapid Medical did not exceed its recoverable amount. Accordingly, no impairment loss was recognised in profit or loss in 2024 (2023: impairment loss of RMB30,200,000). The recoverable amount is based on the value in use. The Group has used the expected cash flow approach to develop the measurement of value in use. The expected cash flow approach has been measured by using all expectations about possible cash flows.

The key assumptions for the value-in-use calculation are as follows, which are based on either the past experience or external sources of information:

	As at 31 December 2024	As at 31 December 2023
Steady growth rate used in the extrapolation after budget period	**2.0%**	2.1%
Pre-tax discount rate	**26.12%**	27.64%

14 Other non-current assets

	31 December 2024 RMB'000	31 December 2023 RMB'000
Consideration and deposit for land use rights *(Note (a))*	**153,784**	160,428
Lease deposits *(Note (b))*	**25,586**	24,500
Prepayments for property, plant and equipment	**3,273**	2,098
Others	**1,500**	348
	184,143	187,374

Note:

(a) Shanghai NeuroFocus has entered into a land use rights acquisition contract with Pudong New Area Planning and Natural Resources Bureau with the consideration of RMB133,690,000, the tax of RMB4,051,000 and the corresponding deposit of RMB16,043,000. As at 31 December 2024, the land use rights certificate has not been completed.

(b) 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 of 2022, the Group entered into a 5-year lease agreement (the "**Lease Agreement**") with Shanghai Huiqingcheng Investment Management Co., Ltd.* (上海回青橙投資管理有限公司, "**SH Investment**") 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 SH Investment is RMB25,054,000.

* The English name is for identification purpose only.

15 Financial assets measured at fair value through profit or loss

	31 December 2024 RMB'000	31 December 2023 RMB'000
Wealth management products	—	283,504
Structured deposits *(Note (a))*	372,480	—
Simple agreements for future equity *(Note (b))*	11,298	—

Notes:

(a) As at 31 December 2024, the Group held 5 structured deposits subscribed from 5 different banks with purchase cost amounted to RMB371,000,000 in aggregate at expected annualised return rates of 1.15%–2.15%. Their fair values are within level 3 of the fair value hierarchy as disclosed in Note 26(e).

(b) On 7 August 2024, the Group entered into a simple agreement for future equity ("**SAFE**") with Rapid Medical to grant the Group the future right to get the issuance of Share Capital, or setting aside for payment, of amounts based on various triggering events. The consideration of the SAFE is USD1,572,000 at the initial investment and the subsequent measurement as at 31 December 2024 has not significantly changed based on the valuation then. The right is classified as financial asset at fair value through profit or loss.

16 Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Raw materials	99,059	132,854
Work in progress	24,688	27,608
Finished goods	33,571	40,501
	157,318	200,963

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
Costs of inventories sold	201,786	146,964
Write-down of the inventories	4,031	5,735
Cost of inventories directly recognised as research and development costs	18,612	46,563
Cost of inventories directly recognised as selling and marketing expenses	6,521	4,812
	230,950	204,074

17 Trade and other receivables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade receivables	144,061	10,564
Other debtors	13,590	23,289
Deposits and prepayments	19,340	28,912
	176,991	62,765

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

17 Trade and other receivables (continued)

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 1 month	**131,208**	6,743
1 to 3 months	**10,165**	3,477
3 to 12 months	**2,688**	344
	144,061	10,564

Trade receivables are generally due within 30 to 90 days from the date of billing. Further details on the Group's credit policy and credit risk arising from receivables are set out in Note 26(a).

18 Pledged deposit and time deposit, cash and cash equivalents and other cashflow information

(a) Pledged deposit and time deposit and cash and cash equivalents

	31 December 2024 RMB'000	31 December 2023 RMB'000
Pledged deposit and time deposit		
Pledged deposit	**—**	13,370
Time deposit with original terms from 3 months to 12 months	**40,705**	50,767
Time deposit with original terms over 12 months	**50,768**	—
Total	**91,473**	64,137
Cash and cash equivalents		
Deposits with banks	**622,581**	721,175

18 Pledged deposit and time deposit, cash and cash equivalents and other cashflow information (continued)

(a) Pledged deposit and time deposit and cash and cash equivalents (continued)

As at 31 December 2024, cash and cash equivalents of the Group held in banks and financial institutions in the PRC amounted to RMB374,849,000 (2023: RMB534,297,000). The remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) Reconciliation of profit before taxation to cash generated from operations

	Note	**2024** **RMB'000**	2023 RMB'000
Profit before taxation		**302,733**	162,051
Adjustments for:			
Amortisation and depreciation	5(d)	**58,969**	56,092
Interest expenses	5(a)	**2,316**	3,460
Interest income on time deposits		**(2,141)**	(1,445)
Fair value changes in financial assets carried at fair value	15	**(10,316)**	(5,567)
Share of losses of an associate		**20,557**	23,844
Impairment loss on investment in an associate		**—**	30,200
(Gain)/loss on disposal of property, plant and equipment	4	**(370)**	133
Equity-settled share-based payments	24(f)	**12,256**	6,743
Others		**(1,087)**	(1,886)
Changes in working capital:			
Decrease/(increase) in inventories		**43,645**	(86,237)
Increase in trade and other receivables		**(110,998)**	(26,487)
(Decrease)/increase in trade and other payables		**(6,955)**	29,000
Increase in deferred income		**21,206**	5,680
Increase in other non-current liabilities		**2,627**	2,857
Decrease in contract liabilities		**(4,863)**	(3,576)
Cash generated from operations		**327,479**	194,862

18 Pledged deposit and time deposit, cash and cash equivalents and other cashflow information (continued)

(c) 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)*
At 1 January 2024	**61,360**
Changes from financing cash flows:	
Capital element of lease payments	**(23,988)**
Interest element of lease payments	**(2,316)**
Total changes from financing cash flows	**(26,304)**
Exchange adjustments	**–**
Other changes:	
Increase in lease liabilities from entering into new leases during the year	**–**
Decrease in lease liabilities from derecognising existing leases during the year	**(250)**
Interest charge *(Note 5(a))*	**2,316**
	2,066
At 31 December 2024	**37,122**

18 Pledged deposit and time deposit, cash and cash equivalents and other cashflow information (continued)

(c) Reconciliation of liabilities arising from financing activities (continued)

	Lease liabilities RMB'000 *(Note 21)*
At 1 January 2023	85,244
Changes from financing cash flows:	
Capital element of lease payments	(24,036)
Interest element of lease payments	(3,460)
Total changes from financing cash flows	(27,496)
Exchange adjustments	—
Other changes:	
Increase in lease liabilities from entering into new leases during the year	3,884
Decrease in lease liabilities from derecognising existing leases during the year	(3,732)
Interest charge *(Note 5(a))*	3,460
	3,612
At 31 December 2023	61,360

(d) Total cash outflow for leases

	2024 **RMB'000**	2023 RMB'000
Within financing cash flows	**26,304**	27,496

All these amounts relate to the lease rentals paid.

19 Trade and other payables

	31 December 2024 RMB'000	31 December 2023 RMB'000
Trade payables due to		
— third party suppliers	**36,642**	57,265
— related parties	**17,682**	11,832
	54,324	69,097
Accrued expenses	**38,249**	25,036
Accrued payroll	**35,631**	46,631
Other payables	**85,194**	72,312
	213,398	213,076

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

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 1 month	**29,789**	37,316
Over 1 month but within 3 months	**13,896**	18,389
Over 3 months but within 6 months	**7,432**	6,442
Over 6 months but within 1 year	**812**	2,292
Over 1 year	**2,395**	4,658
	54,324	69,097

All of the above balances are expected to be settled within one year.

20 Contract liabilities

	31 December 2024 RMB'000	31 December 2023 RMB'000
Advanced receipts from customers for sales of medical devices	**3,193**	8,056

Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
At 1 January	**8,056**	11,632
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(8,056)**	(11,632)
Increase in contract liabilities as a result of receiving advance payments during the year in respect of unfulfilled performance obligation as at the year end	**3,193**	8,056
At 31 December	**3,193**	8,056

All of the contract liabilities are expected to be recognised as income within one year.

21 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each of the reporting period.

	31 December 2024 RMB'000	31 December 2023 RMB'000
Within 1 year	**22,359**	23,786
After 1 year but within 2 years	**14,763**	24,700
After 2 years but within 5 years	**—**	12,874
	14,763	37,574
	37,122	61,360

22 Income tax in the consolidated statement of financial position

(a) Current taxation in the consolidated statement of financial position represents:

	31 December 2024 RMB'000	31 December 2023 RMB'000
At the beginning of the year	**4,331**	18,468
Provision for PRC CIT for the year *(Note 6(a))*	**61,326**	26,947
Tax paid	**(43,069)**	(41,084)
At the end of the year	**22,588**	4,331
Representing:		
Income tax payables	**22,588**	4,331

(b) Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Deferred income RMB'000	**Accrued expenses and others RMB'000**	**Total RMB'000**
At 1 January 2023	2,871	8,771	11,642
Credited to profit or loss	759	(1,282)	(523)
At 31 December 2023 and 1 January 2024	**3,630**	**7,489**	**11,119**
Credited to profit or loss	**2,971**	**4,477**	**7,448**
At 31 December 2024	**6,601**	**11,966**	**18,567**

22 Income tax in the consolidated statement of financial position (continued)

(c) Deferred tax assets not recognised

Tax losses from the Group's subsidiaries in the PRC for which no deferred tax asset was recognised expire as follows:

	31 December 2024		31 December 2023	
	RMB'000	Expire year	RMB'000	Expire year
Expire	84,783	2025–2029	69,583	2024–2028

In accordance with the accounting policy set out in Note 1(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses due to the unpredictability of future taxable profits in the relevant tax jurisdiction and entity.

The tax losses incurred from the Group's subsidiaries in the PRC will expire in 5 years from the respective year. The tax losses incurred from the Group's subsidiaries in Hong Kong could be carried forward indefinitely under current tax legislation.

(d) Deferred tax liabilities not recognised

At 31 December 2024, temporary differences relating to the undistributed profits of a PRC subsidiary amounted to RMB848,037,000 (2023: RMB545,957,000). Deferred tax liabilities of RMB84,804,000 (2023: RMB54,596,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of this subsidiary and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

23 Deferred income

	Government subsidies for research and development projects RMB'000
At 1 January 2023	19,136
Additions	9,352
Government grant recognised as other income	(3,672)
At 31 December 2023 and 1 January 2024	**24,816**
Additions	**26,511**
Government grant recognised as other income	**(5,305)**
At 31 December 2024	**46,022**

24 Equity-settled share-based transaction

(a) Share options granted by the ultimate controlling party

MicroPort Scientific Corporation ("**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.

From the adoption of the above share scheme to 31 December 2024, MPSC has granted share options to the employees of the Group. 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.

(Expressed in Renminbi unless otherwise indicated)

24 Equity-settled share-based transaction (continued)

(a) Share options granted by the ultimate controlling party (continued)

(i) The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to executives and directors on:			
— on 24 December 2018	568,864	2 years from the date of grant	10 years
— on 23 January 2019	224,020	4 years from the date of grant	10 years
— on 31 August 2021	1,350,000	7 years from the date of grant	10 years
— on 21 January 2022	449,982	1 years from the date of grant	10 years
— on 1 April 2022	449,982	1 years from the date of grant	10 years
— on 1 April 2022	560,460	2 years from the date of grant	10 years
— on 1 April 2022	560,460	4 years from the date of grant	10 years
— on 16 May 2022	450,036	1 years from the date of grant	10 years
— on 31 March 2023	75,496	2 years from the date of grant	10 years
— on 8 April 2024	145,801	5 years from the date of grant	10 years
Total share options granted	4,835,101		

24 Equity-settled share-based transaction (continued)

(a) Share options granted by the ultimate controlling party (continued)

(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	26.16	4,239	25.78	4,457
Granted during the year	6.58	146	20.01	75
Exercised during the year	—	—	9.02	(109)
Expired during the year	20.14	(50)	21.86	(64)
Forfeited during the year	35.82	(85)	30.67	(120)
Outstanding at the end of the year	25.24	4,250	26.16	4,239
Exercisable at the end of the year	16.71	2,870	15.94	1,854

All the share options granted are exercisable by the grantees upon vesting and will expire in a period from December 2028 through May 2032. As at 31 December 2024, the weighted average remaining contractual life for the share options granted was 6.53 years (2023: 7.44 years).

(Expressed in Renminbi unless otherwise indicated)

24 Equity-settled share-based transaction (continued)

(a) Share options granted by the ultimate controlling party (continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice 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 lattice model.

	2024 **HK$**	2023 HK$
Fair value of share options and assumptions		
Fair value at measurement date	**3.1**	6.95
Share price	**6.58**	18.46
Exercise price	**6.58**	20.01
Expected volatility (expressed as weighted average volatility used in the modelling under binomial tree model)	**56.00%**	53.84%
Option life	**10 years**	10 years
Expected dividends yield	**0.00%**	0.10%
Risk-free interest rate	**3.87%**	3.24%

(b) Share awards granted by the ultimate controlling party

MPSC has granted certain number of its own ordinary shares to the employee of the Group under the share award scheme approved by the board of MPSC with no vesting conditions attached at nil consideration. MPSC and the Group also entered into a recharge arrangement approximate to the grant-date fair value of this shared-based payment and the recharge is required to be paid after the shares are awarded. The fair value of services received in return for the shares awarded of RMB165,000 for the year ended 31 December 2024 (2023: RMB70,000), which is measured by the grant-date share price of MPSC, was recognised as expenses on the grant date with a corresponding increase in trade and other payables due to MPSC.

24 Equity-settled share-based transaction (continued)

(c) Employee share purchase plan (the "ESPP")

Since 2015, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group, invested in the Group by way of subscribing newly issued equity interests of MP NeuroTech Shanghai. All participants of the ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

All ESPPs contain a service condition. Employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partners of the partnership firms at a price no higher than the amounts specified in the respective partnership agreements. The fair value of the ESPP at the grant date, being the difference between the considerations and the fair value of the equity interests subscribed shall be spread over the vesting period and recognised as staff costs in the profit or loss.

The fair value of the equity interests subscribed is measured by either (i) the reference to the price of third party investors who also made contributions to the Group or (ii) the valuation reports which were prepared by external valuers and reviewed and approved by the management.

The total expenses recognised in the consolidated statement of profit or loss for the above ESPP are RMB257,000 for the year ended 31 December 2024 (2023: RMB320,000).

(d) Share awards granted by the Company

Pursuant to the share award scheme adopted by the Company approved by the Board in 2024, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration. For the year ended 31 December 2024, the Company granted 780,000 shares (2023: 516,717 shares) with a fair value of HKD6,536,000 (equivalent to RMB5,935,000, 2023: HKD7,544,000 (equivalent to RMB6,652,000)) to the Group's executives and certain employees to settle the discretionary bonuses.

(Expressed in Renminbi unless otherwise indicated)

24 Equity-settled share-based transaction (continued)

(e) Share options granted by the Company

The Company has granted certain share options to the directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

These share options are vested in instalments over an explicit vesting period of five years. The contractual life of the options is ten years.

(i) The terms, conditions and fair values at the grant date of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to executives and directors on:			
— on 28 July 2023	1,176,000	5 years from the date of grant	10 years
— on 28 March 2024	2,191,000	5 years from the date of grant	10 years
— on 5 July 2024	445,000	20% vested annually in 5 years	10 years
— on 13 September 2024	1,143,000	3.87 years from the date of grant	10 years

Apart from the share options granted in 2023, the Company issued share options to employees and management three times in 2024, with grant quantities of 2,191,000 shares, 445,000 shares, and 1,143,000 shares, respectively. All options have a validity period of 10 years. Except for 54,000 options that were forfeited due to employee resignations, the remaining options will be exercisable upon the completion of the vesting period. As of 31 December 2024, the number of options exercisable by employees was nil.

24 Equity-settled share-based transaction (continued)

(e) Share options granted by the Company (continued)

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice 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 lattice model.

	2024 HK$	2023 HK$
Fair value of share options and assumptions		
Fair value at measurement date	1.47 to 4.13	6.93 to 6.96
Share price	6.91 to 8.38	13.52
Exercise price	6.99 to 8.50	13.52
Expected volatility (expressed as weighted average volatility used in the modelling under binomial tree model)	37.20%-50.00%	51.61%
Option life	10 years	10 years
Expected dividends yield	1.60%	0.10%
Risk-free interest rate	3.66%-4.28%	3.71%

(f) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the current and prior years:

	2024 RMB'000	2023 RMB'000
Cost of sales	974	400
Research and development costs	3,372	4,004
Selling and marketing expenses	3,919	2,107
Administrative expenses	4,056	302
Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss	12,321	6,813
Less: Recharge arrangement in connection with the share awards granted by the ultimate controlling party *(Note 24(b))*	(165)	(70)
Equity-settled share-based payment expenses recognised in equity	12,156	6,743

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.

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total (deficit)/ equity RMB'000
Balance at 31 December 2022 and 1 January 2023	76	1,377,791	27,014	91,045	(173,413)	1,322,513
Changes in equity for 2023:						
Profit and total comprehensive income	—	—	20,740	—	12,479	33,219
Shares granted under share award scheme	—	—	—	(1,658)	—	(1,658)
Balance at 31 December 2023 and 1 January 2024	76	1,377,791	47,754	89,387	(160,934)	1,354,074
Changes in equity for 2024:						
Profit and total comprehensive income	–	–	17,802	–	12,692	30,494
Repurchase of shares under share award scheme	–	–	–	(112,391)	–	(112,391)
Shares granted under share award scheme	–	–	–	5,935	–	5,935
Equity-settled share-based transactions	–	–	–	3,680	–	3,680
Issuance of ordinary shares under scrip dividend scheme	–	10,778	–	–	–	10,778
Dividends approved in respect of the previous year	–	(58,496)	–	–	–	(58,496)
Dividends declared in respect of the current year	–	(42,541)	–	–	–	(42,541)
Balance at 31 December 2024	76	1,287,532	65,556	(13,389)	(148,242)	1,191,533

25 Capital and reserves (continued)

(b) Dividends

Dividends attributable to the year

	2024 RMB'000	2023 RMB'000
Interim dividends declared during the year of HKD0.08 per ordinary share	42,541	—
Final dividends declared after the year end of HKD0.11 per ordinary share (2023: HKD0.11)	59,125	58,496

The final dividend proposed after the statement of financial position date has not been recognised as a liability at the statement of financial position date.

Dividends attributable to the previous financial year, approved during the year

	2024 RMB'000	2023 RMB'000
Final dividends in respect of the previous financial year and approved during the year, of HKD0.11 per ordinary share	58,496	—

Some shareholders choose to receive final dividend amount to RMB10,778,000 wholly by allotment of new shares credited as fully paid in lieu of cash (Note 25(c)(i)).

25 Capital and reserves (continued)

(c) Share capital

Authorised

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 September 2020 with authorised share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each.

Issued and fully paid

		Ordinary share	
	Note	No. of share '000	RMB'000
Balance at 1 January 2023, 31 December 2023 and 1 January 2024		582,658	76
Issuance of ordinary shares	25(c)(i)	1,937	—
Balance at 31 December 2024		584,595	76

* The amount is less than 1,000.

(i) On 26 June 2024, the General Meeting approved a scrip dividend scheme for the 2023 dividend distribution, offering qualifying stakeholders the option to receive either cash dividends or share dividends. Based on the stakeholders' choices, the Company issued an additional 1,937,000 ordinary shares on 22 August 2024, as share dividends.

(ii) Purchase of own shares

During the year ended 31 December 2024, the Company purchased its own ordinary shares through the designated trustees under the share award scheme (Note 24(d)) as follows:

Year	**No. of shares repurchased**	**Highest price paid per share** HKD	**Lowest price paid per share** HKD	**Aggregate considerations paid** RMB'000
2024	13,215,000	11.32	6.24	112,391

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

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(x).

(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 equity-settled share-based payments in Note 1(t)(ii);

— the historical book value of the paid-in capital and capital reserve of MP NeuroTech Shanghai when 100% equity interests of MP NeuroTech Shanghai were transferred to the Group under the Restructuring, less consideration the Group has paid to acquire the 100% equity interests of MP NeuroTech Shanghai under the Restructuring;

— the amount allocated to the unexercised equity component of the Convertible Bonds at initial recognition (Note 1(s));

— the amount allocated to the equity component of the Convertible Bonds upon its extinguishment before maturity; and

— The amount allocated to the conversion feature of the Series A-1 Preferred Shares and the Series A-2 Preferred Shares (Note 1(q)).

— In March 2024, MicroPort Sinica Co., Ltd. (微創投資控股有限公司), a subsidiary of MPSC, transferred its subsidiary, MicroPort Brain Sciences (Suzhou) Co., Ltd. ("**MP Brain Sciences Suzhou**") (微創腦科學(蘇州)有限公司), to the Group at nil consideration. The merge constitutes to a common control transaction. In applying book value accounting, the amount of RMB18,000, being the opening balance of accumulated loss of MP Brain Sciences Suzhou was debited to "capital reserve" account in equity.

25 Capital and reserves (continued)

(d) Nature and purpose of reserves (continued)

(iv) Statutory general reserve

In accordance with the relevant PRC accounting rules and regulations, the PRC subsidiaries of the Company are required to make appropriation of its retained profits to statutory general reserve at the rate of 10% of its net profit each year, until the reserve balance reaches 50% of its paid-in capital. The transfer of this reserve must be made before distribution of dividend to equity owners. The statutory general reserve can be utilised to offset prior year's losses or converted into paid-in capital only.

(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, preferred shares and convertible bonds as at the end of each of the reporting year and "debt" as including interest-bearing borrowings, loans from related parties and lease liabilities. On this basis, the amount of capital employed at 31 December 2023 and 2024 was RMB1,638,251,000 and RMB1,706,835,000, respectively and the debt-to-capital ratio is 3.7% and 2.2%, respectively.

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.

26 Financial risk management and fair values of financial instruments

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.

(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 have low credit risk. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The management assessed loss allowance provision for trade receivables at an amount equal to lifetime ECLs, which is based on recent historical settlement records and adjusts for forward looking information. Management has assessed that during the year ended 31 December 2024, the default risk of trade receivables is insignificant.

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 do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

26 Financial risk management and fair values of financial instruments (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements 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.

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	158,572	–	–	–	158,572	158,572
Lease liabilities	26,280	14,173	–	–	40,453	37,122
	184,852	14,173	–	–	199,025	195,694

26 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	154,688	—	—	—	154,688	154,688
Lease liabilities	24,383	26,410	14,227	—	65,020	61,360
	179,071	26,410	14,227	—	219,708	216,048

(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 and deposits with banks. The Group's interest-bearing financial instruments at variable rates as at 31 December 2023 and 2024 are 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.

26 Financial risk management and fair values of financial instruments (continued)

(c) Interest rate risk (continued)

(i) Interest rate risk profile

The Group's interest rate profile as monitored by management is set out below.

	31 December 2024		31 December 2023	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
Net fixed rate instruments:				
Pledged deposit	0%	—	0.2%	13,370
Time deposits	2.6% – 3.45%	91,473	1.45% – 3.45%	50,767
Deposits with banks	3.125% – 4.05%	216,095	1.25% – 5.15%	283,187
Lease liabilities	4.75%	(37,122)	4.75%	(61,360)
		270,446		285,964
Net variable rate instruments:				
Deposits with banks	0.0001% – 0.375%	406,486	0.0001% – 1.8%	437,988
		406,486		437,988
		676,932		723,952

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase of 100 basis points in interest rates, with all other variables held constant, would have increased the Group's profit after tax for the year and increased retained profits by approximately RMB6,521,000 (2023: increased profit by RMB6,779,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis as 2023.

26 Financial risk management and fair values of financial instruments (continued)

(d) Currency risk

The Group is exposed to currency risk primarily from sales and purchases which give rise to receivables and payables 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 US$.

(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)	
	31 December 2024 US$ RMB'000	31 December 2023 US$ RMB'000
Cash and cash equivalents	**6,730**	3,237
Trade and other receivables	**25,220**	8,798
Trade and other payables	**(1,640)**	(24,612)
Net exposure arising from recognised assets and liabilities	**30,310**	(12,577)

26 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 profit after tax (and retained profits) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each of the reporting period had changed at that date, assuming all other risk variables remained constant.

	31 December 2024		31 December 2023	
	Increase/ (decrease) in foreign exchange rates	**Effect on profit after tax and retained profit RMB'000**	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profit RMB'000
US$ (against RMB)	**3%**	**(750)**	3%	311
	-3%	**797**	–3%	(331)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit 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 year ended 31 December 2023.

26 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 a team that manages the valuations of the financial instruments for financial reporting purpose. The team manages the valuation on a case by case basis. External valuation experts will be involved when necessary.

		Fair value measurements as at 31 December 2024 categorised into		
	Fair value at 31 December 2024 RMB'000	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
Structured deposits *(Note 15(a))*	372,480	–	–	372,480
SAFE *(Note 15(b))*	11,298	–	–	11,298

26 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:				
— Wealth management products measured at FVPL *(Note 15)*	283,504	—	—	283,504

During the years 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 the reporting period in which they occur.

26 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 measurements

	Valuation techniques	Significant unobservable inputs
Structured deposits	Net asset value	Expected rate of return of 1.15% – 2.34% *(Note a)*
SAFE	Monte Carlo model	Possibility of next round financing or liquidation *(Note b)*

Note:

(a) As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 100 basis points would have increased/decreased the Group's profit by RMB630,000/RMB630,000.

(b) The fair values of SAFE as included within Level 3 in financial assets at fair value through profit or loss are determined with reference to the valuation reports prepared by the external valuer, on an annual basis based on market approach. The significant unobservable inputs include the possibility of next round financing or liquidation. An increase in the possibility of next round financing would result in an increase in the Group's profit.

26 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)

Reconciliation of Level 3 fair value measurements

	Financial assets RMB'000
At 1 January 2023	266,053
Purchase of wealth management products	492,938
Redemption of wealth management products	(484,353)
Changes in fair value recognised in profit or loss	5,567
Exchange adjustments	3,299
At 31 December 2023 and 1 January 2024	283,504
Purchase of wealth management products	283,788
Purchase of deposits	721,000
Purchase of SAFE instruments	11,298
Redemption of wealth management products	(287,058)
Redemption of deposits	(351,961)
Disposal of wealth management products	(289,137)
Changes in fair value recognised in profit or loss	10,316
Exchange adjustments	2,028
At 31 December 2024	383,778

(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 2023 and 2024.

27 Commitments

Capital commitments in respect of property, plant and equipment and intangible assets outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted for	**290,676**	90,961
Approved but not contracted for	**5,664**	23,115
	296,340	114,076

28 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	**4,460**	2,913
Discretionary bonuses	**—**	132
Equity-settled share-based payment expenses	**3,392**	102
	7,852	3,147

28 Material related party transactions (continued)

(b) Related parties

Particulars of the Group's other transactions with related parties other than key management personal remuneration during the year ended 31 December 2024 are as follows:

Name of party	Relationship
MPSC	Ultimate controlling party of the Group
MEDICAL PRODUCT INNOVATION. INC.	Subsidiary of MPSC
MICROPORT SCIENTIFIC VASCA.	Subsidiary of MPSC
MP CRM JAPAN CO., LTD.	Subsidiary of MPSC
MicroPort Scientific Ltd.	Subsidiary of MPSC
MicroPort Sinica Co., Ltd.	Subsidiary of MPSC
Fujian Kerui Pharmaceutical Co., Ltd. (福建科瑞藥業有限公司)	Subsidiary of MPSC
Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械 (集團) 有限公司)	Subsidiary of MPSC
Jiaxing Weizhuo Technology Co., Ltd (嘉興微琢科技有限公司)	Subsidiary of MPSC
MicroPort Access Medtech (Jiaxing) Co., Ltd. (龍脈醫療器械 (嘉興) 有限公司)	Subsidiary of MPSC
Shanghai MicroPort Weimei Medical Technology (Group) Co., Ltd* (上海微創惟美醫療科技 (集團) 有限公司)	Subsidiary of MPSC
Shanghai Chongduozhu Health Technology Co., Ltd* (上海寵多助健康科技有限公司)	Subsidiary of MPSC
Shanghai Huanbo Digital Technology Co., Ltd. (上海寰博數碼科技有限公司)	Subsidiary of MPSC
Shanghai MicroPort Galaxy Ecological Technology Co., Ltd* (上海微創星系生態科技有限公司)	Subsidiary of MPSC
Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團) 有限公司)	Subsidiary of MPSC
Shanghai MicroPort Medical Science and Technology Co., Ltd* (上海微創醫療科學技術有限公司)	Subsidiary of MPSC
Shanghai MicroPort Shenyi Medical Technology Co., Ltd* 上海微創神奕醫療科技有限公司	Subsidiary of MPSC
Shanghai MicroPort Melody Medical Technology Co., Ltd* (上海微創旋律醫療科技有限公司)	Subsidiary of MPSC
Shanghai Qianzhi Enterprise Management Consulting Centre (Limited Partnership)*上海潛執企業管理諮詢中心 (有限合夥)	Entity controlled by key management personnel of the Group
Shanghai Meijing Enterprise Management Consulting Centre (Limited Partnership)*上海魅璟企業管理諮詢中心 (有限合夥)	Entity controlled by key management personnel of the Group
Shanghai Xuenao Enterprise Management Consulting Centre (Limited Partnership)*上海學腦企業管理諮詢中心 (有限合夥)	Entity controlled by key management personnel of the Group
Shanghai Henian Investment Management Centre (Limited Partnership)*(上海鶴年投資管理中心 (有限合夥))	Entity controlled by key management personnel of the Group

(Expressed in Renminbi unless otherwise indicated)

28 Material related party transactions (continued)

(b) Related parties (continued)

Name of party	Relationship
MicroPort Urocare (Jiaxing) Co., Ltd. (微創優通醫療科技 (嘉興) 有限公司)	Equity-accounted investee of MPSC
Zhejiang AccuPath Smart Manufacturing (Group) Co., Ltd. (浙江脈通智造科技 (集團) 有限公司, "**AccuPath**")	Equity-accounted investee of MPSC
Suzhou Reveda Medical Technology Co., Ltd (蘇州悦膚達醫療科技有限公司)	Equity-accounted investee of MPSC
Shanghai SafeWay Medtech Co., Ltd.* (上海安助醫療科技有限公司)	Equity-accounted investee of MPSC
Shanghai Nuocheng Testing Co., Ltd* (上海諾誠檢測有限公司)	Equity-accounted investee of MPSC
Suzhou ProSteri Medical Technology Co., Ltd.* (蘇州諾潔醫療技術有限公司)	Equity-accounted investee of MPSC
Shanghai MicroPort Ziya Medical Technology Co., Ltd* (上海微創子牙醫療科技有限公司)	Equity-accounted investee of MPSC
Shanghai HuaRui Bank Co., Ltd.* (上海華瑞銀行股份有限公司)	Equity-accounted investee of MPSC
Rapid medical	Equity-accounted investee of the Group

* English translation is for identification purpose only.

(c) Financing and leasing arrangement with related parties

In February 2020 and May 2021, MP NeuroTech Shanghai leased out its own properties to a related party and recognised rental income amounted to RMB1,978,000 for the year ended 31 December 2023. In January 2024, MP NeuroTech Shanghai renewed the lease contract with the related party and recognised rental income amounted to RMB1,253,000 for the year ended 31 December 2024.

(d) Cash deposits placed in a related party

As at 31 December 2024, the Group has placed cash deposits amounted to RMB40,018,000 (2023: RMB171,772,000) in Shanghai HuaRui Bank Co., Ltd with interest rate ranged of 1.35%–3.45% per annum (2023: 1.8%–3.45% per annum).

28 Material related party transactions (continued)

(e) Other transactions with related parties

	2024 RMB'000	2023 RMB'000
Sales of goods to an equity-accounted investee of the Group	—	4,141
Repurchase of goods sold from an equity-accounted investee of the Group	—	4,883
Purchase of goods from an equity-accounted investee of the Group	4,581	522
Service fee charged by an equity-accounted investee of the Group	4,204	—
Sales of materials to a subsidiary of MPSC	49	19
Service fee charged by subsidiaries of MPSC	9,072	10,303
Service fee charged by equity-accounted investees of MPSC	8,575	2,166
Purchase of goods from subsidiaries of MPSC	4,910	7,820
Purchase of goods from an equity-accounted investee of MPSC	20,464	9,087
Purchase of equipment from subsidiaries of MPSC	—	619
Payment on behalf of the Group by subsidiaries of MPSC	6,917	10,763
Payment on behalf of related parties by the Group	610	372

(f) Related party balances

	31 December 2024 RMB'000	31 December 2023 RMB'000
Amounts due from related parties		
Trade related	1,859	1,902
Non-trade related	7,559	5,588
Amounts due to related parties		
Trade related	17,682	11,832
Non-trade related	5,246	7,047

(g) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the lease arrangement set out in Note 28(c), the service fee charged by subsidiaries of MPSC and equity-accounted investees of MPSC and the purchase of goods from subsidiaries of MPSC and an equity-accounted investee of MPSC set out in Note 28(e) above 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 "Connected transactions" in the reports of the directors.

29 Company-level statement of financial position

	31 December 2024 RMB'000	31 December 2023 RMB'000
Non-current assets		
Interest in subsidiaries	**887,760**	869,665
Current assets		
Cash and cash equivalents	**316,255**	231,843
Financial assets measured at fair value through profit or loss	**—**	283,504
Other receivables	**77,691**	55,861
	393,946	571,208
Current liabilities		
Other payables	**90,173**	86,799
	90,173	86,799
Net current assets	**303,773**	484,409
Total assets less current liabilities	**1,191,533**	1,354,074
Non-current liabilities		
NET ASSETS	**1,191,533**	1,354,074
CAPITAL AND RESERVES		
Share capital	**76**	76
Reserves	**1,191,457**	1,353,998
TOTAL EQUITY	**1,191,533**	1,354,074

30 Immediate and ultimate controlling parties

As at 31 December 2024, the directors consider the immediate parent to be MicroPort Scientific Investment LTD, 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.

(Expressed in Renminbi unless otherwise indicated)

31 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 these 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.

32 Non-adjusting events after the reporting period

Final dividend

Subsequent to the statement of financial position date, the Board has resolved to recommend the payment of a final dividend of HKD0.11 (tax inclusive) per share (the "**Share**") for the year ended 31 December 2024 to the shareholders whose names appear on the register of members of the Company on 8 July 2025 and also to recommend the offer to the shareholders the right to select as an alternative, to receive such final dividend wholly by allotment of new Shares credited as fully paid in lieu of cash (the "**Scrip Dividend Scheme**"), subject to the approval of the shareholders on the payment of final dividend at the Annual General Meeting and the granting by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued pursuant thereto. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

MicroPort
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