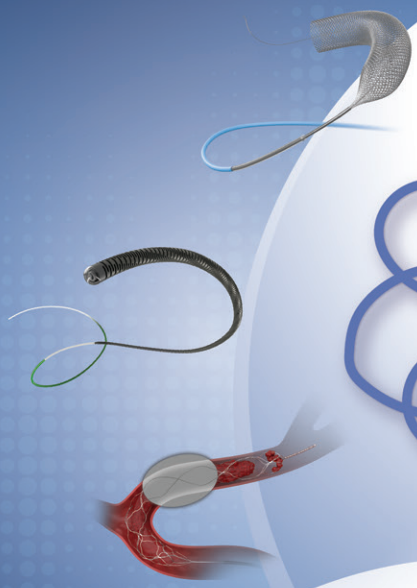
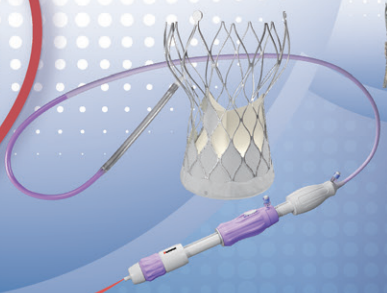
PEIJIA
沛嘉医疗
PEIJIA MEDICAL

沛嘉醫療有限公司

Peijia Medical Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 9996





2025

ANNUAL REPORT

CONTENTS

COMPANY PROFILE

Overview

The Company is a global provider of innovative medical products and solutions. It focuses on the high-growth interventional procedural medical device market in China. Its products and product candidates target large, fast-growing and under-penetrated markets with high entry barriers, including the transcatheter valve therapeutic medical device market and the neurointerventional procedural medical device market.

Vision

To be a respected global high-tech medical enterprise focusing on patients and holding to its original spirit.

Mission

Committed to providing safe, effective and affordable products and solutions, alleviating the suffering of patients and improving patients' quality of life through ongoing innovation.

Product Pipeline

As at the date of this annual report, the Company's product pipeline consists of transcatheter valve therapeutic and neurointerventional products and product candidates spanning three key business segments: Transcatheter Valve Therapeutic Business, Future Technology Business and Neurointerventional Business.

For the Transcatheter Valve Therapeutic Business, the Company had four commercialized TAVR systems — TaurusOne®, TaurusElite®, TaurusMax® and TaurusTrio®, multiple commercialized procedural accessories, and various Transcatheter Aortic Valve Replacement, Transcatheter Mitral Valve, and Transcatheter Tricuspid Valve Replacement and Repair product candidates at different stages of development.

For the Future Technology Business, the Company had three product candidates in development.

For the Neurointerventional Business, the Company had nineteen commercialized products and various product candidates at different stages of development covering hemorrhagic stroke, ischemic stroke and vascular access.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Dr. Yi ZHANG *(Chairman and Chief Executive Officer)*
Mrs. Ping Ye ZHANG
Ms. Hong YE

Non-executive Directors
Mr. Jifeng GUAN
Mr. Fei CHEN
Mr. Jun YANG

Independent Non-executive Directors
Dr. Stephen Newman OESTERLE
Mr. Robert Ralph PARKS
Mr. Wai Ming YIP
Mr. Huacheng WEI

AUDIT COMMITTEE

Mr. Wai Ming YIP *(Chairman)*
Mr. Jifeng GUAN
Mr. Robert Ralph PARKS
Mr. Huacheng WEI

REMUNERATION COMMITTEE

Mr. Robert Ralph PARKS *(Chairman)*
Dr. Stephen Newman OESTERLE
Mr. Huacheng WEI

NOMINATION COMMITTEE

Dr. Yi ZHANG *(Chairman)*
Ms. Hong YE
Dr. Stephen Newman OESTERLE
Mr. Wai Ming YIP
Mr. Huacheng WEI

REGISTERED OFFICE

Floor 4, Willow House
Cricket Square
Grand Cayman, KY1-9010
Cayman Islands

CORPORATE HEADQUARTERS

No.18 Yangjiatian Road
Suzhou Industrial Park, Suzhou
Jiangsu Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

COMPANY SECRETARY

Ms. Hing Ling CHAU

AUTHORIZED REPRESENTATIVES

Ms. Hong YE
Ms. Hing Ling CHAU

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered Public Interest Entity Auditors

Corporate Information

LEGAL ADVISER

As to Hong Kong and United States laws:
O'Melveny & Myers

COMPLIANCE ADVISER

Maxa Capital Limited

PRINCIPAL SHARE REGISTRAR

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman, KY1-9010
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai
Hong Kong

STOCK CODE

9996

COMPANY'S WEBSITE

www.peijiamedical.com

LISTING DATE

May 15, 2020

CHAIRMAN'S STATEMENT

Dr. Yi ZHANG
Chairman, Chief Executive Officer, and Executive Director

2025 was a year of accumulation and decisive advancement for Peijia Medical. We made steady progress, with improving quality and efficiency as the central theme of 2025. We navigated a complex and evolving industry landscape, strengthened our operational foundations, and enhanced operating efficiency to build momentum toward breakeven. I am pleased to report that our businesses delivered steady growth, our innovation pipeline made successive breakthroughs, and our globalization achieved significant milestones. We continue to execute our strategy of "Innovation-oriented, Simultaneous Treatment of Heart and Cerebrovascular Diseases," committed to creating long-term value for shareholders and to becoming a company respected for its core values.

In 2025, China's transfemoral TAVR market saw more entrants. Despite intensified competition, our market share continued to expand to above 26%, and revenue from TAVR-related products increased by 11.6% year-on-year to RMB290.1 million. Owing to the joint efforts of our sales and marketing team, our TAVR products have been commercially adopted in over 780 hospitals, leading the industry. The total number of TAVR product implants for the full year was approximately 3,900 units, representing a year-over-year growth of 14.4%, significantly outperforming the overall market. In the recently concluded first quarter of 2026, we once again set a new record for the highest monthly implantation volume in our history.

In the field of aortic valve treatment, we have built a comprehensive product portfolio while advancing R&D and registration of innovative pipeline products. Our Taurus series for AS treatment continued to gain strong clinical recognition in 2025. In particular, the next-generation steerable TAVR system TaurusMax® — with its superior deliverability and control — has helped physicians address complex cases, and its share in our total implants has continued to rise. In December 2025, with the NMPA approval of the TaurusTrio® TAV system, we established a full product matrix covering both AS and AR indications, making our TAVR commercial portfolio among the most complete in China. Backed by our commercialization capabilities and infrastructure, we expect TaurusTrio® to deliver strong sales in 2026. At the same time, TaurusNXT® is currently undergoing the NMPA registration process. Beyond TAVR, our GeminiOne® TEER System for the mitral valve has been submitted for NMPA registration in China and also applied for EU MDR CE Mark in Europe. We remain true to our original mission as we steadily transform into a multi-indication cardiac valve commercial platform.

Our Future Technology Business was established to develop globally competitive innovative products while optimizing the Group's resource allocation. In 2025, of the three pipeline projects under this division, two independently secured external financing. Each program is progressing on schedule in domestic or overseas clinical development. Notably, both our ReachTact® TAVR Assistance System and Lithotripsy Valvuloplasty System were accepted into the NMPA's Special Review and Approval Procedure for Innovative Medical Devices (the "**Green Channel**") in 2025. To date, we have seven products in the field of transcatheter valve therapies accepted into the Green Channel — a leading position that underscores our capabilities in original innovation.

In 2025, our Neurointerventional Business revenue continued its steady growth momentum. Core products across all product lines performed well, achieving segment revenue of RMB422.8 million, representing a year-over-year increase of 18.9%. Supported by ongoing cost optimization and lean manufacturing initiatives, segment profit expanded to RMB97.2 million, a year-on-year increase of 86.6%, making this business an increasingly important contributor to the Group's stable growth.

Commercially, our ischemic, hemorrhagic and vascular access product lines delivered comprehensive results. Core products such as DCwire® Micro Guidewire, Fastunnel® Delivery Balloon Dilatation Catheter, and Syphonet® Stent Retriever continued to grow market share. The exclusive distribution of the YonFlow® Flow Diverting Stent progressed smoothly and contributed meaningful incremental revenue. Globalization also achieved substantive breakthroughs. In March 2026, DCwire® Micro Guidewire obtained FDA 510(k) clearance, and we are accelerating commercialization preparations for overseas markets. We are transitioning from a China-leading neurointerventional company to an active global player.

2026 will be a pivotal year for the Group. We will continue to uphold our core values of "Dedication with Passion, Devotion for Life," drive growth through innovation, and provide safer, more effective and more accessible medical solutions for patients worldwide. While consolidating our leadership in transcatheter valve therapy and neurointervention, we will further deploy lean management to control costs and enhance profitability, with the aim of maximizing shareholder value. Though the road is long and the tasks are demanding, steadfast execution will bring success. We will continue to move forward with humility and determination, protecting life through innovation and delivering value in return for your trust.

Yours sincerely,
Dr. Yi ZHANG
Chairman, Chief Executive Officer,
and Executive Director

FINANCIAL HIGHLIGHTS

The following table sets out a comparison between key financial figures for the years ended December 31, 2025 and 2024:

	For the year ended December 31,			
	2025 (RMB'000)	2024 (RMB'000)	Changes (RMB'000)	%
Operating Results				
Revenue	**712,870**	615,483	97,387	15.8%
Gross profit	**486,050**	433,621	52,429	12.1%
Selling and distribution expenses	**(320,813)**	(328,340)	7,527	-2.3%
Administrative expenses	**(126,018)**	(151,100)	25,082	-16.6%
Research and development expenses	**(254,361)**	(203,420)	(50,941)	25.0%
Segment loss	**(215,142)**	(249,239)	34,097	-13.7%
Including: segment profit of Neurointerventional Business	**97,182**	52,090	45,092	86.6%
Loss for the year	**(208,184)**	(228,492)	20,308	-8.9%
Loss Per Share				
Basic and diluted loss per share (RMB)	**(0.31)**	(0.34)	0.03	-8.8%

	As at December 31,			
	2025 (RMB'000)	2024 (RMB'000)	Changes (RMB'000)	%
Financial Position				
Non-current assets	**1,834,997**	1,701,708	133,289	7.8%
Bank balances and cash	**536,733**	666,736	(130,003)	-19.5%
Other current assets	**285,060**	320,260	(35,200)	-11.0%
Total assets	**2,656,790**	2,688,704	(31,914)	-1.2%
Non-current liabilities	**119,976**	201,408	(81,432)	-40.4%
Current liabilities	**678,729**	442,697	236,032	53.3%
Total liabilities	**798,705**	644,105	154,600	24.0%
Total equity	**1,858,085**	2,044,599	(186,514)	-9.1%

BUSINESS HIGHLIGHTS

During the Reporting Period, the Group pursued steady growth while enhancing quality and improving operating efficiency.

The Group generated revenue of RMB712.9 million during the Reporting Period, representing a year-on-year increase of 15.8%. Revenue composition remained stable, with 40.7% derived from sales of TAVR-related products and 59.3% from sales of neurointerventional products (2024: 42.2% and 57.8%, respectively). The sustained revenue growth was primarily attributable to the robust sales growth of both the Transcatheter Valve Therapeutic Business and the Neurointerventional Business.

Revenue from sales of TAVR-related products during the Reporting Period increased by 11.6% year-on-year to RMB290.1 million, mainly attributable to the continued expansion of the Group's market share in China's TAVR market, particularly driven by the successful launch of the premium TaurusMax® 3D-Steerable TAVR System.

Revenue from sales of neurointerventional products during the Reporting Period increased by 18.9% year-on-year to RMB422.8 million, driven by strong performance of core products across the segment's vascular access, ischemic and hemorrhagic portfolios, particularly the DCwire® Micro Guidewire, YonFlow® Flow Diverting Stent, Fastunnel® Delivery Balloon Dilatation Catheter, Syphonet® Stent Retriever, and Tethys AS® Aspiration Catheter.

Benefiting from expanding economies of scale and lean management initiatives aimed at optimizing costs and improving efficiency, the Group maintained a relatively stable gross profit margin and significantly reduced expense ratios. Segment profit of the Neurointerventional Business increased by 86.6% year-on-year to RMB97.2 million, while the segment loss of the Transcatheter Valve Therapeutic Business narrowed by 20.2% to RMB215.5 million. Excluding the losses attributable to the entities comprising the Future Technology Business, the Group's adjusted loss for the year would have been RMB110.5 million, representing a year-on-year narrowing of 44.1%.

THE APPROVAL OF THE TaurusTrio® TAV SYSTEM COMPLETED THE GROUP'S PRODUCT PORTFOLIO COVERING BOTH AR AND AS INDICATIONS, FURTHER STRENGTHENING ITS LEADING POSITION IN CHINA'S TAVR MARKET.

During the Reporting Period, the Group maintained its leading position in China's TAVR market and further expanded its commercialization network. As at December 31, 2025, the Group's products had been adopted by an aggregate of over 780 hospitals, including approximately 130 newly covered hospitals during the Reporting Period. Total terminal implantations of the Group's TAVR products during the Reporting Period were approximately 3,900 units, representing a year-on-year growth of 14.4% and significantly outperforming the overall market growth rate.

The Group's Taurus series for the treatment of AS continued to receive strong recognition from physicians. The current product portfolio comprises the mainstream TaurusOne® and TaurusElite®, as well as the premium TaurusMax®. In particular, the premium TaurusMax® 3D-Steerable TAVR System, equipped with a 3D-steerable delivery catheter system, offers enhanced deliverability and maneuverability, enabling physicians to better manage complex anatomies and challenging cases. As a result, its contribution to the total number of implantations continued to increase.

In December 2025, the Group's TaurusTrio® TAV System (being the localized version of the JenaValve Trilogy™ THV System, for which the Group has obtained an exclusive license in the Greater China region) was approved by the NMPA for the treatment of symptomatic severe AR. The JenaValve Trilogy™ THV System is the world's first TAVR system specifically designed for AR, having obtained CE Mark in May 2021 and FDA Premarket Approval in March 2026. Both Trilogy™ and TaurusTrio® adopt a proprietary locator design, which effectively addresses the anchoring challenges associated with pure AR, and have accumulated solid clinical evidence globally. The approval of TaurusTrio® represents a significant commercial milestone for the Group, further strengthening its transition from a single-indication (AS) offering to a scalable heart valve commercialization platform with a diversified product portfolio covering both AS and AR. The Group is actively advancing hospital listing and market access for the product and plans to leverage its established sales and marketing team and commercialization infrastructure, to accelerate the adoption of the AR procedure.

Since January 2026, the Group, together with other market participants, has gradually adjusted downward the listing prices of relevant products across various provinces and municipalities to further enhance product affordability and accessibility. The Group expects that improved affordability will facilitate broader adoption of the procedure and drive overall market growth. Looking ahead, the Group will continue to optimize its product mix in the AS market to consolidate market share, while capturing incremental opportunities in the AR market, thereby further reinforcing its leading position in China's TAVR market.

THE GROUP'S CONTINUED ADVANCEMENT ACROSS DOMESTIC AND OVERSEAS PIPELINE PRODUCTS FURTHER STRENGTHENED ITS INNOVATION CAPABILITIES AND LONG-TERM COMPETITIVE BARRIERS.

During the Reporting Period, the Group continued to make steady progress across its domestic and overseas research and development pipeline.

In China, the Group achieved several important regulatory and clinical milestones. The registration application for TaurusNXT®, the Group's third-generation durability-enhanced TAVR product, was submitted to the NMPA. The Group's TEER product, GeminiOne®, also submitted its registration application. Patient enrollment in the registration clinical trial for the Group's TSMVR product, HighLife®, continued to accelerate during the Reporting Period. In addition, the registration clinical trial of the Group's robotic TAVR assistance system, ReachTact®, was officially initiated.

Overseas, the Group also continued to advance its regulatory and clinical programs. The Group submitted EU MDR CE Mark registration application for GeminiOne®. Early results from overseas clinical studies on the application of the Lithotripsy Valvuloplasty System in the treatment of MAC were well recognized. The global clinical study of the MonarQ TTVR® System was launched, and the Sutra Hemi-Valve TMVR System entered FIM clinical studies.

In addition, both the ReachTact® TAVR Assistance System and the Lithotripsy Valvuloplasty System were accepted into the NMPA's Special Review and Approval Procedure for Innovative Medical Devices (the "**Green Channel**") during the Reporting Period. As at December 31, 2025, the Group had a total of seven products included in the Green Channel in the field of transcatheter valve therapies, ranking first among industry peers.

Looking ahead, the Group expects to achieve further key milestones in 2026, including the potential approval of its third-generation TAVR product and approvals of its TEER product in both China and under the EU MDR framework. Leveraging its expanding pipeline of innovative products, the Group is well positioned to further strengthen its technological leadership and expand its presence in international markets.

THE TRANSCATHETER VALVE THERAPEUTIC BUSINESS ACHIEVED COMMERCIAL CONTRIBUTION WHILE OPERATING EFFICIENCY CONTINUED TO IMPROVE.

Benefiting from its tiered product portfolio positioning and pricing strategy and effective control over cost of sales, the overall gross profit margin of the Transcatheter Valve Therapeutic Business remained stable at 78.7% during the Reporting Period.

At the same time, driven by enhanced sales force productivity, more rational industry competition and cost savings arising from refined operational management, selling and distribution expenses decreased by 4.6% year-on-year to RMB222.0 million. The selling and distribution expense ratio decreased by 13.0 percentage points year-on-year to 76.5%. As a result, the segment achieved positive commercial contribution of RMB6.4 million during the Reporting Period, being gross profit less selling and distribution expenses.

Following the completion of three major registration clinical trials, partially offset by the accelerated progress of the registration clinical trial for the HighLife® TSMVR System, research and development expenses decreased by 3.4% year-on-year to RMB120.1 million. The research and development expense ratio was 41.4%, representing a year-on-year decrease of 6.4 percentage points.

Administrative expenses also decreased by 15.3% year-on-year to RMB101.9 million, primarily due to the non-recurrence of one-off charges recognized in 2024, tighter budgetary control, and cost reduction measures across supporting functions. The administrative expense ratio was 35.1%, down 11.1 percentage points year-on-year.

Overall, the three major operating expenses of the segment were effectively controlled and declined compared with the prior year, indicating that operating leverage has begun to materialize. As a result, the segment loss further narrowed by 20.2% year-on-year to RMB215.5 million.

Looking ahead, the commercialization of new products is expected to further leverage the synergies of the segment's existing commercialization and administrative infrastructure. At the same time, with core products having entered either the registration stage or the final phase of clinical development, the segment's profitability is expected to improve at an accelerated pace.

THE NEUROINTERVENTIONAL BUSINESS ENTERED A PHASE OF OPERATING LEVERAGE RELEASE, WITH SEGMENT PROFIT INCREASING BY 86.6% YEAR-ON-YEAR TO RMB97.2 MILLION.

During the Reporting Period, revenue of the Neurointerventional Business increased by 18.9% year-on-year to RMB422.8 million, driven by strong performance of core products across the vascular access, hemorrhagic and ischemic product lines. Among them, the sales volume of products including the DCwire® Micro Guidewire, Fastunnel® Delivery Balloon Dilatation Catheter and Syphonet® Stent Retriever increased significantly, with market share continuing to expand. Meanwhile, the coil products and the Tethys® Intermediate Catheter also maintained stable sales performance and held a certain market share in their respective segments.

In addition, the Group's exclusively distributed YonFlow® Flow Diverting Stent, which commenced commercialization in June 2025, received positive market feedback and contributed meaningful incremental revenue during the Reporting Period.

Internally, the Group continued to strengthen cost optimization initiatives and implement lean manufacturing practices. As a result, despite the reduction in ex-factory prices after the implementation of VBP programs, the overall gross profit margin remained well controlled, declining by only 2.8 percentage points year-on-year.

At the same time, selling and distribution, administrative, and research and development efficiency further improved. Expense ratios were further optimized, decreasing by 3.5, 3.2 and 4.4 percentage points year-on-year to 23.4%, 4.8% and 9.8%, respectively.

As a result, segment profit of the Neurointerventional Business increased significantly by 86.6% year-on-year to RMB97.2 million, with segment profit margin reaching 23.0%.

The Group's neurointerventional products have gradually been included in VBP programs. Among the neurointerventional VBP projects announced in 2025, the Group successfully secured bids in all projects for which it was eligible to participate. In particular, the Group's SacSpeed® Balloon Dilatation Catheter and Fastunnel® Delivery Balloon Dilatation Catheter won bids in Group A under Rule One in the provincial alliance VBP of vascular interventional consumables led by Hebei Province in January 2025 through strategic bidding planning. Following the implementation of this procurement program across relevant provinces in the second half of 2025, sales volumes of the Group's balloon dilatation catheters increased significantly. In particular, sales volume of the Fastunnel® Delivery Balloon Dilatation Catheter increased by nearly 300% compared with 2024.

Several renewal and newly launched VBP projects remain ongoing, and the Group continues to actively participate with the aim of securing bids at competitive pricing and positioning to consolidate or further expand its market share.

In March 2026, the 510(k) submission for the DCwire® Micro Guidewire was cleared by the FDA, marking the Group's first regulatory clearance in the United States for its neurointerventional products and serving as a key milestone in its global expansion strategy.

Looking ahead, the Neurointerventional Business is expected to further enrich its product portfolio, expand the market share of its core products while gradually opening overseas sales channels. The Group expects this segment to continue expanding its revenue and profit scale and to contribute stable cash flow to the Group.

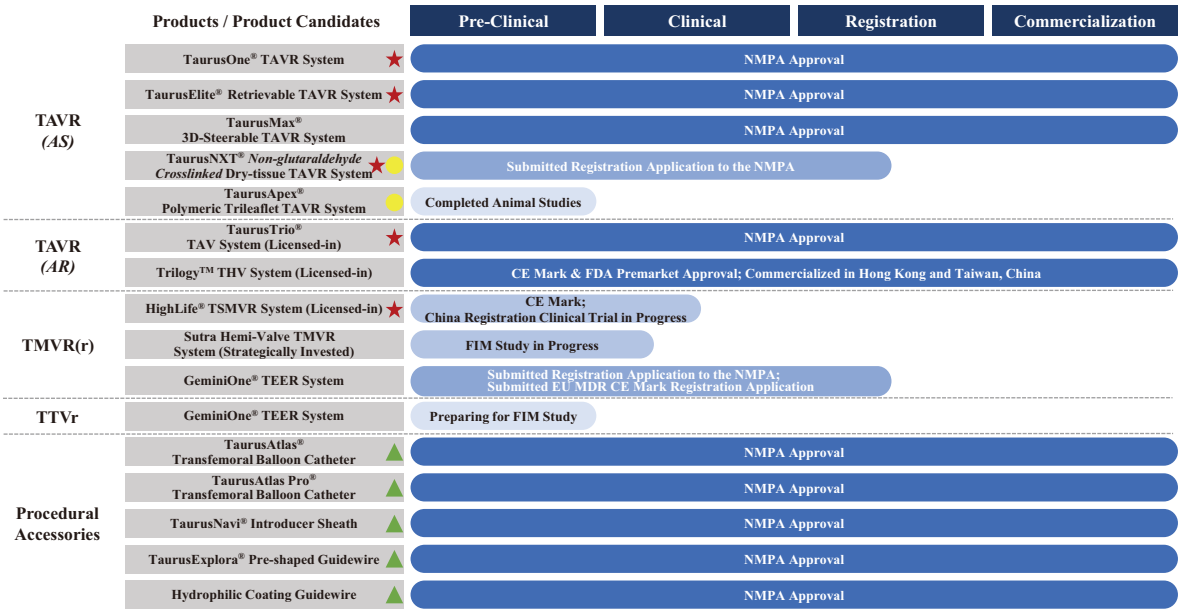
I. BUSINESS REVIEW

Overview

The Group has established a leading medical technology platform focused on addressing high-growth interventional procedural medical device markets in China and globally. The Group's products and product candidates target large, fast-growing and under-penetrated markets with high entry barriers, including the transcatheter valve therapeutic medical device market and neurointerventional procedural medical device market.

Products and Pipeline

As at the date of this annual report, the product portfolio of the Group's Transcatheter Valve Therapeutic Business comprises four registered TAVR products (TaurusOne®, TaurusElite®, TaurusMax® and TaurusTrio®), five registered transcatheter procedural accessories and multiple innovative product candidates under development. The development status of these products and product candidates is summarized in the chart below.



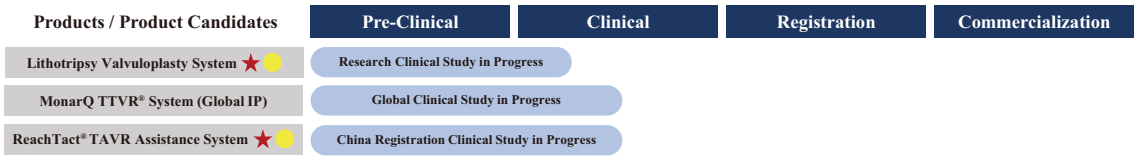
★ Product or product candidate that has been accepted by the Special Review and Approval Procedure for Innovative Medical Device of the NMPA.

▲ Product or product candidate that is exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (免於臨床評價醫療器械目錄) promulgated by the NMPA, as amended.

● Product or product candidate that utilizes an internally developed platform technology. For more details, please see page 21 of this annual report.

I. BUSINESS REVIEW (CON'D)

As at the date of this annual report, the product portfolio of the Group's Future Technology Business, which was spun-off from the Transcatheter Valve Therapeutic Business, comprises three product candidates: the Lithotripsy Valvuloplasty System, MonarQ TTVR® System and ReachTact® TAVR Assistance System. The development status of these product candidates is summarized in the chart below.



★ Product or product candidate that has been accepted by the Special Review and Approval Procedure for Innovative Medical Device of the NMPA.
● Product or product candidate that utilizes an internally developed platform technology. For more details, please see page 21 of this annual report.

I. BUSINESS REVIEW (CON'D)

As at the date of this annual report, the product portfolio of the Group's Neurointerventional Business comprises sixteen internally developed registered products, three registered products marketed through exclusive distribution licenses, and multiple product candidates under development. The development status of these products and product candidates is summarized in the chart below.

	Products / Product Candidates	Pre-Clinical	Clinical	Registration	Commercialization
Hemorrhagic	Jasper® Detachable Coil		NMPA Approval; Registered in Indonesia and Ecuador		
	Presgo® Detachable Coil		NMPA Approval; Registered in Brazil		
	Jasper® SS Detachable Coil		NMPA Approval		
	NRcoil® Detachable Coil		NMPA Approval		
	CereStellar® Intracranial Adjunctive Stent		Submitted Registration Application to the NMPA		
	YonFlow® Flow Diverting Stent (Exclusively Distributed)		NMPA Approval		
	Adjunctive Balloon ▲	Design Stage			
Ischemic (*AIS*)	Fluxcap® Balloon Guide Catheter ▲		NMPA Approval		
	Tethys AS® Aspiration Catheter		NMPA Approval		
	Syphonet® Stent Retriever		NMPA Approval		
	New Stent Retriever	Design Stage			
Ischemic (*ICAD*)	Fastunnel® Delivery Balloon Dilatation Catheter ▲		NMPA Approval		
	SacSpeed® Balloon Dilatation Catheter		NMPA Approval		
Vascular Access & Other	Presgo® Microcatheter ▲		NMPA Approval; Registered in Brazil and Ecuador		
	YonLeading® Microcatheter (Exclusively Distributed) ▲		NMPA Approval		
	Presgo® Micro Guidewire ▲		NMPA Approval; Registered in Brazil and Ecuador		
	DCwire® Micro Guidewire ▲		NMPA Approval; Received FDA 510(k) Clearance		
	18/24 Micro Guidewire ▲	Design Stage			
	Heralder® Guide Catheter ▲		NMPA Approval		
	Heralder® DA Distal Access Guide Catheter ▲		NMPA Approval		
	Tethys® Intermediate Catheter ▲		NMPA Approval		
	啟達® Disposable Neuro Introducer Sheath (Exclusively Distributed) ▲		NMPA Approval		
	Jasper® Power Supply ▲		NMPA Approval		
	NRcoil® Power Supply ▲	Design Stage			

▲ Product or product candidate that is exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於臨床評價醫療器械目錄》) promulgated by the NMPA, as amended.

I. BUSINESS REVIEW (CON'D)

Transcatheter Valve Therapeutic Products and Product Candidates

The Group's Transcatheter Valve Therapeutic Business focuses on the treatment of the most prevalent heart valve diseases, including AS, AR, MR, MS and TR, through transcatheter approaches.

The Group has established a comprehensive portfolio of commercialized products and pipeline candidates. During the Reporting Period, revenue generated from the sales of transcatheter valve therapeutic products amounted to RMB290.1 million, representing an increase of 11.6% from RMB259.9 million for the year ended December 31, 2024.

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates

TaurusOne® — First-Generation TAVR System

TaurusOne® is the Group's internally developed first-generation TAVR system, designed to treat severe calcific AS using a catheter-based approach. The product consists of a PAV, a delivery catheter system and a loading system. The PAV incorporates bovine pericardial leaflets, a nitinol frame, and a sealing skirt to reduce paravalvular leakage. Compared with porcine pericardial leaflets, bovine pericardial leaflets generally demonstrate superior durability and improved hemodynamic performance.

The registration clinical trial of TaurusOne® was the first TAVR product registration clinical trial conducted entirely by Chinese physicians. It was also the first domestically developed TAVR product for which clinical results were published in a top-quartile peer-reviewed medical journal. The registration application for TaurusOne® was approved by the NMPA in April 2021, and the product was subsequently commercialized in May 2021.

In April 2024, the NMPA approved the TaurusOne® AV21 specification, which was designed to accommodate smaller annulus anatomy. In addition, the Group enhanced the delivery catheter system by incorporating a TAV marker to improve visualization and adding a retrieval and repositioning function to the handle. These enhancements were approved by the NMPA in December 2024.

TaurusElite® — Second-Generation Retrievable TAVR System

TaurusElite® is the Group's internally developed second-generation retrievable TAVR system. It adopts a valve design similar to that of TaurusOne® and incorporates an enhanced delivery catheter system that enables physicians to retrieve and reposition the PAV during deployment.

The delivery catheter system features a dual-tube (inner and outer tube) design, enhancing pushability and flexibility and facilitating navigation through complex anatomies, including the aortic arch and horizontal aorta. In addition, the TaurusElite® delivery catheter system is available in an inline sheath configuration to meet diverse clinical needs and to accommodate patients with complex vascular anatomy. As at the date of this annual report, TaurusElite® remains the fastest-approved domestically developed retrievable TAVR product.

The registration application for TaurusElite® was approved by the NMPA in June 2021, and the product was subsequently commercialized in July 2021. In April 2024, the NMPA approved the TaurusElite® AV21 specification, which was designed to accommodate the smaller annular anatomy.

During the Reporting Period, sales of TaurusElite® accounted for the majority of the revenue generated by the Group's Transcatheter Valve Therapeutic Business.

I. BUSINESS REVIEW (CON'D)

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates (con'd)

TaurusMax® — 3D-Steerable TAVR System

TaurusMax® is an iteration of TaurusElite®. Enhanced visualization, enabled by three radiopaque metal TAV markers, allows for more precise control of implantation depth and facilitates commissural alignment. The deflectable catheter design assists valve crossing through the aortic arch and heavily calcified leaflets in challenging anatomies, thereby improving valve coaxiality.

The registration application for TaurusMax® was approved by the NMPA in August 2024, and the product was subsequently commercialized in February 2025.

In addition to the products described above, the Group has obtained NMPA registration approval for various procedural accessories, including the TaurusAtlas® Transfemoral Balloon Catheter, TaurusAtlas Pro® Transfemoral Balloon Catheter, TaurusNavi® Introducer Sheath and TaurusExplora® Pre-shaped Guidewire.

TaurusNXT® — Third-Generation Non-glutaraldehyde Crosslinked Dry-tissue TAVR System

TaurusNXT® is the Group's internally developed third-generation TAVR system. It incorporates the Group's patented non-glutaraldehyde bio-tissue crosslinking technology, which is designed to eliminate a major source of valve calcification, a primary contributor to prosthetic valve degeneration. This technology is expected to enhance the durability and biocompatibility of the PAV.

In addition, compared with conventional glycerin-based dry tissue technology, TaurusNXT® utilizes an ultra-low-temperature vacuum freeze-drying process to preserve the physical integrity of the valve tissue while enabling the PAV to be pre-loaded onto the delivery catheter system. The TaurusNXT® delivery catheter system is both retrievable and steerable, facilitating more precise guidance of the PAV to the target position and further enhancing procedural safety.

The registration application for TaurusNXT® was accepted by the NMPA in December 2025. As at the date of this annual report, the product is pending NMPA registration approval.

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

TaurusApex® — Polymeric Trileaflet TAVR System

TaurusApex® is the Group's internally developed fourth-generation TAVR system, featuring polymeric trileaflets in place of biological tissue. By replacing conventional biomaterials with high-strength, stable and soft polymer materials, the system is designed to further improve the durability and biocompatibility of the prosthetic valves.

The leaflets of TaurusApex® adopt a multi-layer bionic composite braided structure, which is designed to more closely replicate the structural characteristics and hemodynamic performance of native human heart valves. Compared with biological tissue, polymeric trileaflets are designed to offer advantages in durability, tear resistance and wear resistance.

As at the date of this annual report, the Group has completed animal studies and the associated long-term follow-up evaluations for TaurusApex®, with encouraging preliminary results.

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

I. BUSINESS REVIEW (CON'D)

Transcatheter Aortic Valve Replacement and Repair Products and Product Candidates (con'd)

*TaurusTrio® — Licensed-in JenaValve Trilogy™ Transcatheter Heart Valve ("**THV**") System for AR Indication*

In December 2021, the Company entered into a collaboration and license agreement, a service agreement and a stock purchase agreement with JenaValve Technology, Inc. ("**JenaValve**"), a U.S.-based medical device company. Pursuant to these agreements, JenaValve granted the Company an exclusive license to develop, manufacture and commercialize the Trilogy™ THV System in the Greater China region. Further details are set out in the announcement of the Company dated January 14, 2022.

The Trilogy™ THV System is the first commercially available transfemoral TAVR system worldwide to have obtained CE Mark approval for the treatment of both symptomatic, severe AR and symptomatic, severe AS. In March 2026, the Trilogy™ THV System also received FDA Premarket Approval for the treatment of symptomatic, severe AR. The system incorporates a proprietary locator design, which enables anchoring without reliance on calcification while facilitating valve commissural alignment. In addition, the supra-annular valve design and large open-cell structure are intended to support favorable long-term hemodynamic performance and facilitate future percutaneous coronary intervention. The inflow end of the valve incorporates 24 high-density mesh openings to enhance annular compliance and sealing performance.

Following the completion of technology transfer, the Trilogy™ THV System has been localized and rebranded by the Group as the TaurusTrio® TAV System for the China market. The Group has established local manufacturing capabilities for TaurusTrio® in Suzhou, achieving technical consistency with the Trilogy™ THV System.

The registration application for TaurusTrio® was approved by the NMPA in December 2025. As at the date of this annual report, the Group is advancing the nationwide commercialization of TaurusTrio®.

Transcatheter Mitral Valve Replacement and Repair Product Candidates

HighLife® — Licensed-in TSMVR Product

In December 2020, the Company entered into an exclusive license agreement with HighLife SAS ("**HighLife**"), a French-based medical device company focused on the development of a novel transseptal replacement system for the treatment of MR. Pursuant to the agreement, the Company is entitled, among other things, to develop, manufacture and commercialize the HighLife® TSMVR System in the Greater China region. Mr. Georg BÖRTLEIN, the founder of HighLife, is also the co-founder of CoreValve, Inc., a TAVR company that was acquired by Medtronic, Inc. in 2009.

The field of TMVR continues to face significant technical challenges, including access to the target site, secure anchoring, the risk of paravalvular leakage and LVOT obstruction. Most existing approaches adopt either a transapical access route or anchoring mechanisms relying on radial force. The HighLife® TSMVR System employs a proprietary "Valve-in-Ring" concept, which allows for self-centering and self-alignment. This system separates the valve from its anchoring ring and delivers the two components through the femoral artery and femoral vein, respectively, through a simple three-step procedure. This two-component design, which is tailored to mitral valve anatomy, is designed to mitigate the risk of paravalvular leakage while effectively reducing catheter size. The procedure can be performed with tele-proctoring support, and the learning curve is relatively short, as evidenced by a significant reduction in procedure time for the same physician over successive cases.

I. BUSINESS REVIEW (CON'D)

Transcatheter Mitral Valve Replacement and Repair Product Candidates (con'd)

HighLife® — Licensed-in TSMVR Product (con'd)

The HighLife® TSMVR System obtained the CE Mark approval in January 2026. As at the date of this annual report, the Group is progressing patient enrollment for the multi-center registration clinical trial of HighLife® in China.

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

GeminiOne® — TEER System

GeminiOne® is the Group's internally developed TEER device, designed to treat mitral valve and tricuspid valve diseases. Its proprietary sliding groove mechanism enables a longer coaptation length while allowing for a smaller implant profile and delivery catheter system. Additional innovative features include an independent leaflet grasping function that enhances procedure precision, a U-shaped arm design that increases the leaflet clamping width, and a simple release procedure that does not require retracting the thread. These features enable the product to accommodate a wider range of anatomical structures and patient populations.

The registration application for GeminiOne® was accepted by the NMPA in October 2025 and is currently pending registration approval. In parallel, the Group is advancing the global development of GeminiOne®. As at the date of this annual report, the Group has submitted the EU MDR CE Mark registration application for GeminiOne® and has completed the first patient implant in the FDA EFS. Further details are set out in the announcement of the Company dated April 9, 2026.

The Group is also exploring the application of GeminiOne® TEER technology in the treatment of tricuspid valve disease.

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

Sutra Hemi-Valve TMVR System — Transcatheter Mitral Valve Coaptation Augmentation System

In April 2021, the Company entered into a stock purchase agreement with Sutra Medical Inc. ("**Sutra**"), a U.S.-based medical device company focused on the design and development of transcatheter solutions for the treatment of valvular heart diseases. The Company is the second-largest shareholder of Sutra, following its founder. Further details are set out in the announcement of the Company dated August 27, 2021.

Sutra's key product candidate, the Sutra Hemi-valve, is a transcatheter mitral valve therapeutic device that adopts a hybrid approach combining valve replacement and repair technology. The device is designed to treat MR by utilizing a coaptation augmentation technology that targets only the posterior mitral valve leaflet.

As at the date of this annual report, Sutra is progressing the FIM clinical trial of the Sutra Hemi-Valve TMVR System. Further details are set out in the announcement of the Company dated September 11, 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET SUTRA HEMI-VALVE TMVR SYSTEM SUCCESSFULLY.

I. BUSINESS REVIEW (CON'D)

Future Technology Product Candidates

The Group's Future Technology Business was established in 2024 as a spin-off from the Transcatheter Valve Therapeutic Business. It focuses on delivering globally cutting-edge therapeutic solutions addressing a comprehensive range of heart valve diseases. All projects are designed to target unmet clinical needs in markets where mature treatment options are lacking.

At present, the Future Technology Business has three product candidates, namely the Lithotripsy Valvuloplasty System, MonarQ TTVR® System, and ReachTact® TAVR Assistance System. Each project is managed by an independent team and is executed through dedicated subsidiaries within the Group, which operate with full autonomy in both operations and financing. As at the date of this annual report, two of these projects have independently secured external financing.

Lithotripsy Valvuloplasty System

The Lithotripsy Valvuloplasty System (formerly known as TaurusWave®) applies shockwave technology to remodel calcification on the valves. Following treatment, the mobility of the native valve is improved, resulting in enhanced hemodynamic performance. The system may be used as a stand-alone transcatheter valve therapy or as a pre-treatment prior to transcatheter valve replacement procedure to alleviate valve stenosis.

The FIM clinical study for AS, involving 10 patients, was successfully completed at the Second Affiliated Hospital Zhejiang University School of Medicine. The FIM clinical study for calcified MS, involving 10 patients, was successfully completed at Prince of Wales Hospital in Hong Kong.

During the Reporting Period, the Lithotripsy Valvuloplasty System was accepted into the Special Review and Approval Procedure for Innovative Medical Devices of the NMPA in recognition of its innovative merits. As at the date of this annual report, the Group is expanding its research clinical trials globally to accumulate additional clinical evidence to support broader clinical applications of the system.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET LITHOTRIPSY VALVULOPLASTY SYSTEM SUCCESSFULLY.

MonarQ TTVR® System — Acquired TTVR Product

In May 2021, the Company entered into an intellectual property ("**IP**") acquisition agreement, a service agreement and a stock purchase agreement with inQB8 Medical Technologies, LLC ("**inQB8**"), a U.S.-based medical technology incubator, to explore innovative solutions for the treatment of structural heart diseases. The transaction included the acquisition by the Company of a TTVR technology, namely the MonarQ TTVR® System, from inQB8, pursuant to which inQB8 continues to develop the device in partnership with the Company.

The MonarQ TTVR® System is an innovative therapeutic option for the treatment of TR. The system features a unique biodynamic attachment mechanism that utilizes and preserves the heart's natural motion to secure the implant to the native leaflets, distribute systolic loads, and minimize paravalvular leakage across a wide range of annulus sizes.

In September 2024, the Group received the FDA IDE approval for EFS. As at the date of this annual report, the Global Clinical Study of MonarQ TTVR® System is ongoing, with the first implant having been successfully completed in June 2025. Further details are set out in the announcement of the Company dated July 14, 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET MonarQ TTVR® SYSTEM SUCCESSFULLY.

I. BUSINESS REVIEW (CON'D)

Future Technology Product Candidates (con'd)

ReachTact® — Advancing TAVR Assistance System

ReachTact® is the Group's internally developed robotic TAVR assistance system, offering an innovative and cost-effective solution for transcatheter valve replacement or repair therapies. It targets the rapidly growing TAVR market in China and globally, addressing technical challenges during the procedure and the shortage of experienced cardiologists capable of performing transcatheter valve replacement or repair procedures.

The mobile and modular design of ReachTact® is compatible with conventional catheterization laboratories, enabling a single cardiologist to operate multiple devices with sub-millimeter precision. A force-sensing mechanism provides real-time tactile feedback to facilitate navigation in complex vascular conditions. The master unit-slave unit architecture enables cardiologists to reduce radiation exposure and occupational health risks. In addition, remote control capabilities via Ethernet support long-distance operation and training.

During the Reporting Period, the ReachTact® TAVR Assistance System was accepted into the Special Review and Approval Procedure for Innovative Medical Devices of the NMPA in recognition of its innovative merits. As at the date of this annual report, the Group is progressing patient enrollment for the multi-center registration clinical trial of ReachTact® in China.

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

Platform Technologies

The Group is committed to continuously exploring platform technologies that can be applied across a range of therapeutic areas. As at the date of this annual report, the Group has developed four patented platform technologies, namely *Non-glutaraldehyde Crosslinked* Dry-tissue Technology, Polymeric Trileaflet Technology, Lithotripsy Valvuloplasty Technology and Interventional Robotics Technology.

The *Non-glutaraldehyde Crosslinked* Dry-tissue Technology and Polymeric Trileaflet Technology are currently utilized in the Group's third-generation TAVR product, TaurusNXT®, and the fourth-generation TAVR product, TaurusApex®. These platform technologies may also be applied to other TAVR, TMVR or TTVR product candidates.

The Lithotripsy Valvuloplasty Technology, currently utilized in the Lithotripsy Valvuloplasty System, is a non-implant solution designed to treat AS or MS by remodeling the severe calcification. The research clinical trial of the Lithotripsy Valvuloplasty System is ongoing. The preliminary results have indicated favorable safety and efficacy profiles. The technology may be applied as a stand-alone therapy or as a pre-implantation step in transcatheter valve replacement procedures. Additional research clinical trials are being conducted to further expand the potential applications of this platform technology.

The Interventional Robotics Technology is currently utilized in the ReachTact® TAVR Assistance System. The platform is designed with strong versatility and scalability, enabling compatibility with a broad range of transcatheter valve intervention devices through interchangeable toolkits. This flexibility allows the platform to expand into additional structural heart procedures, such as TEER, addressing diverse clinical needs in valvular interventions.

I. BUSINESS REVIEW (CON'D)

Neurointerventional Products and Product Candidates

The Group has established a comprehensive portfolio of registered and pipeline products targeting both hemorrhagic and ischemic stroke markets. For the Reporting Period, revenue generated from the sales of the Group's neurointerventional products amounted to RMB422.8 million, representing an increase of 18.9% as compared to approximately RMB355.5 million for the year ended December 31, 2024.

Hemorrhagic Products and Product Candidates

For the Reporting Period, the Group generated total revenue of RMB131.6 million from hemorrhagic products, representing an increase of 22.1% as compared to approximately RMB107.8 million for the year ended December 31, 2024, and accounting for 31.1% of the total revenue of the Group's Neurointerventional Business.

Detachable Coils: The Group has four registered detachable coil products with different detachment methods, namely Jasper® Detachable Coil, Presgo® Detachable Coil, Jasper® SS Detachable Coil and NRcoil® Detachable Coil. The registration application for Jasper® SS Detachable Coil was approved by the NMPA in June 2021. The detachment mechanism of Jasper® SS Detachable Coil is consistent with its predecessor, Jasper® Detachable Coil, while featuring enhanced softness to address specific clinical needs during the filling and finishing stages of endovascular coiling procedures for cerebral aneurysms. The registration application for NRcoil® Detachable Coil, the Group's latest-generation coil product with a thermal detachment mechanism, was approved by the NMPA in August 2023. The product is designed for framing, filling and finishing, providing physicians with an alternative detachment option within the Group's embolization coil portfolio.

CereStellar® Intracranial Adjunctive Stent: CereStellar® Intracranial Adjunctive Stent is indicated for use with neurovascular embolization coils in the endovascular treatment of intracranial aneurysms. Stent-assisted coil embolization facilitates the treatment of complex-shaped and wide-necked intracranial aneurysms. As at the date of this annual report, the registration application for CereStellar® Intracranial Adjunctive Stent has been submitted to the NMPA.

YonFlow® Flow Diverting Stent: YonFlow® Flow Diverting Stent is the first retrievable stent system that can be fully retrieved after complete deployment globally. On August 16, 2024, the Group entered into an exclusive distribution agreement with Jiangsu NowYon Medical Limited for the sale and distribution of YonFlow® Flow Diverting Stent in the Greater China region. Further details are set out in the announcement of the Company dated August 28, 2024. The registration application for YonFlow® Flow Diverting Stent was approved by the NMPA in April 2025.

Ischemic Products and Product Candidates

For the Reporting Period, the Group generated revenue of RMB130.1 million from ischemic products, representing an increase of 13.2% as compared to approximately RMB114.9 million for the year ended December 31, 2024, and accounting for 30.8% of the total revenue of the Group's Neurointerventional Business.

I. BUSINESS REVIEW (CON'D)

Ischemic Products and Product Candidates (con'd)

Products Designed for the Treatment of AIS

Syphonet® Stent Retriever: Syphonet® Stent Retriever is designed for thrombus removal in intracranial vessels during mechanical thrombectomy procedures for patients with AIS. The product features a differentiated distal capture basket designed to reduce the risk of thrombus debris dislodging into the bloodstream, thereby enhancing clot retrieval efficiency. The stent is engineered with optimized radial force to help maintain lumen integrity, even in tortuous vessels. Radiopaque wires integrated into the stent and a radiopaque distal marker enable full-length visualization of the retriever, providing improved procedural guidance for physicians. Syphonet® Stent Retriever is available in various specifications, all compatible with 0.017-inch microcatheters, which facilitates deployment and may help reduce procedure time. The registration application for Syphonet® Stent Retriever was approved by the NMPA in February 2022.

Tethys AS® Aspiration Catheter: Tethys AS® Aspiration Catheter is designed for direct aspiration in mechanical thrombectomy procedures. The product features a 0.071-inch large lumen to enhance aspiration force. It incorporates a 20cm soft distal segment designed to conform to tortuous vessels and improve deliverability to distal vessels. The optimized transitional structure enhances the trackability of the catheter, facilitating delivery of the catheter to the target vessel. The device adopts a double-layer design comprising outer braids and inner coils, providing high compressive strength while helping to maintain lumen integrity. The registration application for Tethys AS® Aspiration Catheter was approved by the NMPA in May 2022.

Fluxcap® Balloon Guide Catheter: Fluxcap® Balloon Guide Catheter features a 0.087-inch large lumen and is compatible with 6F intermediate catheters or aspiration catheters. Its reinforced layer with transition zones is designed to balance proximal support and distal flexibility, providing stable access for intracranial devices. A 0.75mm non-radiopaque segment at the tip is intended to reduce blind spots during visualization and enhance procedure safety. The compliant balloon at the distal tip can block proximal flow and may help prevent thrombus from dislodging into distal vessels. The registration application for Fluxcap® Balloon Guide Catheter was approved by the NMPA in June 2022.

With the successive launch of the Syphonet® Stent Retriever, Tethys AS® Aspiration Catheter and Fluxcap® Balloon Guide Catheter, the Group is able to provide an integrated product portfolio for mechanical thrombectomy procedures. Physicians may select appropriate product combinations from the Group's portfolio based on specific clinical needs.

Products Designed for the Treatment of ICAD

SacSpeed® Balloon Dilatation Catheter: SacSpeed® Balloon Dilatation Catheter is indicated for the dilatation of stenotic lesions in the treatment of ICAD, with the aim of restoring and improving cerebral perfusion. The product adopts a rapid exchange system to streamline procedural workflow and improve operational efficiency. It offers a comprehensive range of specifications to accommodate lesions of varying lengths, enabling precise size selection. The extended delivery system is compatible with intermediate catheters up to 135 cm in length (5F and 6F). The balloon features a low crossing profile to facilitate passage through stenotic lesions. In addition, the PVP hydrophilic coating provides a smooth surface to enhance deliverability and trackability during navigation. The registration application for SacSpeed® Balloon Dilatation Catheter was approved by the NMPA in August 2020.

I. BUSINESS REVIEW (CON'D)

Ischemic Products and Product Candidates (con'd)

Products Designed for the Treatment of ICAD (con'd)

Fastunnel® Delivery Balloon Dilatation Catheter: Fastunnel® Delivery Balloon Dilatation Catheter is designed for the treatment of ICAD. As the first medical device in China to integrate balloon dilatation and stent delivery into a single device, its unique Zero Exchange technique represents an innovative approach to ICAD treatment. The product adopts an integrated design that combines the functions of a balloon dilatation catheter and a microcatheter, thereby reducing the number of device exchanges and enhancing procedural safety. The balloon is manufactured using Pebax® semi-compliant material to achieve stable morphology and controlled expansion. Meanwhile, the stainless-steel reinforcement structure enhances overall device support, improving catheter trackability and the deliverability of the intracranial stent system. In addition, the 150 cm delivery system is compatible with intermediate catheters of 135 cm or shorter. The registration application for Fastunnel® Delivery Balloon Dilatation Catheter was approved by the NMPA in May 2022.

Vascular Access Products and Product Candidates

For the Reporting Period, the Group generated total revenue of RMB161.0 million from vascular access products, representing an increase of 21.4% as compared to approximately RMB132.6 million for the year ended December 31, 2024, and accounting for 38.1% of the total revenue in the Group's Neurointerventional Business.

Tethys® Intermediate Catheter: Tethys® Intermediate Catheter is designed to facilitate the delivery of diagnostic devices and/or treatment devices to the neurovascular and peripheral vascular system during neurointerventional procedures. The catheter adopts a full-length braided and coiled reinforcement structure, providing flexibility, kink resistance and enhanced pushability. It features a 0.071-inch large inner lumen to support thrombus aspiration and compatibility with multiple devices. In addition, the 16 cm distal flexible segment is designed to conform to tortuous vessels and improve distal access capability. The registration application for Tethys® Intermediate Catheter was approved by the NMPA in October 2020.

Heralder® DA Distal Access Catheter: Heralder® DA Distal Access Catheter is designed to facilitate distal access in neurointerventional procedures. The catheter features enhanced pushability, strong proximal support and a gradual flexible transition toward the distal segment. The extended soft distal section is designed to improve conformability in tortuous anatomy, providing stable access and enabling delivery to more distal vessels. The registration application for Heralder® DA Distal Access Catheter was approved by the NMPA in June 2021.

DCwire® Micro Guidewire: DCwire® Micro Guidewire is designed based on the concept of microstructure, which refers to a multi-layered device constructed from multiple materials through precision manufacturing. The product combines high manufacturing precision with the distinctive material properties of such microstructure, enabling precise control and facilitating superselection of vessels, thereby assisting physicians in establishing vascular access during procedures. The registration application for DCwire® Micro Guidewire was approved by the NMPA in June 2023. As at the date of this annual report, the Group has received the 510(k) clearance from the FDA for DCwire® Micro Guidewire.

I. BUSINESS REVIEW (CON'D)

Vascular Access Products and Product Candidates (con'd)

Other commercialized vascular access products include the Presgo® Microcatheter, Presgo® Micro Guidewire and Heralder® Guide Catheter. In addition, the Group has been optimizing the performance of its existing products by developing next-generation products based on clinical feedback, and is actively advancing the development and registration of related iterative products.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP OR MARKET THE ABOVE PRODUCTS OR PRODUCT CANDIDATES SUCCESSFULLY.

Research & Development

In-house innovation and business development opportunities are crucial to the Company's research and development pipeline. The core research and development team of the Company is now led by Dr. Yi ZHANG (Chairman and Chief Executive Officer), Dr. Jian Fong TAN (Chief Technology Officer) and Faye YI (VP of Research and Development). All of them are industry veterans with distinguished academic and professional backgrounds, having previously held managerial positions at various leading companies in the medical device sector.

The Group has established extensive relationships with global leaders in both the transcatheter valve therapeutic and neurointerventional fields, including internationally recognized scientists, physicians and industry experts. In addition to licensing cutting-edge technologies, the Group has established overseas research and development capabilities through close collaboration with strategic partners.

With respect to Sutra, the Company is the second-largest shareholder after its founder and holds a right of first offer in the event that its founder proposes to offer or sell any new securities, subject to customary exceptions. The Group shares research and development facilities with Sutra in the United States, and Sutra has supported the Group in expanding its research and development presence in North America. The founding team of Sutra comprises professionals with extensive academic and industry experience.

With respect to inQB8, it is a medtech incubator in partnership with the Company. Under the partnership, the Group holds exclusive global privileges and rights to the technologies regarding the joint development of novel products and solutions for the treatment of structural heart disease. The founding team of inQB8 has a multidisciplinary background in medtech and engineering. Prior to founding inQB8, the team founded CardiAQ Valve Technologies, which developed the world's first TMVR system and was subsequently acquired by Edwards Lifesciences.

The Group has established a close working relationship with world-class consultants who provide services to the Group. These consultants are actively involved in the Group's research and development process and contribute to the development of its innovative aortic, mitral and tricuspid valve products.

Dr. Saibal KAR joined the Company as a consultant in September 2021. He is recognized for his research and clinical experience in structural heart therapies, particularly in the field of mitral valve repair. Dr. KAR also serves as an external consultant to various multinational medical device companies, including Medtronic plc, Boston Scientific Corporation, and Abbott Vascular Inc. He has acted as a principal investigator in several multi-center and randomized studies relating to MitraClip™. Dr. KAR currently provides advice on the research and development of the Group's mitral edge-to-edge therapies.

I. BUSINESS REVIEW (CON'D)

Research & Development (con'd)

In 2024, the Company entered into a consulting agreement with Dr. Gilbert Tang, pursuant to which Dr. Tang provides consulting advice in the field of structural heart technology. Dr. Tang is the Surgical Director of the Structural Heart Program at the Mount Sinai Health System and Professor in the Department of Cardiovascular Surgery at the Icahn School of Medicine at Mount Sinai.

Suzhou SITRI Interventional Medtech Institute ("**IMI**"), an innovation incubation and investment platform dedicated to the field of vascular interventional medical devices, was established in October 2021. IMI was jointly proposed and funded by the Company, the Suzhou Industrial Park Administrative Committee, the Suzhou Industrial Technology Research Institute and the IMI management team. The establishment of IMI facilitates the Group's research and development activities by providing access to emerging medical device technologies with potential global impact, thereby supporting the Group's future business expansion.

As at December 31, 2025, the Group had an in-house research and development team of 152 employees dedicated to the research and development of transcatheter valve therapeutic products and neurointerventional products.

Intellectual Property

The Group remains committed to independent innovation to strengthen its core competitiveness. The Group currently adopts a dual intellectual property strategy that integrates both offensive and defensive measures. This approach is supported by enhanced compliance in trademark usage, the establishment of a preliminary trade secret management framework, and strengthened protection of core technologies. The Group first obtained the GB/T 29490–2013 Intellectual Property Management System Certificate in April 2022. In 2025, the Group completed the upgrade in accordance with the requirements of the GB/T 29490–2023 Enterprise Intellectual Property Compliance Management System and successfully passed third-party certification, marking an important milestone in the advancement of its standardized intellectual property management.

The Group has established a comprehensive intellectual property portfolio, comprising a total of 251 granted and valid patents, 178 patents under application and 151 registered trademarks. As at December 31, 2025, there were 152 granted and valid patents, 124 patents under application and 71 registered trademarks attributable to the Transcatheter Valve Therapeutic Business and Future Technology Business, and 99 granted and valid patents, 54 patents under application and 80 registered trademarks attributable to the Neurointerventional Business.

Manufacturing

For the Transcatheter Valve Therapeutic Business, the Group's new headquarters has a production area of approximately 10,000 sq.m, comprising a Class 10,000 cleanroom, general workshop, warehousing workshop and quality inspection workshop, among other functional areas. The Yangjiatian Road plant has been in commercial production for two years. Sufficient production capacity has been established to support product commercialization and the continued growth of the business. During the Reporting Period, a dedicated production line for the new TaurusTrio® TAV System was put into operation, further strengthening the Group's supply capabilities and providing solid support for future sales growth.

I. BUSINESS REVIEW (CON'D)

Manufacturing (con'd)

For the Neurointerventional Business, the Group manufactures, assembles and inspects its products at an 18,843.9 sq.m self-owned property at Zhongtian Road, Suzhou, Jiangsu Province. The renovation and expansion of the plant at Zhongtian Road, Suzhou, including the production workshop and laboratory, have been completed, thereby increasing production capacity to meet growing market demand. The Group has also established the *Risk Management and Control Procedures* (《風險管理控制程序》) to monitor compliance with its quality control system at every stage of the product life cycle, and applies scientific tools to identify, analyze, evaluate and control risks so as to ensure the safety and efficacy of medical devices.

The Group has established an advanced quality management system and is committed to developing products that enable patients to enjoy healthier lives, while strictly complying with the *Product Quality Law of the People's Republic of China* (《中華人民共和國產品質量法》), the *Measures for the Supervision and Administration of Medical Device Production* (《醫療器械生產監督管理辦法》), the *Good Manufacturing Practices for Medical Devices* (《醫療器械生產質量管理規範》) and other laws and regulations. The Group has implemented the *Non-Conforming Product Control Procedures* (《不合格品控制程序》) to standardize the identification, handling, and resolution of non-compliant products throughout the entire product lifecycle, from raw material procurement and production processes to final delivery, thereby ensuring systematic compliance and operational integrity. Its quality management system is aligned with relevant laws and international standards, including GMP standards and the ISO 13485:2016 Medical devices — Quality management systems.

Commercialization

The Group is committed to becoming physicians' most trusted product partner and service provider, underpinned by three core pillars: (i) precise product positioning and superior product performance; (ii) comprehensive sales and marketing support; and (iii) end-to-end engagement across the product lifecycle.

In respect of the Transcatheter Valve Therapeutic Business, during the Reporting Period, the Group's commercialized TAVR portfolio expanded into approximately 130 additional hospitals, bringing cumulative coverage to over 780 hospitals as at December 31, 2025. Total implantations during the Reporting Period were approximately 3,900 units, representing a year-on-year growth of 14.4% and significantly outperforming the overall market growth rate.

Through structured internal training programs and talent development initiatives, the Group has cultivated a high-performance team with industry-leading expertise in medical education and commercial operations. As at December 31, 2025, the sales and marketing workforce for transcatheter valve therapeutic therapies stood at 194 professionals, supported by a medical department of more than 10 licensed physicians providing expert clinical support for patient evaluation, procedure planning, and other perioperative management.

I. BUSINESS REVIEW (CON'D)

Commercialization (con'd)

Leveraging continuous product iterations and the broader clinical adoption of TAVR technologies, the Group has enhanced commercialization effectiveness through value-driven academic initiatives. The Group advances the transcatheter valve therapeutic technologies through multidimensional academic ecosystem development, including: (i) standardized procedure training and core technology mastery programs for TAVR; (ii) lifecycle management strategies for AS patients based on the features of Taurus series products; (iii) anatomical assessment and advanced techniques for the treatment of AR patients; and (iv) academic exchange and case-sharing focused on complex procedures and emerging clinical topics. These clinician-centric initiatives have facilitated the translation of iterative procedure innovations into tangible clinical benefits, strengthening long-term physician engagement and interaction.

Since its official launch in June 2022, the Group's proprietary Yijia Institute has developed into a recognized digital education platform in the field of transcatheter valve therapy, supported by its consistent delivery of high-quality content and innovative online professional education models. As at December 31, 2025, the number of followers on the platform exceeded 5,000, representing an increase of 13.0% as compared to 2024, with more than 1,200 active certified physician users. During 2025, 152 articles were published on the platform, generating over 21,000 cumulative views.

In addition, the Group continued to advance high-quality evidence-based research and clinical investigations centered on the Taurus series products. Relevant findings were published in leading international academic journals, including *European Heart Journal, JACC: Cardiovascular Interventions, JACC: Case Reports and Circulation: Cardiovascular Interventions,* and were presented at internationally recognized cardiovascular conferences such as TCT and PCR. In total, 19 papers were published, with an aggregate impact factor exceeding 30, further enhancing the Group's international academic presence in the field of structural heart disease.

Following the approval by the NMPA of the registration application for the TaurusTrio® TAV System in December 2025, the Group will further strengthen professional education in transcatheter interventions for AR and continue to promote the advancement of industry development and medical technology innovation.

In respect of the Neurointerventional Business, the Group's Neurointerventional Business achieved further commercial success during the Reporting Period. YonFlow® Flow Diverting Stent, for which the Group has exclusive distribution rights, obtained the NMPA registration approval in April 2025. The Group's marketing and sales team responded promptly by accelerating market promotion and procurement listing efforts, and the first commercial implantation was achieved in June 2025. Since its launch, YonFlow® Flow Diverting Stent has received positive market feedback and contributed meaningful incremental revenue during the Reporting Period.

As at December 31, 2025, the Group had 92 employees dedicated to the sales and marketing of our neurointerventional products, and its distributor network covers over 2,500 hospitals across China.

I. BUSINESS REVIEW (CON'D)

Commercialization (con'd)

In the face of intense market competition, the Group adopted differentiated marketing strategies tailored to the competitive landscape and design features of each individual product. In particular, leveraging the superior design and performance of its products, the Group collaborated with physicians to develop more than ten innovative procedure techniques that directly address unmet clinical needs and pain points. The promotion of these innovative techniques effectively drove the commercialization of relevant products during the Reporting Period, including the Syphonet® Stent Retriever (representative techniques: BASIS, COSIS), Tethys® Intermediate Catheter (representative techniques: TRUST, REST, ATTACH) and Fastunnel® Delivery Balloon Dilatation Catheter (representative techniques: Zero Exchange, FAST ICAS, ANSWER).

The Group's neurointerventional products have gradually been included in VBP programs. Among the neurointerventional VBP projects announced in 2025, the Group successfully secured bids in all projects for which it was eligible to participate. In particular, the Group's SacSpeed® Balloon Dilatation Catheter and Fastunnel® Delivery Balloon Dilatation Catheter won bids in Group A under Rule One in the provincial alliance VBP of vascular interventional consumables led by Hebei Province in January 2025 through strategic bidding planning. Several renewal and newly launched VBP projects remain ongoing, and the Group continues to actively participate with the aim of securing bids at competitive pricing and positioning to consolidate or further expand its market share.

Future Outlook

Looking ahead, the Group will continue to advance toward its strategic objective of joining the leading international tier in interventional therapies for structural heart and neurovascular diseases by 2030. Building on its established research and development capabilities, product portfolio and commercialization model, the Group will continue to enhance its global competitiveness and expand its international presence in a structured and sustainable manner.

In the Transcatheter Valve Therapeutic Business, the Group will seek to maintain its leadership position in China's TAVR market. The registration application for TaurusTrio® TAV System has been approved by the NMPA, representing further progress in portfolio enhancement. Leveraging its sales and marketing infrastructure, the Group will continue to promote professional education and advance the commercialization of on-label pure AR indications, striving to lead the interventional treatment paradigm for both AS and AR in China.

Meanwhile, the Group will continue to progress the registration of the GeminiOne® TEER System and TaurusNXT® *Non-glutaraldehyde Crosslinked* Dry-tissue TAVR System, and advance the registration clinical trial of the HighLife® TSMVR System. Through ongoing product development and execution excellence, the Group aims to further enrich its product portfolio and address unmet clinical needs, supporting its long-term development in structural heart therapies.

In the Future Technology Business, the Group will continue to advance globally leading technological platforms and expand the international application of its breakthrough innovations. The Group will explore appropriate global financing opportunities and continue the research and development of cutting-edge therapeutic solutions, aiming to broaden worldwide access to its advanced technologies and reinforce its position at the forefront of structural heart innovation.

I. BUSINESS REVIEW (CON'D)

Future Outlook (con'd)

In respect of the Neurointerventional Business, the Group will continue to drive revenue and profit growth. Supported by industry development trends and policy environment, the Group will leverage its product portfolio and commercialization network to further expand market coverage. 2026 is expected to represent an initial stage of the Group's global expansion in the Neurointerventional Business. The Group will advance overseas regulatory registrations, market access initiatives and commercialization preparations in a phased manner, laying the groundwork for future global development and diversified growth.

II. FINANCIAL REVIEW

Revenue

For the Reporting Period, the Group's revenue was RMB712.9 million, representing an increase of 15.8% as compared to RMB615.5 million for the year ended December 31, 2024. Revenue from the Transcatheter Valve Therapeutic Business and Neurointerventional Business was RMB290.1 million and RMB422.8 million, representing an increase of 11.6% and 18.9% as compared to RMB259.9 million and RMB355.5 million for the year ended December 31, 2024, respectively.

The increase in revenue was primarily attributable to: (i) the strong performance of the Neurointerventional Business's core products in its vascular access, ischemic, and hemorrhagic product lines, notably supported by revenue growth from the DCwire® Micro Guidewire, YonFlow® Flow Diverting Stent, Fastunnel® Delivery Balloon Dilatation Catheter, Syphonet® Stent Retriever, and Tethys AS® Aspiration Catheter; and (ii) ongoing market share expansion in China's TAVR market, particularly driven by the successful launch of the premium TaurusMax® 3D-Steerable TAVR System.

II. FINANCIAL REVIEW (CON'D)

Revenue (con'd)

The following table sets forth a breakdown of revenue generated from Neurointerventional Business for the periods indicated:

	Year ended December 31,			
	2025		2024	
	RMB'000	**%**	RMB'000	%
Vascular Access	**160,985**	**38.1**	132,625	37.3
Hemorrhagic	**131,569**	**31.1**	107,791	30.3
Ischemic	**130,091**	**30.8**	114,922	32.3
Others	**137**	**0.0**	209	0.1
Total	**422,782**	**100.0**	355,547	100.0

Cost of Sales

For the Reporting Period, the Group's cost of sales was RMB226.8 million, representing an increase of 24.7% as compared to RMB181.9 million for the year ended December 31, 2024. The increase was primarily attributable to the increase in material costs, labor costs and overheads as a result of the increased sales volume of the Transcatheter Valve Therapeutic Business and Neurointerventional Business.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the Group's gross profit increased by 12.1%, from RMB433.6 million for the year ended December 31, 2024 to RMB486.1 million for the Reporting Period, in line with the increase in sales revenue. Gross profit margin is calculated as gross profit divided by revenue and multiplying the result by 100%. The Group's gross profit margin was 68.2% for the Reporting Period, as compared to 70.5% for the year ended December 31, 2024. The decline in gross profit margin was primarily due to headwinds caused by the VBP of neurointerventional products.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 2.3% from RMB328.3 million for the year ended December 31, 2024 to RMB320.8 million for the Reporting Period. The decrease was primarily attributable to cost savings achieved through tighter budgetary control over travel and promotional expenses.

Administrative Expenses

Administrative expenses decreased by 16.6% from RMB151.1 million for the year ended December 31, 2024 to RMB126.0 million for the Reporting Period. The decrease was primarily attributable to the reclassification of certain expenses, the non-recurrence of one-off charges that were recognized in 2024, and continued cost savings in routine administrative expenses.

Research and Development Expenses

Research and development expenses increased by 25.0% from RMB203.4 million for the year ended December 31, 2024 to RMB254.4 million for the Reporting Period. The increase was primarily attributable to an increase in research and development service fees for Future Technology Business projects during the Reporting Period.

II. FINANCIAL REVIEW (CON'D)

Research and Development Expenses (con'd)

For the Reporting Period, research and development expenses incurred from the Transcatheter Valve Therapeutic Business, Future Technology Business and Neurointerventional Business amounted to RMB120.1 million, RMB93.1 million and RMB41.2 million, respectively.

The following table sets forth the components of research and development expenses for the periods indicated:

	Year ended December 31,			
	2025		2024	
	RMB'000	**%**	RMB'000	%
Service expenses for research and development	**94,625**	**37.2**	32,778	16.1
Employee benefits expenses	**84,096**	**33.1**	99,423	48.9
Raw materials and consumables used	**42,929**	**16.9**	46,447	22.8
Professional service fees	**13,967**	**5.5**	4,490	2.2
Depreciation and amortization	**11,177**	**4.4**	9,288	4.6
Other	**7,567**	**2.9**	10,994	5.4
Total	**254,361**	**100.0**	203,420	100.0

Other gains and losses

Other gains and losses — net improved from a loss of RMB9.3 million for the year ended December 31, 2024, to a loss of RMB3.8 million for the Reporting Period. The improvement was primarily due to a fair value gain on financial assets at FVTPL of RMB9.5 million during the Reporting Period, compared with a loss of RMB15.0 million in the year ended December 31, 2024.

Finance (costs) income — net

Finance (costs) income — net changed from net finance income of RMB17.7 million for the year ended December 31, 2024 to net finance costs of RMB3.9 million for the Reporting Period. The change was primarily attributable to a decrease in average bank balances as well as an increase in interest expense resulting from higher borrowings.

Gearing Ratio

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2025, the gearing ratio of the Group increased to 43.0% from 31.5% as of December 31, 2024.

Net Current Assets

As at December 31, 2025, the Group's net current assets were RMB143.1 million, representing a decrease of RMB401.2 million from RMB544.3 million as of December 31, 2024. The reduction was primarily attributable to reductions in trade and other receivables and increase in short-term borrowings.

II. FINANCIAL REVIEW (CON'D)

Borrowings

As at December 31, 2025, the Group's borrowings which bore interest rates of 2.15%–3.25% were RMB428.6 million, as compared with RMB248.1 million as of December 31, 2024. The purpose of the short-term borrowing was to better manage funding costs by securing more favorable interest rates.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis. Timely adjustments are made in light of changes in operating and market conditions.

Liquidity and Financial Resources

As of December 31, 2025, the Group's total cash, cash equivalents, bank bills, restricted cash and term deposits amounted to approximately RMB610.3 million, representing a decrease of 13.8% as compared to RMB707.8 million as of December 31, 2024. The Group continues to maintain a strong financial position and is confident that it has sufficient funds to meet its daily business operation requirements.

The Group relies on capital contributions by the shareholders as the major sources of liquidity. The Group also generates cash from sales of existing commercialized products. As the Group's business develops and expands, the Group expects to generate more net cash inflow from operating activities, by increasing sales volume of existing commercialized products and launching new products, as a result of the broader market acceptance of existing products and continued efforts in promotion and expansion, and improving cost control and operating efficiency.

The Group adopts conservative treasury policies in cash and financial management. To achieve better risk control and minimize the cost of funds, the Group's treasury is centralized. Cash is generally placed in deposits mostly denominated in U.S. Dollars, Hong Kong dollars and RMB. The Group's liquidity and financing requirements are reviewed regularly.

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB231.6 million, primarily attributable to property, plant and equipment construction and procurement.

Significant Investment

As at December 31, 2025, the Group did not have any significant investment.

Contingent Liabilities

As at December 31, 2025, the Group did not have any significant contingent liabilities.

Material Acquisitions and Disposals

As at December 31, 2025, the Group did not have any material acquisitions and disposals of subsidiary, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As of the date of this annual report, the Group had not authorized and does not have any specific plan for any material investments or acquisitions of capital assets.

Charge on Assets

As at December 31, 2025, a land use right and property, plant and equipment of the Group, with carrying amounts of RMB8.6 million and RMB341.2 million respectively, have been mortgaged to secure a long-term bank borrowing.

II. FINANCIAL REVIEW (CON'D)

Foreign Exchange Exposure

During the Reporting Period, the Group primarily operated in China and the majority of its transactions were settled in RMB, the functional currency of the Company. As at December 31, 2025, certain cash and cash equivalents as well as financial assets at fair value through profit or loss were denominated in foreign currencies and were exposed to foreign currency risk. The Group currently does not use any hedging instruments to manage this foreign currency exposure. However, management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

Net proceeds from the Global Offering and the Listing on the Listing Date, and the full exercise of the Over-allotment Option, after deduction of the underwriting fees and commissions and expenses of the Company in connection with the Global Offering was approximately HK$2,587.98 million. The Group would apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

The table below sets forth the utilization of the net proceeds from the Global Offering and the expected timeline of the unutilized amount as at December 31, 2025:

Business objective as stated in the Prospectus	Percentage to total amount %	Net proceeds HK$ million	Unutilized amount as at December 31, 2024 HK$ million	Utilized amount during the Reporting Period HK$ million	Unutilized amount as at December 31, 2025 HK$ million	Expected timeline for Unutilized amount[1]
Development and commercialization of our Core Product and other major product candidates	65	1,682.18	399.44	200.17	199.27	Yr 2028[2]
Ongoing pre-clinical studies and planned clinical trials, preparation for registration filings and potential commercial launches (including sales and marketing) of our other product candidates in our pipeline	10	258.8	0.00	0.00	0.00	—
Strengthen our research and development capabilities to enrich our product pipeline	8	207.04	30.45	30.45	0.00	—
Expand our product portfolio or intellectual property portfolio through potential strategic acquisitions, investments, partnerships and licensing opportunities	10	258.80	0.00	0.00	0.00	—
Working capital and other general corporate purposes	7	181.16	0.00	0.00	0.00	—
Total	100	2,587.98	429.89	230.62	199.27	

USE OF PROCEEDS FROM THE GLOBAL OFFERING (CON'D)

Notes:

(1) The expected timeline for utilization of the unutilized net proceeds above is based on the Company's best estimation and is subject to change based on the future development of market conditions.

(2) After evaluating the Group's current research and development plans, the expected timeline for the development and commercialization of our Core Product and other major product candidates have been extended from 2025 to 2028. The Board is of the view that extension of timeline will not have any material adverse impact on the operation of the Company and is in the best interests of the Company and its shareholders as a whole.

As at December 31, 2025, net proceeds from the Global Offering not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

USE OF PROCEEDS FROM THE PLACING

On January 22, 2021, the Company entered into the Placing Agreement with Morgan Stanley & Co. International plc, pursuant to which the Company appointed Morgan Stanley & Co. International plc as its placing agent to procure not less than six Placees who are Independent Third Parties to subscribe up to 33,800,000 Placing Shares at the placing price of HK$29.38 per Placing Share in accordance with the terms and conditions of the Placing Agreement. The net placing price per Placing Share after deducting related fees and expenses is approximately HK$28.74 per Share. The Placing Shares had a market value of approximately HK$1,012.31 million based on the closing price of HK$29.95 per Share as of January 21, 2021 and an aggregate nominal value of US$3,380.

The Placing Shares represented approximately 5.3% of the existing issued share capital of the Company as of the Placing Agreement date, and approximately 5.1% of the enlarged issued share capital of the Company immediately following the completion of the Placing.

The Placing was completed on January 29, 2021. An aggregate of 33,800,000 Placing Shares have been successfully placed to no less than six Placees. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placees and their respective ultimate beneficial owners are professional, institutional, or other investors who are Independent Third Parties. The net proceeds from the Placing were approximately HK$971.48 million, of which the intended use was set out in the announcement of the Company dated January 22, 2021. The Placing was being undertaken to strengthen the Group's financial position and for the long term funding of its business, expansion and growth plan. For details of the Placing, please refer to the Company's announcement dated January 22, 2021 and January 29, 2021.

USE OF PROCEEDS FROM THE PLACING (CON'D)

The table below sets forth the utilization of the net proceeds from the Placing and the expected timeline of the unutilized amount as at December 31, 2025:

Business objective as stated in the announcement of the Company dated January 22, 2021	Percentage to total amount %	Net proceeds HK$ million	Unutilized amount as at December 31, 2024 HK$ million	Utilized amount during the Reporting Period HK$ million	Unutilized amount as at December 31, 2025 HK$ million	Expected timeline for Unutilized amount[1]
To fund potential product licensing and possible merger and acquisition opportunities in the area of mitral valve replacement and repair treatment, including a collaboration and license agreement for transeptal mitral valve replacement with HighLife SAS dated December 18, 2020 (for further details, please refer to the voluntary announcement of the Company, published on December 21, 2020)	30	291.44	25.31	0.00	25.31	Yr 2028[2]
To fund potential product licensing and possible merger and acquisition opportunities in other areas including tricuspid valve replacement and repair treatment	40	388.59	0.00	0.00	0.00	—
To fund ongoing technology transfer, product development, and research and development, across the Group	25	242.87	0.00	0.00	0.00	—
For other general corporate purposes	5	48.58	48.58	48.58	0.00	—
Total	100	971.48	73.89	48.58	25.31	

Notes:

(1) The expected timeline for utilization of the unutilized net proceeds from the Placing above is based on the Company's best estimation and is subject to change based on the future development of market conditions.

(2) The Company has extended the timeline for utilizing proceeds from the Placing for the performance of the license agreement with HighLife SAS from 2025 to 2028 to align with the expected achievement of the major milestone around 2028. The Board is of the view that extension of timeline will not have any material adverse impact on the operation of the Company and is in the best interests of the Company and its shareholders as a whole.

As at December 31, 2025, net proceeds from the Placing not yet utilized were deposited with certain licensed banks in Hong Kong or the PRC.

HUMAN RESOURCES

As at December 31, 2025, the Group had 1,022 employees, all of whom were based in China. Total employee benefits of the Group for the Reporting Period were approximately RMB325.9 million, comprising (i) wages, salaries and bonuses; (ii) social security costs and housing benefits; (iii) employee welfare; and (iv) share-based compensation expenses.

The Group recruits employees based on a number of factors, including work experience, educational background and the requirements of a relevant position. The Group invests in continuing education programs for its management staff and other employees to continuously upgrade their skills and knowledge. Regular performance feedback is provided, together with internal and external training in various areas, such as product knowledge, project development and team building. Employees are assessed based on their performance for the purpose of determining remuneration adjustments, promotions and career development.

In compliance with the relevant PRC labor laws and regulations, the Group enters into individual employment contracts with its employees covering matters such as employment terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination.

In addition, pursuant to applicable PRC laws and regulations, the Group is required to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing provident funds) at specified percentages of employees' salaries, including bonus and allowances, subject to the maximum contribution base prescribed by the local authorities.

DIRECTORS AND SENIOR MANAGEMENT

The Board consists of three Executive Directors, three non-executive Directors and four independent non-executive Directors.

DIRECTORS

Executive Directors

Dr. Yi ZHANG (張一) ("Dr. ZHANG"), aged 57, is the Executive Director, Chairman of the Board and Chief Executive Officer of the Company. He was appointed as a Director of the Company on May 30, 2012, and re-designated as an Executive Director of the Company on January 21, 2020.

Dr. ZHANG is primarily responsible for the overall management, business, technology development, strategy and oversight of the commercial suitability and sustainability of the Group. Dr. ZHANG has served as a Director at XinYue International Limited since September 2009, a company in which he holds 65% interest. Dr. ZHANG holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	August 2009 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	August 2009 to present
Peijia Suzhou	Director	January 2013 to present
	Legal Representative	November 2018 to May 2019, and March 2021 to present
Peijia Shanghai	Director	October 2012 to present
	Legal Representative	March 2021 to present
Achieva Shanghai	Director	May 2006 to present
	Legal Representative	March 2021 to present
Achieva Suzhou	Director	January 2019 to present
	Legal Representative	March 2021 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	May 2019 to February 2023
	Legal Representative	March 2021 to February 2023
Peijia Medical Holding Limited	Director	April 2021 to present
Peijia Medical US Limited	Director	May 2021 to present
Peijia Haining	Director	March 2022 to present
	Legal Representative	March 2022 to present
Peijia Medical International Inc.	Director	August 2023 to present
Peijia Medical Global Inc.	Director	August 2023 to present
MonarQ LLC	Director	August 2023 to present
Sierrra Valve LLC	Director	August 2023 to present
Zhicheng Medical	Director	September 2023 to present
	Legal Representative	September 2023 to present
SmartWave Limited	Director	March 2024 to present
SmartWave (BVI) Limited	Director	April 2024 to present
SmartWave Medical HK Limited	Director	April 2024 to present
SmartWave Medical	Director	June 2024 to present
	Legal Representative	

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Prior to joining the Group, from 1996 to 1998, Dr. ZHANG worked at Medtronic Plc, a biomedical engineering company listed on the NYSE (stock code: MDT). From 1998 to 2002, Dr. ZHANG was a senior engineer at the research & development department of Guidant Corporation (subsequently acquired by Boston Scientific Corporation, a company listed on the NYSE (stock code: BSX)), a company which designs and manufactures artificial cardiac pacemakers, stents, and cardiovascular medical products. From February 2002 to June 2006, Dr. ZHANG served as the Chief Executive Officer of MicroPort Medical (Shanghai) Co., Ltd., the predecessor of MicroPort Scientific Corporation, which is a company listed on the Stock Exchange (stock code: 0853) that manufactures and sells coronary drug eluting stents, peripheral vascular stents, aortic balloon dilatation catheters, aortic stent grafts, and other related products, primarily in China. In this capacity, Dr. ZHANG was responsible for overseeing the company's overall business and strategic expansion.

From 2006 to 2019, Dr. ZHANG was the Chairman at Otsuka China, a company which is primarily engaged in the strategic investments in pharmaceuticals and consumer products businesses, spanning pharmaceuticals, and food and beverage industries. Products manufactured by investees and/or subsidiaries of Otsuka China include oral drugs, and food and beverage products.

From 2010 to 2019, Dr. ZHANG was the Board Chairman of Otsuka Medical Devices Co., Ltd., a company which is primarily engaged in the development and production of medical devices and treatment solutions in endoscopy, orthopedic implants, vascular intervention, and regenerative medical devices targeting drug-resistant, treatment resistant and intractable diseases. In this capacity, Dr. ZHANG was responsible for advising the company's strategic planning and investment. Medical devices produced by Otsuka Medical Devices Co., Ltd. mainly include ultrasound-based renal denervation which is used to treat resistant hypertension, and drug-coated scaffolds which are used in Percutaneous Coronary Intervention (PCI) procedures.

Dr. ZHANG received his bachelor's degree in chemical engineering, with a specialization in production process automation in July 1988, and his master's degree in chemical engineering, with a specialization in device and instrument automation in March 1991, both from Zhejiang University. Subsequently, he received his degree of doctor of philosophy in engineering science in March 1997 from the University of Toledo.

Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses, and Dr. ZHANG is the brother-in-law of Ms. Hong YE.

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Mrs. Ping Ye ZHANG (張葉萍) ("Mrs. ZHANG"), aged 58, was appointed as a Director of the Company on August 28, 2018, and re-designated as an Executive Director of the Company on January 21, 2020. She is primarily responsible for the overall management, business, and strategy of the Group. She has served as a Director at XinYue International Limited since September 2009. Mrs. ZHANG holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	November 2005 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	March 2009 to present
Peijia Suzhou	Supervisor	January 2013 to November 2018
	Director	November 2018 to present
Peijia Shanghai	Supervisor	November 2011 to December 2018
	Director	December 2018 to present
Achieva Shanghai	Director	February 2006 to present
Achieva Suzhou	Director	January 2016 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	January 2018 to February 2023

From June 1993 to March 2000, Mrs. ZHANG served as manufacturing engineer and R&D engineer at Guidant Corporation. From March 2000 to July 2003, Mrs. ZHANG served as engineering manager at Biosensors International (formerly known as Sunscope International Inc.), in which she oversaw the development of processes and designs for its Percutaneous Transluminal Coronary Angioplasty (PTCA) and stent delivery system and as project manager at Jomed Inc. Mrs. ZHANG served as an executive director of Ronghe Medical Technology (Zhejiang) Co., Ltd. since July 2022.

Mrs. ZHANG received her bachelor's degree in polymer engineering in June 1989 from Zhejiang University. She received her degree of master of science in engineering in May 1993 from University of Akron. Subsequently, she received her degree of master of business administration in December 1996 from University of Redlands.

Dr. ZHANG and Mrs. ZHANG are spouses, and Mrs. ZHANG is a sibling of Ms. Hong YE.

DIRECTORS (CONT'D)

Executive Directors (cont'd)

Ms. Hong YE (葉紅) ("Ms. YE"), aged 54, was appointed as a Director of the Company on October 23, 2012 and re-designated as an Executive Director of the Company on January 21, 2020. She is also a Board Secretary of the Company. She is primarily responsible for the overall management, business, and strategy of the Group and also in charge of general corporate governance and development of the Group. Ms. YE was responsible for the financial management and plant construction of the Group from its establishment until April 2019. Ms. YE holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	December 2019 to present
Marvel Finder	Director	November 2017 to present
Achieva HK	Director	December 2019 to present
Peijia Suzhou	Legal Representative	January 2013 to November 2018, and May 2019 to March 2021
	Director	January 2013 to present
Peijia Shanghai	Director	November 2011 to present
Achieva Shanghai	Supervisor	February 2008 to March 2016
	Director	December 2019 to present
Achieva Suzhou	Supervisor	January 2016 to December 2019
	Director	December 2019 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	December 2019 to February 2023
Peijia HK	Director	May 2022 to present
Peijia Haining	Supervisor	March 2022 to present
Frontline Navigator Limited	Director	October 2022 to present

Ms. YE graduated from Sichuan Institute of Foreign Language (now known as Sichuan International Studies University) in 1992. She also took courses provided by the Certified General Accountants Association of Canada at British Columbia Institute of Technology prior to her joining the Group.

Ms. YE is a sibling of Mrs. ZHANG, and the sister-in-law of Dr. ZHANG.

DIRECTORS (CONT'D)

Non-executive Directors (cont'd)

Mr. Jifeng GUAN (關繼峰) ("Mr. GUAN"), aged 56, who had previously served as a Director of the Company between March 2016 to September 2019, was reappointed as a Director of the Company on October 22, 2019, and re-designated as a non-executive Director of the Company on January 21, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of the Group, and supervising the management of our Board. In addition, Mr. GUAN holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	December 2019 to present
Marvel Finder	Director	December 2018 to present
Achieva HK	Director	December 2019 to present
Peijia Suzhou	Director	March 2016 to present
Peijia Shanghai	Director	December 2017 to present
Achieva Shanghai	Director	December 2019 to present
Achieva Suzhou	Director	December 2019 to present

From June 2005 to May 2010, Mr. GUAN served as the Chairman and Chief Executive Officer at Jiuzhitang Co., Ltd., a company engaged in the production of biological and Chinese medicine pharmaceutical products and is listed on the Shenzhen Stock Exchange (stock code: 000989). From July 2013 to present, Mr. GUAN had served as various senior management positions of various private equity funds that focus on medical investments. From July 2013 to present, Mr. GUAN served as an Executive Director and general manager of Beijing Tianfeng Spring Capital Ltd. From November 2017 to present, he served as an Executive Director and general manager of Beijing Tianfeng Dehui Investment. From March 2015 to March 2024, Mr. GUAN has served as a Director at Shanghai Ace Investment & Development Co., Ltd., a company principally engaged in the logistics management for sulfur, fertilizer, chemical products, non-ferrous metals, mineral products, and certain dangerous goods, and is listed on the Shanghai Stock Exchange (stock code: 603329). From May 2016 to April 2024, Mr. GUAN had served as a Director at Jiangsu Apon Medical Technology Co., Ltd., a company principally engaged in the research and development, production and sale of medical device products for pain management and nasal care in China, and is listed on the Shenzhen Stock Exchange (stock code: 300753).

Mr. GUAN studied in Industrial Enterprise Management at Capital University of Economics and Business in August 1991, and obtained his degree of master of business administration jointly issued by University of Northern Virginia and School of International Education Beijing Institute of Technology in November 2005. From December 2017, Mr. GUAN has also obtained his China fund practitioner qualification certificate (中國基金從業人員資格證) from the Asset Management Association of China (AMAC).

DIRECTORS (CONT'D)

Non-executive Directors (cont'd)

Mr. Fei CHEN (陳飛) ("Mr. CHEN"), aged 46, was appointed as a Director of the Company on June 6, 2019, and re-designated as a non-executive Director of the Company on January 21, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of the Group, and supervising the management of the Board. In addition, Mr. CHEN holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	June 2019 to present
Marvel Finder	Director	July 2019 to present
Achieva HK	Director	July 2019 to present
Peijia Suzhou	Director	August 2019 to present
Peijia Shanghai	Director	August 2019 to present
Achieva Shanghai	Director	July 2019 to present
Achieva Suzhou	Director	August 2019 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	August 2019 to February 2023

Mr. CHEN has over 13 years of senior management experience in research and development, and investments in the biomedical industry. Prior to joining the Group, Mr. CHEN served as investment manager, and subsequently as senior investment manager and investment director in Lilly Asia Ventures, the biomedical venture arm of Eli Lilly and Company, a company listed on the NYSE (stock code: LLY) which develops and manufactures human pharmaceutical products from April 2009 to September 2011, and as managing partner at Lilly Asia Ventures since its spin off from Eli Lilly and Company as an independent biomedical venture capital firm in September 2011 to the present. Since January 2015, Mr. CHEN has been a Director of Zhejiang Ausun Pharmaceutical Co., Ltd. (stock code: 603229), a company listed on the Shanghai Stock Exchange.

Mr. CHEN received his bachelor of science degree in biology in July 2002, and his degree of doctor of philosophy in medical molecular genetics in June 2008, both at Fudan University.

DIRECTORS (CONT'D)

Non-executive Directors (cont'd)

Mr. Jun YANG (楊俊) ("Mr. YANG"), aged 45, was appointed as a non-executive Director of the Company on August 12, 2020. He is primarily responsible for providing overall guidance on the business and strategic development of the Group, and supervising the management of our Board. In addition, Mr. YANG holds the following positions in the subsidiaries of the Group:

Name of subsidiary	Position	Period
Achieva Medical	Director	August 2020 to present
Marvel Finder	Director	August 2020 to present
Achieva HK	Director	August 2020 to present
Peijia Suzhou	Director	September 2020 to present
Peijia Shanghai	Director	September 2020 to present
Achieva Shanghai	Director	September 2020 to present
Achieva Suzhou	Director	September 2020 to present
Jiangxi Zhisheng (the company was deregistered in February 2023)	Director	September 2020 to February 2023

Mr. YANG is currently serving as the managing partner of Tianjin Yuanyi Yongxuan Enterprise Management Center (Limited Partnership) and general manager of Grand Flight Investment Management Co., Ltd.. Mr. YANG has been appointed a director of Baixing Co., Ltd., a company listed on the NEEQ (stock code: 836012) on September 2018, under a 3-year-term of service. From September 2011 to May 2016, Mr. YANG served as the deputy general manager of direct investment department of Far East Horizon Limited, a company listed on the Hong Kong Stock Exchange (stock code: 3360). From April 2009 to August 2011, Mr. YANG had served as the joint Execute Director at SC LOWY. From December 2007 to April 2009, Mr. YANG served as a senior associate in Deutsche Bank's Strategic Investment Group in Hong Kong.

Mr. YANG graduated from Nanyang Technological University with a bachelor's degree in electrical engineering in July 2004. Mr. YANG obtained his master's degree in business administration from Institut Européend' Administration des Affaires (INSEAD) in December 2007.

DIRECTORS (CONT'D)

Independent Non-executive Directors

Dr. Stephen Newman OESTERLE ("Dr. OESTERLE"), aged 75, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Dr. OESTERLE currently holds several senior management and advisory positions. Since 2015 to the present, he has served an advisor at EQT Partners, and corporate advisor at Temasek Holdings Private Limited. From 2016 to 2023 he served as an independent non-executive Director at Sigilon Therapeutics, Inc., a company that engages in developing therapies to treat chronic diseases and was listed on NASDAQ (stock code: SGTX) from November 2020. Sigilon was acquired by Eli Lilly in 2023. Since 2017 to the present, he has served on the Board of Directors at each of Baxter International Inc., a Fortune 500 company listed on NASDAQ (stock code: BAX) that engages in the healthcare business, and Alcyone Lifesciences, Inc. a company that engages in developing technologies for the treatment of central nervous system disorders. Since January 2021 to present, Dr. OESTERLE has served as a venture partner at Cathay Capital. Since January 2023, he has served as a strategic advisor to the JP Morgan Life Sciences Capital Fund. Since October 2020 to 2021, he served as an independent Director at Montes Archimedes Acquisition Corp, a company listed on NASDAQ (stock code: MAAC). Since August 2020, he also has served on the board of directors at each of SHL Medical AG, a world-leading provider of drug delivery solutions in Switzerland, and from January 2020 to April 2025 on Paragon 28, Inc., an orthopedic company in Colorado, United States, listed on the NYSE (stock code: FNA). Paragon 28 was acquired by Zimmer Biomet in April 2025. From 2022 to present, he has served as an independent director at CeramTec, a private company based in Germany that engages in ceramic medical products. From 2015 to 2020, Dr. OESTERLE served as a venture partner at New Enterprise Associates. Since 2023 he has served as a senior advisor to Novo Holdings (Denmark) and Patient Square Capital, a healthcare private equity firm in Menlo Park California. From February 2018 to March 2019, Dr. OESTERLE served as a director at REVA Medical, Inc., a medical device company listed on the Australian Securities Exchange (stock code: RVA) which engages in the development of bioresorbable polymers for vascular applications. From 2002 to 2015, he served as the senior vice president for medicine and technology at Medtronic plc, a company listed on the NYSE (stock code: MDT), where he was responsible for formulating technological strategies. From 1998 to 2002, Dr. OESTERLE was an associate professor of medicine, director of invasive cardiology services at Harvard Medical School. From 1992 to 1998, he served as an associate professor of medicine, director of interventional cardiology at Stanford University's School of Medicine. From 1991 to 1992, he served as an associate professor of medicine, director of interventional cardiology at Georgetown University.

Dr. OESTERLE received his bachelor of arts degree from Harvard University, graduating summa cum laude in 1973, and his degree of doctor of medicine from Yale University in 1977. During 1977 to 1980, he was a post-doctoral fellow at Harvard Medical School — Massachusetts General Hospital. From 1981 to 1983, he was a post-doctoral fellow at Stanford University School of Medicine.

Mr. Robert Ralph PARKS ("Mr. PARKS"), aged 81, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Mr. PARKS has extensive experience in senior management in the financial services sector. From 1981 to 1994, he was a general partner (and limited partner until 1997) of the investment banking division of Goldman Sachs & Co.. From 1997 to 2000, he was the General Partner of the Beacon Group, a boutique investment bank specializing in private equity investing and merger and acquisition advisory services, which was later acquired by JPMorgan Chase. From 2001 to 2006, Mr. PARKS was the executive chairman of the Asia Pacific region of JPMorgan Chase, and was responsible for all operations and functions in Asia Pacific region. From 2007 to 2012, he was the Asia chairman of Oaktree Capital Management, in which he was subsequently appointed as co-portfolio manager of the Asia Pacific Opportunities Fund. From 2014 to 2019, Mr. PARKS was an independent non-executive director of Ambow Education Holding Ltd., a company listed on the New York Stock Exchange (stock code: AMBO), a provider of education and training services in China.

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

From February 2010 to April 2014, Mr. PARKS had served as an independent non-executive Director at Siam Commercial Bank (a company listed on the Stock Exchange of Thailand (stock code: SCB)). From June 2015 to September 2018, he served as an independent non-executive Director at AAG Energy Holdings, a company listed on the Stock Exchange (stock code: 2686). From January 2017 to December 2020, he served as the Chairman of Paradigm Advisors Holdings Limited. He has also served as a senior advisor to Ascendent Capital Partners, a private equity fund focused on investment in China.

Mr. PARKS received his bachelor's degree in history from Rice University in 1966, and his degree of master of business administration from Columbia University Graduate School of Business in 1970.

Mr. Wai Ming YIP (葉偉明) ("Mr. YIP"), aged 60, was appointed as an independent non-executive Director of the Company on January 21, 2020 (effective from the Listing Date). He is responsible for supervising and providing independent advice and judgment to our Board. Mr. YIP has many years of experience in financial accounting, capital markets and corporate finance in Hong Kong and China. From 1987 to 1996, he worked in the audit department of Ernst & Young, and immediately prior to his departure, he served as a senior manager. From 1996 to 1998, he was the associate director at the merchant banking division of ING Bank N.V. (the former subsequently merged with ING Barings, and was acquired by Macquarie Group). From 1999 to 2001, Mr. YIP served as the chief financial officer at Tafu International Holdings Limited (now known as Lamtex Holdings Limited), a company principally engaged in securities trading and property investment, and listed on the Stock Exchange (stock code: 1041). From 2001 to 2003, Mr. YIP served as the vice president at Hi Sun Technology (China) Limited, a provider of information technology services, and listed on the Stock Exchange (stock code: 0818). From 2004 to 2009, Mr. YIP served as chief financial officer at Haier Electronics Group Co., Ltd., a provider of home appliances in China, and listed on the Stock Exchange (stock code: 1169). From 2009 to 2015, Mr. YIP served as an independent non-executive director at BBMG Corporation, a company engaged in the cement and property development business, and listed on the Stock Exchange (stock code: 2009) and Shanghai Stock Exchange (stock code: 601992). From 2013 to 2022, Mr. YIP served as an independent non-executive Director at Ploy Culture Group Corporation Limited, a company engaged in auction of art works and management of theaters and cinemas, and listed on the Stock Exchange (stock code: 3636). From 2014 to 2024, Mr. YIP served as an independent non-executive Director at Yida China Holdings Limited, a company engaged in the Development and management of business parks and related residential and business properties, and listed on the Stock Exchange (stock code: 3639). Mr. YIP also served as deputy general manager of Yuzhou Properties Company Limited, a company listed on the Stock Exchange (stock code: 1628), between February and September 2010.

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

In addition, he currently holds directorships in the following listed companies, as independent non-executive Director, his responsibilities include providing independent advice, as well as reviewing and supervising the financial reporting process and internal control system of these companies:

Name of entity	Principal business	Place of listing and stock code	Position and duration of office
Ju Teng International Holdings Limited	Manufacturing of notebook computer casings	Stock Exchange (stock code: 3336)	Independent non-executive Director from May 2006 to present
PAX Global Technology Limited	Development and sale of POS products and related services	Stock Exchange (stock code: 327)	Independent non-executive Director from December 2010 to present
Far East Horizon Limited	Finance lease services	Stock Exchange (stock code: 3360)	Independent non-executive Director from March 2011 to present
Huobi Technology Holdings Limited	Power related electrical/ electronic products business and technology solution business	Stock Exchange (stock code: 1611)	Independent non-executive Director from October 2018 to present

Notwithstanding Mr. YIP's engagement as an independent non-executive Director of four companies listed on the Stock Exchange, Mr. YIP confirmed that he would devote sufficient time to act as our independent non-executive Director based on the following:

- Mr. YIP is neither a full time member of the above-named companies nor involved in the day-to-day operations or management of such companies. As such, he has no executive and management responsibility therein;

- Mr. YIP is primarily required to attend relevant board meetings, committee meetings and shareholders' meetings of the above-named listed companies. He has maintained a high attendance rate for board meetings, committee meetings and shareholders' meetings for such listed companies during the respective latest financial period since his appointment date;

- With his background and experience, Mr. YIP is fully aware of the responsibilities and expected time involvement for an independent non-executive Director. He has not found difficulties in devoting to and managing his time with numerous companies and he is confident that with his experience in being responsible for several roles, he will be able to discharge his duties to the Company;

DIRECTORS (CONT'D)

Independent Non-executive Directors (cont'd)

- none of the above-named listed companies that he has a directorship with has questioned or complained about his time devoted to such companies; and

- Mr. YIP's role in the Group is non-executive in nature and he will not be involved in the daily management of the Group's business, thus his engagement as our independent non-executive Director will not require his full-time participation.

Mr. YIP received his bachelor's degree in social science from University of Hong Kong in 1987. He subsequently received his bachelor of laws from University of London in 2001. Mr. YIP has been a member of the Hong Kong Institute of Certified Public Accountants (HKICPA) since 1996, a fellow of the Chartered Association of Certified Accountants (ACCA) since 1995, and a member of China Institute of Certified Public Accountants (CICPA) since 1996.

Mr. Huacheng WEI ("Mr. WEI"), aged 66, was appointed as an independent non-executive Director of the Company on September 20, 2021. He graduated from Central South Institute of Mining and Metallurgy with a bachelor's degree in metallurgical machinery in 1982. Mr. Wei obtained his master's degree in business administration from Tsinghua University in 1999 and his doctoral degree in management from Huazhong University of Science and Technology in 2004. Mr. Wei has considerable experience in medical industry as he served as the Party Secretary and the chairman of Beijing Pharmaceutical Group Company Limited, the Party Secretary and the chairman of Beijing DoubleCrane Pharmaceuticals Co., Ltd. (now known as CR Double-Crane Pharmaceuticals Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: SHA 600062)), the chairman of the supervisory committee of Beijing Wandong Medical Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: SHA 600055)), and the deputy general manager of China Resources Pharmaceutical Group Limited.

He has subsequently been a standing committee member of the Party Committee of Beijing Automotive Group Co., Ltd. since February 2013, and he served as the vice chairman of Beijing Automotive Group Co., Ltd. from February 2013 to April 2021. From June 2006 to June 2012, he served as the chairman of the supervisory committee of Beijing Wandong Medical Technology Co., Ltd. (a company listed on the Shanghai Stock Exchange (stock code: SHA 600055)).

SENIOR MANAGEMENT

Yi ZHANG (張一) is the Chief Executive Officer of the Company. Please refer to "Directors" section above for his biographical details.

Hong YE (葉紅), is the Board Secretary of the Company. Please refer to "Directors" section above for her biographical details.

Leo TSAI (蔡洌), aged 46, has been serving as the Chief Financial Officer of the Company since April 2019. In this capacity, Mr. Tsai is primarily responsible for overseeing the overall financial management and corporate development of the Group. Prior to joining the Group, Mr. Tsai has broad experience in managerial positions in the investment banking sector. He was a director at Huatai Financial Holdings (Hong Kong) Limited from October 2016 to January 2019, a vice president at Barclays Capital Asia Limited from December 2015 to July 2016, and a vice president at ICBC International Capital Limited from June 2013 to October 2015. Mr. Tsai was appointed as an independent non-executive director of Tian Tu Capital Co., Ltd. (stock code: 1973) in April 2022. He received his bachelor's degree from National Taiwan University in June 2003, and his degree of master of business administration from Cornell University's Samuel Curtis Johnson Graduate School of Management in May 2011.

SENIOR MANAGEMENT (CONT'D)

Jian Fong TAN (陳劍鋒), aged 51, is the Chief Technology Officer of the Company. He served as the engineering director and subsequently vice president of manufacturing at Achieva Shanghai from July 2006 to June 2012. Prior to joining the Group, Dr. Tan was the operation director at Bioridge Consulting from July 2016 to June 2019, in which he was primarily responsible for the development of medical devices. Dr. Tan had also served as assistant vice president of biomedical sciences division at Exploit Technologies Pte Ltd. (ETPL) (now known as A*ccelerate), the commercialization arm of Agency for Science, Technology and Research (A*STAR), and director of new technologies at Biosensors Interventional Technologies Pte Ltd. from February 2013 to February 2015. He received his bachelor of science degree in applied science (materials engineering) from Nanyang Technological University, Singapore in July 1999, a master's degree followed by a degree of doctor of philosophy in the molecular engineering of biological and chemical systems programme at Singapore-MIT Alliance for Research and Technology in November 2006.

Ping HU (胡平), aged 54, is the Assistant to Chairman in the Company, and has been serving in this capacity since May 2020. Prior to joining the Company, Mr. Hu worked as the deputy General Manager of Otsuka (China) Investment Co., Ltd. from January 2015 to April 2020. From June 2011 to December 2014, he served as the deputy General Manager of Shanghai Pudong Xinxing Niushida Venture Capital Co., Ltd. From June 2008 to June 2011, he was the Human Resource Director of MicroPort Medical Group. From June 2003 to June 2008, he served as the Human Resource Director and a Supervisor in Shanghai Zhang jiang Hi-Tech Park Development Co., Ltd. From October 1999 to June 2003, he was a Staff Member in the Organization Department of Pudong New Area in Shanghai. Mr. Hu graduated from Jilin University of Technology with a bachelor of engineering degree in 1994 and received a master of engineering degree from Shanghai Jiaotong University in 1999.

Xin ZHANG (張昕), aged 52, served as the Vice President of Business Development of the Company since April, 2021. Prior to joining the Company, from December 2017 to December 2020, Dr. Xin ZHANG worked as a general manager of medical device at Shenzhen Salubris Pharmaceuticals Co., Ltd. (002294). From May 2016 to November 2017, he served as a co-founder at Jarvis Medical Technology Co., Ltd. in Hangzhou. Dr. Xin ZHANG was a marketing director at Smith&Nephew Inc. in Andover, U.S. between March 2015 and May 2016. From March 2013 to December 2014, he served as marketing director at Boston Scientific Corporation (BSX) Cardiac Rhythm Management (CRM) in Shanghai. From June 2011 to March 2013, Dr. Xin ZHANG worked as a senior marketing manager at Medtronic (MDT) Spinal & Biologics in Memphis, U.S.. From August 2005 to May 2009, he served as a senior scientist at Medtronic (MDT) Cardiac Rhythm Disease Management (CRDM) in Minneapolis, U.S.. From September 1992 to June 1999, Dr. Xin ZHANG obtained his bachelor and master degree in biomedical engineering at Zhejiang University. He subsequently received his degree of doctor (PhD) of biomedical engineering at the University of Minnesota Twin Cities in May 2005, and his degree of Master of Business Administration (MBA) in Finance and Healthcare from Wharton Business School, University of Pennsylvania in May 2011.

Hongpeng WANG (王鴻鵬), aged 46, is the Vice President of Marketing of the Company and joined Peijia Suzhou in July 2019. Ms. Wang was a product manager at Cordis of Johnson & Johnson Medical (Shanghai) Co., Ltd. between September 2007 and March 2010. Ms. Wang was a product marketing manager, a senior marketing manager and an automatic external defibrillator (AED) business leader at Philips (China) Investment Co., Ltd during August 2010 to December 2018. Ms. Wang was a marketing manager of Actelion Pharmaceuticals Trading (Shanghai) Co. Ltd., a subsidiary of Actelion Pharmaceuticals Ltd., which is a Swiss-based pharmaceutical company, between December 2018 and June 2019. Ms. Wang received her degree of bachelor of medicine from Shanghai Medical College of Fudan University in June 2003. She also received the degree of executive master of business administrative from Olin Business School of Washington University in St. Louis in July 2021.

SENIOR MANAGEMENT (CONT'D)

Xiaoxiao ZHUANG (莊筱筱), aged 43, is the Vice President of Sales of the Company and joined the Company in April 2020. In this capacity, she is in charge of the strategic management of the sales function of the Group. Prior to joining the Group, from April 2017 to March 2020, Ms. Zhuang served as regional sales manager at BSC Int'l Medical Trading (Shanghai) Co., Ltd.. From January 2015 to April 2017, she had served as district sales manager at Medtronic (Shanghai) Management Co., Ltd.. Ms. Zhuang was a district sales manager at Abbott Laboratories Trading (Shanghai) Co., Ltd. between March 2010 and January 2015. From July 2008 to March 2010, she served as a product specialist at Johnson & Johnson Medical (Shanghai) Ltd.. Ms. Zhuang received her bachelor's degree in biology from Szechuan University in July 2005. She received her master's degree in biotechnology and medicine from Shanghai Institutes for Biological Sciences in July 2008. Ms. Zhuang resigned from her position as the Vice President of Sales of the Company in January 2026 due to personal reasons.

Chen WANG (王晨), aged 51, is the General Manager of Achieva and has been serving as the Chief Executive Officer of Achieva Shanghai since June 2016. Prior to such role, Ms. Wang held positions in Achieva Shanghai as sales director, intercontinental marketing director, and Vice President of Sales & Marketing from December 2010 to May 2016. In these capacities, her responsibilities primarily included sales and marketing to both domestic and overseas markets. Prior to joining the Group, Ms. Wang held various managerial positions, including as a senior district sales manager in Johnson & Johnson Medical (Shanghai) Ltd. from July 2006 to March 2010. She received her bachelor degree in science specializing in international trade from China Textile University (now known as Donghua University) in July 1998, and her degree of master of business administration from University of California, Berkeley, in May 2005.

COMPANY SECRETARY

Ms. Hing Ling CHAU (周慶齡), was appointed as the company secretary of the Company on June 17, 2022. Ms. Chau is currently an Executive Director of corporate services of Vistra Corporate Services (HK) Limited. She has over twenty years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

Ms. CHAU obtained a master of laws majoring in corporate and financial law from The University of Hong Kong in November 2007. She has been a fellow member of The Hong Kong Chartered Governance Institute and a fellow member of The Chartered Governance Institute in United Kingdom since May 2013. She is currently the council member of HKCGI and a member of the membership committee of HKCGI.

CHANGES IN DIRECTORS' INFORMATION

The changes in the information of the Directors of the Company since the publication of the interim report of the Company for the six months ended 30 June 2025 required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules is set out below:

Name of Director	Details of Changes
Dr. Stephen Newman OESTERLE	Resigned as director in April 2025 on Paragon 28, Inc., an orthopedic company in Colorado, United States, listed on the NYSE (stock code: FNA).

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

The Board is pleased to present this report of Directors together with the audited consolidated financial statements of the Group for the year ended December 31, 2025.

DIRECTORS

The Directors who held office during the year ended December 31, 2025 and up to the date of this annual report are:

Executive Directors:

Dr. Yi ZHANG *(Chairman and Chief Executive Officer)*
Mrs. Ping Ye ZHANG
Ms. Hong YE

Non-executive Directors:

Mr. Jifeng GUAN
Mr. Fei CHEN
Mr. Jun YANG

Independent Non-executive Directors:

Dr. Stephen Newman OESTERLE
Mr. Robert Ralph PARKS
Mr. Wai Ming YIP
Mr. Huacheng WEI

Biographical details of the Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" on pages 38 to 50 of this annual report.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on May 30, 2012 as an exempted company with limited liability. The Company's ordinary shares (the "**Shares**") were listed on the Main Board of the Stock Exchange on May 15, 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Company's subsidiaries were involved in research and development of medical devices.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic and neurointerventional procedural medical devices in the People's Republic of China (the "**PRC**") and other countries.

The activities and particulars of the Company's principal subsidiaries are shown under Note 34 to the consolidated financial statements. An analysis of the Group's revenue and net results for the year ended December 31, 2025 by principal activities of the Group is set out in the section headed "Management Discussion and Analysis" in this annual report.

BUSINESS REVIEW

A fair review of the business of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of the Group's financial performance, an indication of likely future developments in the Group's business and the Group's key relationships with its stakeholders who have a significant impact on the Group and on which the Group's success depends, is set out in the section headed "Management Discussion and Analysis" of this annual report. These discussions form part of this annual report. Events affecting the Company that have occurred since the end of the financial year are set out in the section headed "Subsequent Events After The Reporting Period" under "Management Discussion and Analysis" of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is committed to operate its business in compliance with applicable environmental protection laws and regulations and has implemented relevant environmental protection measures in compliance with the required standards under applicable PRC laws and regulations.

The Group is subject to environmental protection and occupational health and safety laws and regulations in China. The Group aims to operate our facilities in a manner that protects the environment and the health and safety of our employees and communities. The Group has implemented company-wide environmental, health and safety (EHS) policies and operating procedures relating to waste treatment, process safety management, worker health and safety requirements and emergency planning and response. To further ensure the compliance with applicable environmental protection and health and safety laws and regulations, the Group has (i) established various guidelines governing laboratory procedures and the handling, use, storage, treatment and disposal of hazardous materials and wastes to ensure such guidelines are strictly enforced for the disposal of laboratory materials and wastes; (ii) inspected equipment and facilities regularly to identify and eliminate safety hazards; (iii) provided regular safety awareness training to employees; (iv) keep health records for all employees and conduct health examinations before, during and after their time at the company, especially for employees engaged in work involving occupational hazards; and (v) conducted regular fire safety inspections, maintenance of fire-fighting equipment and regular emergency drills.

All of the Group's properties, plants and equipment meet the standards required for compliance with applicable environmental rules and regulations, and the Group believes it has maintained a good relationship with the communities surrounding the Group's production facilities.

To the best knowledge of the Group, during the year ended December 31, 2025, the Group has complied with the relevant environmental and occupational health and safety laws and regulations in China and we did not have any incidents or complaints which had a material and adverse effect on our business, financial condition or results of operations during the Reporting Period.

Further details of the Company's environmental policies and performance is set out in the section headed "Environmental, Social and Governance Report" of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended December 31, 2025, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

RETIREMENT BENEFITS SCHEME

The Group has one employee who participates in the Mandatory Provident Fund in Hong Kong. The employees of the Group in the PRC are members of the state-managed pension scheme operated by the PRC government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the specified contributions under the scheme.

Details of the pension obligations of the Company are set out in Note 13 to the consolidated financial statements in this annual report.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTION

Details of the related party transactions of the Group for the year ended December 31, 2025 are set out in Note 32 to the consolidated financial statements contained herein.

None of the related party transactions constitute a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

During the year ended December 31, 2025, the Group has not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of Rule 14A.71 of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the revenue amounts from the Group's five largest customers accounted for 95.5% (2024: 77.7%) of the Group's total revenue and the revenue amount from our single largest customer accounted for 33.5% (2024: 21.2%) of the Group's total revenue.

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

For the year ended December 31, 2025, purchases from the Group's five largest suppliers accounted for approximately 42.7% (2024: 32.4%) of the Group's total purchase amount in the same year. The Group's largest supplier for the year ended December 31, 2025 accounted for approximately 17.0% (2024: 18.0%) of the Group's total purchase amount for the same year.

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

During the year ended December 31, 2025, the Group did not experience any significant disputes with its customers or suppliers.

KEY RELATIONSHIP WITH STAKEHOLDERS

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

Relationship with Our Employees

We endeavor to cultivate talented and loyal employees by treating our employees with dignity, respect and fairness. We conduct new employee training, as well as professional and compliance training programs for employees. We enter into employment contracts with our employees to cover matters such as wages, benefits and grounds for termination. The remuneration package of our employees usually includes salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Relationship with Shareholders

We recognize the importance of protecting the interests of the Shareholders and of having effective communication with them. We believe communication with the Shareholders is a two-way process and have strived to ensure the quality and effectiveness of information disclosure, maintain regular dialogue with the Shareholders and listen carefully to the views and feedback from the Shareholders. This has been done through general meetings, corporate communications, annual and interim reports and results announcements.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Risks relating to our financial position and need for additional capital

- We have incurred significant operating losses since our inception, and may continue to incur operating losses for the foreseeable future. You may lose substantially all your investments in us given the high risks involved in the medical device business.

- We had net cash outflows from our operating activities in the past and may need to obtain additional financing to fund our operations. If we are unable to obtain such financing, we may be unable to complete the development of our product candidates and the commercialization of our approved products.

Risks Relating to the Development of Our Product Candidates

- Our future growth depends substantially on the successful development of our product candidates to commercialization.
- Clinical product development involves a lengthy and expensive process with an uncertain outcome.
- If clinical trials of our product candidates fail to demonstrate safety and efficacy to the satisfaction of regulatory authorities or do not otherwise produce positive results in a timely manner or at all, we may incur additional costs or experience delays in completing, or ultimately be unable to complete, the development and commercialization of our product candidates.
- The initial or interim results of clinical trials may not be predictive of the final clinical trial results and may be subject to adjustments.
- We may not be able to develop new products that are competitive in the market, or in a timely manner or at all.

Risks Relating to the Commercialization of Our Products

- If physicians and hospitals are not receptive to our products, our results of operations may be negatively affected.
- Failure to achieve broad market acceptance could have a material adverse impact on our business and results of operations.
- If our distributors fail to expand or maintain their sales network, or if we fail to educate or manage our distributors effectively, our sales may decline.
- Our current revenue is mainly generated from sales of first- and second-generation TAVR systems and neurointerventional procedural medical devices.

Risks Relating to Extensive Government Regulations

- The regulatory approval processes are lengthy, time-consuming and inherently unpredictable.
- We may not be able to maintain or renew all the permits, licenses and certificates required for our production.
- We may not be able to comply with ongoing regulatory obligations which may result in withdrawal of approvals for our products.

Risks Relating to Manufacture and Supply of Our Products

- The manufacture of our products is highly complex and subject to strict quality controls. Our business could suffer if our products and product candidates are not produced in compliance with all the applicable quality standards.

- We mainly rely on our production facilities in Suzhou for the manufacturing of our products and product candidates; any disruptions to the operation of our production facilities could materially adversely affect our business, financial condition and results of operations.

- We may be exposed to potential product liability claims and product recalls, and our insurance coverage may be inadequate to protect us from all the liabilities we may incur.

Risks Relating to Our Intellectual Property Rights

- If we are unable to obtain and maintain patent protection for our products and product candidates through intellectual property rights, or if the scope of such intellectual property rights obtained is not sufficiently broad, third parties may compete directly against us.

- Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our product candidates.

- If we are unable to protect the confidentiality of our trade secrets, our business and competitive position would be harmed. We may be subject to claims that our employees have wrongfully used or disclosed alleged trade secrets of their former employers.

Risks Relating to Our Operations

- We have entered into collaborations, and may establish or seek collaborations or strategic alliances or enter into licensing arrangements in the future, and we may not realize the benefits of such collaborations, alliances or licensing arrangements.

- Acquisitions or strategic partnerships may increase our capital requirements, dilute our Shareholders, cause us to incur debt or assume contingent liabilities, and subject us to other risks.

- We have historically received government grants and subsidies for our research and development activities and we may not receive such grants or subsidies in the future.

Risks Relating to Doing Business in China

- Changes in the political and economic policies of the PRC government may materially and adversely affect our business, financial condition and results of operations and may result in our inability to sustain our growth and expansion strategies.

- The discontinuation of any preferential tax treatment currently available to us could adversely affect our results of operations, cash flow and prospects.

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

FINANCIAL SUMMARY

A summary of the audited consolidated results and the assets and liabilities of the Group for the last five financial years, as extracted from the audited consolidated financial statements, is set out on page 263 of this annual report. This summary does not form part of the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the Acts of Cayman Islands, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the Shareholders by reason of their respective holding of the Company's securities.

SUBSIDIARIES

Particulars of the Company's subsidiaries are set out in Note 34 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company and the Group during the year ended December 31, 2025 are set out in Note 15 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended December 31, 2025 and details of the Shares issued during the year ended December 31, 2025 are set out in Note 26 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this report, the Company has maintained the public float as required under the Listing Rules.

DONATION

During the year ended December 31, 2025, the Group made charitable donations of approximately RMB1,413,339 (2024: approximately RMB2,408,774).

DEBENTURE ISSUED

The Group did not issue any debenture during the year ended December 31, 2025 (2024: Nil).

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group, or existed during the year ended December 31, 2025 (2024: Nil).

RESULTS AND DIVIDEND

The consolidation results of the Group for the year ended December 31, 2025 are set out on pages 176 to 262 of this annual report.

The Board has resolved not to recommend payment of any final dividend for the year ended December 31, 2025.

There is no arrangement that a Shareholder has waived or agreed to waive any dividend.

PERMITTED INDEMNITY

Pursuant to the Articles of Association and subject to the applicable laws and regulations, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him/her as a Director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

Such permitted indemnity provision has been in force for the year ended December 31, 2025. The Company has taken out liability insurance to provide appropriate coverage for the Directors.

RESERVES

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

Details of the movements in the reserves of the Company during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity and Note 28 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

During the year ended December 31, 2025, the Company did not have any distributable reserves.

BORROWINGS

Particulars of bank borrowings of the Group as at December 31, 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report and Note 23 to the consolidated financial statements.

CONVERTIBLE BONDS

As at the date of this annual report, the Company has not issued any convertible bonds.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a service contract with the Company and has renewed a service contract for a term of three years commencing from May 15, 2023. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT (CONT'D)

Each of the other non-executive Directors has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from May 15, 2023. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

Each of the independent non-executive Directors has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from May 15, 2023, except for Mr. Huacheng WEI, who has signed a letter of appointment with the Company and has renewed a letter of appointment for a term of three years commencing from September 20, 2024. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles of Association.

None of the Directors proposed for re-election has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Except as disclosed in Note 20 and Note 32 to the consolidated financial statements, none of the Directors nor any entity connected with the Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting nor has entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation) during or at the end of the year ended December 31, 2025.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended December 31, 2025, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business that competed or was likely to compete, either directly or indirectly, with the business of the Group, other than being a director of the Company and/or its subsidiaries.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in this annual report, at no time during the year ended December 31, 2025 was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities including debentures of, the Company or any other body corporate; and none of the Directors, or any of their spouse or children under the age of 18, had any right to subscribe for equity or debt securities of the Company or any other body corporate, or had exercised any such right.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all of the independent non-executive Directors are independent in accordance with the guidelines set out in the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at December 31, 2025, the interests or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO), which (a) were 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 and short positions which he/she was taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein; or (c) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Director	Capacity/nature of interest	Number of Shares interested [1]	Approximate percentage of the Company's issued share capital [2]
Dr. Yi ZHANG	Beneficial owner [3]	9,890,440	1.47%
	Trustee [4]	32,917,560	4.91%
	Interest of controlled corporation [5]	92,361,640	13.74%
	Interest held jointly with other persons [6]	19,342,299	2.88%
	Interest of spouse [7]	1,021,500	0.15%
Mrs. Ping Ye ZHANG	Beneficial owner	1,021,500	0.15%
	Trustee [4]	32,917,560	4.90%
	Interest held jointly with other persons [6]	111,703,939	16.62%
	Interest of spouse [7]	9,890,440	1.47%
Ms. Hong YE	Beneficial owner [8]	19,342,299	2.88%
	Interest of controlled corporation [5]	92,361,640	13.74%
	Interest held jointly with other persons [6]	43,829,500	6.52%
Mr. Fei CHEN	Interest of controlled corporation [9]	19,952,740	2.97%
Dr. Stephen Newman OESTERLE	Beneficial owner [10]	616,517	0.09%
Mr. Robert Ralph PARKS	Beneficial owner [11]	619,352	0.09%

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (CONT'D)

Long positions in the Shares, underlying Shares and debentures of the Company (cont'd)

Notes:

(1) All interests stated are long position; (P) denotes lending pool.

(2) The calculation is based on the total number of 672,060,659 ordinary shares of the Company in issue as at December 31, 2025.

(3) Dr. ZHANG beneficially owns 5,232,720 Shares, and is also interested in options to 4,657,720 Shares pursuant to outstanding options granted under the Share Option Plan.

(4) Jinnius Drive Trust, Hanlindale Trust and THE ZHANG LIVING TRUST were respectively established by Dr. ZHANG and Mrs. Ping Ye ZHANG as grantor. Both Dr. ZHANG and Mrs. Ping Ye ZHANG are trustees of Jinnius Drive Trust, Hanlindale Trust and THE ZHANG LIVING TRUST. Therefore, under the SFO, each of Dr. ZHANG and Mrs. Ping Ye ZHANG is deemed to be interested in an aggregate 32,917,560 Shares held by the three trusts, including 15,713,560 Shares held by Jinnius Drive Trust, 17,094,000 Shares held by Hanlindale Trust and 110,000 Shares held by THE ZHANG LIVING TRUST.

(5) XinYue International Limited was owned as to 65% by Dr. ZHANG and 35% by Ms. Hong YE as of December 31, 2025. Therefore, under the SFO, each of Dr. ZHANG and Ms. Hong YE is deemed to be interested in 92,361,640 Shares held by XinYue International Limited.

(6) Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited are Concert Parties based on the Concert Party Agreement. Therefore, under the SFO, each of Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited is deemed to be interested in the aggregate equity interests of all the Concert Parties.

(7) Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses. Therefore, Dr. ZHANG and Mrs. Ping Ye ZHANG are deemed to be interested in the equity interests held by each other under the SFO.

(8) Ms. Hong YE beneficially owns 13,651,960 Shares, and is also interested in options to 5,690,339 Shares pursuant to outstanding options granted under the Share Option Plan.

(9) Shanghai Liyi Biotech, L.P. holds 19,952,740 Shares directly. Shanghai Liyao Investment Management Co., Ltd. is 100% owned by Mr. Fei CHEN, and is the general partner of Shanghai Liyi Investment Management Partnership (Limited Partnership). In addition, Shanghai Liyi Investment Management Partnership (Limited Partnership) is the general partner of Shanghai Liyi Biotech, L.P.. Therefore, under the SFO, each of Mr. Fei CHEN, Shanghai Liyao Investment Management Co., Ltd. and Shanghai Liyi Investment Management Partnership (Limited Partnership) is deemed to be interested in 19,952,740 Shares held by Shanghai Liyi Biotech, L.P..

(10) As at December 31, 2025, a total of 616,517 Shares have been granted to Dr. Stephen Newman OESTERLE under the RSU Scheme, pursuant to his service contract with the Company. Please refer to the announcement of the Company dated October 5, 2020 for further details.

(11) As at December 31, 2025, a total of 619,352 Shares have been granted to Mr. Robert Ralph PARKS under the RSU Scheme, pursuant to his service contract with the Company. Please refer to the announcement of the Company dated October 5, 2020 for further details.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2025, none of the Directors or the chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were 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 and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

So far as is known to any Director or chief executive of the Company, as at December 31, 2025, the following corporations/persons (other than the Directors or the chief executive of the Company) had interests of 5% or more in the issued shares of the Company according to the register of interests required to be kept by the Company under section 336 of the SFO:

Name	Capacity/nature of interest	Number of Shares interested [1]	Approximate percentage of the Company's issued share capital [2]
Jinnius Drive Trust [3]	Beneficial owner	15,713,560	2.34%
	Interest held jointly with other persons [5]	139,819,879	20.80%
Hanlindale Trust [3]	Beneficial owner	17,094,000	2.54%
	Interest held jointly with other persons [5]	138,439,439	20.60%
XinYue International Limited [4]	Beneficial owner	92,361,640	13.74%
	Interest held jointly with other persons [5]	63,171,799	9.40%
LAV Aero Limited	Beneficial owner	42,428,460	6.31%
LAV Biosciences Fund IV, L.P.	Interest of controlled corporation [6]	42,428,460	6.31%
LAV GP IV, L.P.	Interest of controlled corporation [6]	42,428,460	6.31%
LAV Corporate IV GP, Ltd.	Interest of controlled corporation [6]	42,428,460	6.31%
LAV Asset Management (Hong Kong) Limited	Investment manager	47,906,460	7.13%
Mr. Yi SHI	Interest of controlled corporation [6]	46,845,460	6.97%
HH SUM-XXIV Holdings Limited	Beneficial owner	40,738,980	6.06%
Hillhouse Investment Management, Ltd.	Investment manager [7]	40,738,980	6.06%
Hillhouse Fund IV, L.P.	Interest of controlled corporation [7]	40,738,980	6.06%

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES (CONT'D)

Notes:

(1) All interests stated are long position; (P) denotes lending pool.

(2) The calculation is based on the total number of 672,060,659 ordinary shares of the Company in issue as at December 31, 2025.

(3) Jinnius Drive Trust and Hanlindale Trust were discretionary trusts and respectively established by Dr. ZHANG and Mrs. Ping Ye ZHANG as grantor. Both Dr. ZHANG and Mrs. Ping Ye ZHANG are trustees of Jinnius Drive Trust and Hanlindale Trust. Therefore, under the SFO, each of Dr. ZHANG and Mrs. Ping Ye ZHANG is deemed to be interested in an aggregate 32,807,560 Shares held by the two trusts, including 15,713,560 Shares held by Jinnius Drive Trust and 17,094,000 Shares held by Hanlindale Trust.

(4) XinYue International Limited was owned as to 65% by Dr. ZHANG and 35% by Ms. Hong YE. Therefore, under the SFO, each of Dr. ZHANG and Ms. Hong YE is deemed to be interested in 92,361,640 Shares held by XinYue International Limited.

(5) Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited are Concert Parties based on the Concert Party Agreement. Therefore, under the SFO, each of Dr. ZHANG, Jinnius Drive Trust, Mrs. Ping Ye ZHANG, Hanlindale Trust, Ms. Hong YE and XinYue International Limited is deemed to be interested in the aggregate equity interests of all the Concert Parties.

(6) To the best of the Directors' knowledge, LAV Aero Limited is wholly-owned by LAV Biosciences Fund IV, L.P., a Cayman exempted limited partnership fund. The general partner of LAV Biosciences Fund IV, L.P. is LAV GP IV, L.P., whose general partner is LAV Corporate IV GP, Ltd., a Cayman company owned by Mr. Yi SHI. Therefore, under the SFO, each of LAV Biosciences Fund IV, L.P., LAV GP IV, L.P., LAV Corporate IV GP, Ltd. and Mr. Yi SHI is deemed to be interested in 42,428,460 Shares held by LAV Aero Limited.

In addition, to the best of the Directors' knowledge, upon completion of the Global Offering and taking into account the 2,523,000 Shares to be subscribed for by LAV Aero Limited at the Offer Price of HK$15.36 pursuant to the cornerstone investment agreement as further described under the section headed "Cornerstone Placing" in the Prospectus, LAV, which collectively refers to LAV Aero Limited and Shanghai Liyi Biotech, L.P., controls the exercise of 9.86% of the voting power at the general meeting of the Company. Shanghai Liyi Biotech, L.P. holds 19,952,740 Shares directly.

(7) To the best of the Directors' knowledge, Hillhouse Investment Management, Ltd. owns HH SUM-XXIV Holdings Limited. Therefore, under the SFO, Hillhouse Investment Management, Ltd. is deemed to be interested in 40,738,980 Shares held by HH SUM-XXIV Holdings Limited.

Save as disclosed above and to the best knowledge of the Directors, as at December 31, 2025, no person (other than the Directors or chief executives of the Company) had registered an interest or a short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE INCENTIVE SCHEMES

1. Share Option Plan

The Company has approved and adopted a Share Option Plan on December 27, 2019, a summary of the principal terms of which are set out in the section headed "D. Share Incentive Schemes — 1. Share Option Plan" in Appendix IV to the Prospectus.

(a) Purpose and Principal Terms

The purpose of the Share Option Plan is to enable the Group to grant options or awards to qualified persons (as determined by the sole opinion of the Board) including any director, employee, adviser and consultant of the Company or any of its associated companies as incentives, attraction, motivation or rewards by reason of their contribution or potential contribution to the Company and/or any of our associated companies. The principal terms of the Share Option Plan are as follows:

1) Subject to any alterations set out under the Share Option Plan in the event of any capitalization issue, rights issue, open offer, sub-division, consolidation of shares, or reduction of capital of the Company that may take place, the maximum number of Shares in respect of which options or awards may be granted under the Share Option Plan was 2,911,989 Shares (or 58,239,780 as adjusted after Capitalization Issue), representing approximately 8.57% of the issued shares as at the date of this report.

2) An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when a copy of the Grant Letter has been duly signed by the grantee, and a non-refundable payment of HK$0.10 or its RMB equivalent has been made in favour of the Company by way of consideration for the grant and is received by the Company on or before the relevant acceptance date.

3) No option or award under the Share Option Plan will be granted after the Listing Date, although provisions of the Share Option Plan will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Share Option Plan ("**Option**") on or prior to the Listing Date or otherwise as may be required in accordance with the provisions of the Share Option Plan and Options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.

4) A grantee may subscribe for the Shares on the exercise of an Option at the price approved by the Board in its absolute discretion with reference to factors which may include business performance and value of the Company and individual performance of the relevant grantee, and in any case, shall not be less than the par value of the Shares.

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(a) Purpose and Principal Terms (cont'd)

5) An Option is personal to the grantee and is not assignable and no grantee is permitted in any way to sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any Option or attempt to do so (with the exception that the grantee may transfer the Options to a trust in which he/she is a beneficiary thereof or the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Plan may be registered). Any breach of the foregoing shall entitle the Company to cancel any outstanding Options or any part thereof granted to such Grantee without compensation.

6) The Shares to be allotted upon the exercise of an Option is subject to the constitutional documents of the Company for the time being in force and, once issued, ranks pari passu in all respects with and has the same voting, dividend, transfer and other rights, including those arising on liquidation of the Company as attached to the fully-paid Shares in issue on the date of issue.

7) Each grantee to whom a share award has been granted shall be entitled to the Shares they are awarded in accordance with the terms (including any restrictions and vesting requirement that may be imposed) of the Share Option Plan and the Grant Letter. However, in any case, a grantee is not entitled to exercise any Option until the Listing Date.

8) The maximum number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the Share Option Scheme and any other share option scheme(s) of the Company to each participant in any 12-month period up to and including the date of grant of the options must not exceed 1% of the total number of Shares in issue. Any further grant of options which would result in the number of the Shares issued as aforesaid exceeding the said 1% limit must be approved by the Shareholders in general meeting at which such participant and his or her associates must abstain from voting.

9) In terms of rights on death or termination of employment:

(i) If the grantee ceases to be an eligible participant of the Share Option Plan as a result of death, ill-health, injury or disability (including permanent disability), provided that the grantee's relationship with the Group had not been otherwise terminated by the occurrence of events which would have caused his Option(s) to lapse (as defined in the Share Option Plan), the grantee or his personal representatives is entitled within 12 months from the date of cessation of being an eligible participant or death to exercise his Option in full (to the extent not already exercised);

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(a) Purpose and Principal Terms (cont'd)

9) (cont'd)

(ii) If the grantee ceases to be an eligible participant of the Share Option Plan as a result of termination of his relationship with the Group due to the occurrence of events which would have caused his Option(s) to lapse (as defined in the Share Option Plan), the grantee's Options will terminate on the date of such cessation without compensation, regardless of whether the Options are exercisable or not;

(iii) If the grantee's ceases to be an eligible participant of the Share Option Plan as a result of termination of his relationship with the Group for any reason other than those referred to in (a) and (b) above, the grantee may exercise his Option up to his entitlement at the date of cessation of being an eligible participant (to the extent not already exercised) within 60 days following the date of such cessation.

10) The Board may, at any time, alter in any respect the terms and conditions of the Share Option Plan and the regulations for the Share Option Plan's administration and operation, provided that such alteration does not adversely affect the terms of issue of any Option granted or agreed to be granted prior to such alteration or to reduce the proportion of the equity capital to which any person was entitled pursuant to such Option prior to such alteration except with the Grantee's written consent or by special resolution passed at a meeting of the grantees.

11) The Company by ordinary resolution of the Board may at any time resolve to terminate the operation of the Share Option Plan and in such event no further Options shall be offered but the provisions of the Share Option Plan shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Plan and Options granted prior to such termination shall continue to be valid and exercisable in accordance with this Scheme.

(b) Establishment of Employee Trust

On December 31, 2019, the Company entered into a trust deed with Trident Trust Company (HK) Limited (the "**Trustee**"), pursuant to which the Trustee has agreed to act as the trustee to administer the Share Option Plan and to hold the Shares underlying the options granted under the Share Option Plan.

To the extent permitted under the Scheme and applicable law and regulations, the Trustee shall follow the instruction of Dr. ZHANG in respect of the exercise of voting rights (if any) and powers in relation to the Shares underlying the Options until the Shares underlying the Options have been transferred outside of the Trust to the relevant Grantee(s) or their designated nominee(s).

The trust deed will terminate automatically upon the expiry of the trust period as stipulated in the Trust Deed provided that the Trustee has received all fees, costs, expenses and other amounts payable to it under or in connection with the terms of this Deed.

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants

No option or award under the Share Option Plan has been granted after the Listing Date. As of December 31, 2025, outstanding options to subscribe for an aggregate of 29,428,920 Shares have been granted to a total of 109 eligible participants by the Company under the Share Option Plan. The total number of Shares available for issue under the Share Option Plan as of the date of this annual report is 29,428,920 which represents 4.38% of the issued Shares (excluding treasury shares) as of the date of this annual report. The Share Option Plan will expire on December 26, 2029, and the remaining life of the Share Option Plan is approximately 3.5 years as at the date of this annual report.

A summary of the grantees who have been granted options under the Share Option Plan is set forth below:

Grantee	Position/Relationship	Number of Shares under outstanding options granted					Weighted average closing price of Shares immediately before the options were exercised (HK$)	Note(s)
		As at January 1, 2025	Granted during the year	Exercised during the year	Lapsed during the year	As at December 31, 2025		
Directors								
Dr. Yi ZHANG	Executive Director; Chairman; Chief Executive Officer	4,657,720	0	0	0	4,657,720	—	1, 2, 3, 4, 5
Hong YE	Executive Director; Board Secretary	5,690,339	0	40,000	0	5,650,339	—	6, 7, 8, 13, 16
Chief Management								
Leo TSAI	Chief Financial Officer	7,944,340	0	0	0	7,944,340	—	7, 9, 10
Kongrong Karl PAN	Chief Operating Officer	2,225,000	0	0	0	2,225,000	—	11
Jian Fong TAN	Chief Technology Officer	4,467,540	0	0	0	4,467,540	—	7, 12
Other Grantees								
Other option holders including former and current employees and consultants of the Group	Not applicable	8,050,832	0	3,502,851	64,000	4,483,981	—	13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26
		33,035,771	0	3,542,851	64,000	29,428,920		

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes:

1. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable at an exercise price of US$0.25 (equivalent to approximately HK$1.94), and US$0.65 (equivalent to approximately HK$5.06), respectively.

2. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when a qualified initial public offering ("**IPO**") is achieved (which the Global Offering qualifies for) at an exercise price of US$0.25 (equivalent to approximately HK$1.94), and US$0.65 (equivalent to approximately HK$5.06), respectively.

3. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidate obtains relevant regulatory approvals and has commenced sales for one year at an exercise price of US$0.25 (equivalent to approximately HK$1.94), and US$0.65 (equivalent to approximately HK$5.06), respectively.

4. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidate obtains relevant regulatory approvals at an exercise price of US$0.25 (equivalent to approximately HK$1.94), and US$0.65 (equivalent to approximately HK$5.06), respectively.

5. With vesting commencement date on July 5, 2017 and on July 31, 2017 and exercisable when certain product candidates commence their corresponding clinical trials at an exercise price of US$0.25 (equivalent to approximately HK$1.94), and US$0.65 (equivalent to approximately HK$5.06), respectively.

6. With vesting commencement date on August 24, 2011 and exercisable when a qualified IPO is achieved (which the Global Offering qualifies for) at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

7. With vesting commencement date on December 31, 2019 and in accordance with a vesting schedule, the Shares subject to the corresponding options will be vested in equal proportions in yearly intervals, but in any event not later than the fourth anniversary of the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of, where applicable, US$0.25 (equivalent to approximately HK$1.94), US$0.39 (equivalent to approximately HK$3.04), or US$0.55 (equivalent to approximately HK$4.27), respectively.

8. With vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which the Global Offering qualifies for), at an exercise price of US$0.73 (equivalent to approximately HK$5.69).

9. With vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which the Global Offering qualifies for), at an exercise price of, where applicable, US$0.25 (equivalent to approximately HK$1.94), or US$0.65 (equivalent to approximately HK$5.06), respectively.

10. With vesting commencement date on April 7, 2020 and in accordance with a vesting schedule, 9.09% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 18.18% of the Shares on the first anniversary, 27.27% of the Shares on the second anniversary, and 45.45% on the third anniversary, and are exercisable at an exercise price of US$0.65 (equivalent to approximately HK$5.06).

11. With vesting commencement date on January 1, 2017 and exercisable immediately and in yearly intervals, in equal proportions on the last day of each calendar year, when certain long service condition is satisfied, but in any event before the fifth anniversary of the vesting commencement date, at an exercise price of US$0.25 (equivalent to approximately HK$1.94).

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes: (cont'd)

12. With vesting commencement date on August 31, 2020 and in accordance with a vesting schedule, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 50% of the Shares on the first anniversary, and 30% of the Shares on the second anniversary, and each exercisable when certain long service condition is satisfied, at an exercise price of US$0.65 (equivalent to approximately HK$5.06).

13. For one eligible participant, with vesting commencement date on December 31, 2020 and in accordance with a vesting schedule, 50% of the Shares subject to the corresponding options will be vested on the vesting commencement date and the remainder on the first anniversary, and each exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

14. For one eligible participant, with vesting commencement date on September 1, 2016 and exercisable in yearly intervals, in equal proportions, when certain performance condition is satisfied, but in any event not later than the fourth anniversary of the vesting commencement date, at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

15. For one eligible participant, with vesting commencement date on June 30, 2021 and in accordance with a vesting schedule, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 20% of the Shares on the first anniversary, 20% of the Shares on the second anniversary, and 40% of the Shares on the third anniversary, and each exercisable when certain long service condition is satisfied, at an exercise price of, where applicable, US$0.25 (equivalent to approximately HK$1.94), or US$0.39 (equivalent to approximately HK$3.04), respectively.

16. With vesting commencement date on August 18, 2020 and in accordance with a vesting schedule for the eligible participants, 20% of the Shares subject to the corresponding options will be vested on the vesting commencement date, 50% of the Shares on the second anniversary, and 30% of the Shares on the third anniversary, and are exercisable at an exercise price of, where applicable, US$0.25 (equivalent to approximately HK$1.94), or US$0.39 (equivalent to approximately HK$3.04), respectively.

17. For 47 eligible participants, with vesting commencement dates falling on either the December 31 of 2019, 2020, 2021, 2022, or 2023 and in accordance with a vesting schedule for each of the eligible participants, the Shares subject to the corresponding options will be vested at annual intervals, but in any case not later than the fourth anniversary of the vesting commencement date, upon the satisfaction of certain performance conditions as determined by the Board at its discretion, and exercisable at an exercise price of, where applicable, US$0.03 (equivalent to approximately HK$0.23), or US$0.39 (equivalent to approximately HK$3.04), respectively.

18. For one eligible participant, with vesting commencement date on January 1, 2015 and exercisable when certain sales target is satisfied as determined by the Board at its discretion, at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

19. For one eligible participant, with vesting commencement date on December 31, 2020, the Shares subject to the corresponding options will be vested on the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

20. For one eligible participants, with vesting commencement date on April 30, 2010 and on October 25, 2018 and exercisable 12 months after a qualified IPO is achieved (which the Global Offering qualifies for), at an exercise price of US$0.029 (equivalent to approximately HK$0.23), and US$0.18 (equivalent to approximately HK$1.38), respectively.

SHARE INCENTIVE SCHEMES (CONT'D)

1. Share Option Plan (cont'd)

(c) Outstanding Grants (cont'd)

Notes: (cont'd)

21. For two eligible participants, with vesting commencement date on February 28, 2018 and exercisable if certain employment condition is satisfied, at an exercise price of US$0.03 (equivalent to approximately HK$0.23).

22. For one eligible participant, with vesting commencement date on December 31, 2020 and exercisable when certain product candidates obtain registration certificates and production permits, at an exercise price of US$0.39 (equivalent to approximately HK$3.03); with vesting commencement date on December 31, 2021, the Shares subject to the corresponding options will be vested on the vesting commencement date, and exercisable upon the satisfaction of certain performance conditions as determined by the Board at its discretion, at an exercise price of US$0.39 (equivalent to approximately HK$3.03).

23. For one eligible participant, with vesting commencement date on December 31, 2019 and exercisable when certain sales target is satisfied as determined by the Board at its discretion, at an exercise price of US$0.39 (equivalent to approximately HK$3.04).

24. For 11 eligible participants, with vesting commencement date on December 31, 2021 and in accordance with their respective vesting schedules, the Shares subject to the corresponding options will be vested in equal proportions at annual intervals, upon the satisfaction of certain performance conditions as determined by the Board at its discretion, but in any event not later than the fourth anniversary of the vesting commencement date, and are exercisable at an exercise price of US$0.39 (equivalent to approximately HK$3.04).

25. For one eligible participant, with vesting commencement date on July 31, 2019, and exercisable when certain product candidate successfully completes a clinical trial, at an exercise price of US$0.65 (equivalent to approximately HK$5.06).

26. For 13 eligible participants, with vesting commencement date on December 27, 2019 and exercisable when a qualified IPO is achieved (which the Global Offering qualifies for), at an exercise price of US$0.73 (equivalent to approximately HK$5.69).

27. The exercise price has been adjusted to give effect to the Capitalization Issue and rounded to two decimal places.

Please refer to Note 29 to the consolidated financial statements for further details.

As of December 31, 2025, no other options have been granted or agreed to be granted by our Company under the Share Option Plan.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme

The Company has conditionally approved and adopted an RSU scheme on April 28, 2020. The principal terms of which are set out in the section headed "D. Share Incentive Schemes — 2. RSU Scheme" in Appendix IV to the Prospectus.

(a) Term

Subject to the termination provision of the RSU Scheme, it shall be valid and effective for a period of 10 years commencing on the Listing Date. As such, the remaining life of the RSU Scheme is approximately four years as of the date of this annual report. Upon the expiry of the RSU Scheme, no further Awards (as defined below) will be granted, but the provisions of the RSU Scheme shall in all other respects remain in full force and effect and Awards that are granted during the Term of the RSU Scheme may continue to be exercisable in accordance with their terms of issue.

The Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the RSU Scheme and in such event no further Awards will be granted but in all other respects the provisions of the RSU Scheme shall remain in full force and effect in respect of RSU which are granted during the life of the RSU Scheme and which remain unvested immediately prior to the termination of the operation of the scheme.

(b) Purpose

The purpose of the RSU Scheme is to incentivize eligible participants in the RSU Scheme for their contribution to the Group, to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company.

(c) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following categories of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up the Awards (as defined below):

(i) the employees or officers (including executive, non-executive and independent non-executive Directors);

(ii) any person or entity that provides research, development, consultancy and other technical or operational or administrative support to the Group; and

(iii) any other persons who, in the sole opinion of the Board, have contributed or will contribute to the Company and/or any of its Subsidiaries.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(d) Awards

An award pursuant to the RSU Scheme (an "**Award(s)**") gives a RSU Participant a conditional right when the relevant restricted share unit (an "**RSU(s)**") vests to obtain either Shares or an equivalent value in cash with reference to the market value of the Shares on or about the date of exercise of the RSU, less any tax, stamp duty and other charges applicable, as determined by the Board in its absolute discretion. Each RSU represents one underlying Share.

(e) Grant and Acceptance of Awards

On and subject to the terms of the RSU Scheme and the terms and conditions that the Board imposes pursuant thereto, the Board shall be entitled at any time during the life of the RSU Scheme to make a grant to any RSU Participant, as the Board may in its absolute discretion determine. For the avoidance of doubt, "grant" used in this "Report of Directors — Shares Incentive Schemes — 2. RSU Scheme" section has the meaning as defined under Chapter 17 of the Listing Rules, and such meaning only applies to this section of this Annual Report.

Awards may be granted on such terms and conditions (e.g. by linking the vesting of their RSU to the attainment or performance of milestones by any member of the Group, the grantee or any group of RSU Participants) as the Board may determine, provided such terms and conditions shall not be inconsistent with any other terms and conditions of the RSU Scheme.

A grant shall be made to a RSU Participant in such form as the Board may from time to time determine (the "**Notice of Grant**") and such grant shall be subject to the terms as specified in the RSU Scheme. The RSU Participant shall undertake to hold the Award on the terms on which it is granted and be bound by the provisions of the RSU Scheme. Such Award shall remain open for acceptance by the RSU Participant to whom a grant is made for a period to be determined by the Board, provided that no such grant shall be open for acceptance after May 15, 2030 or after the RSU Scheme has been terminated in accordance with the provisions hereof. To the extent that the Award is not accepted within the period determined by the Board, it will be deemed to have been irrevocably declined and shall immediately lapse.

If the RSU Participant accepts the offer of grant of RSU(s) by signing the Notice of Grant, he is required to sign an acceptance notice and return it to the Company within the period specified and in a manner prescribed in the Notice of Grant. Upon the receipt from the RSU Participant of a duly executed acceptance notice, the RSU(s) is deemed granted to such RSU Participant from the date of the Notice of Grant, and the RSU Participant becomes a grantee (the "**Grantee**") in the RSU Scheme.

(f) Vesting

The Board has the sole discretion to determine the vesting criteria, conditions and the time for any grant of Award(s) to any Grantee (including, if applicable, a purpose price of shares awarded), which may also be adjusted and re-determined by the Board from time to time. If the vesting conditions are not satisfied or waived by the Board, the RSU shall be cancelled automatically on the date on which such conditions are not satisfied, as determined by the Board in its absolute discretion. The Grantee may obtain either Shares or an equivalent value in cash when the Award vests.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(g) Restriction on Grant of Awards

The Board may not grant any Awards where (a) the requisite approvals for that grant from any applicable regulatory authorities have not been obtained; (b) the securities laws or regulations require that a prospectus or other offering documents be issued in respect of the grant of the Awards or in respect the RSU Scheme, unless the Board determines otherwise; (c) where granting the Award would result in a breach by the Company, its subsidiaries or any of the directors of any applicable securities laws, rules or regulations; or where such grant of Award would result in a breach of the limits of the RSU Scheme.

Any Awards granted under the RSU Scheme and any other share scheme (as defined under the Listing Rules) to a specific participant (excluding any options and awards lapsed in accordance with the terms of such scheme) in a 12 month period up to and including the date of an Award shall not exceed 1% of the total issued Share capital of the Company unless such Award is approved by the shareholders of the Company (with the Participant and his/her close associates (or associates if the participant is a connected person) abstaining from voting).

Further, no grant shall be made to, nor shall any grant be capable of acceptance by, any RSU Participant at a time when the RSU Participant would or might be prohibited from dealing in the Shares by any applicable rules, regulations or laws. In particular, where any Award is proposed to be granted to a director of any members of the Group, it shall not be granted on any day on which the financial results of the Company are published and during the period of:

(i) 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Any grant of an Award to any connected person (as defined in the Listing Rules), or any of their respective associates (as defined in the Listing Rules), shall be subject to the prior approval of the independent non-executive directors (excluding the independent non-executive director who is the proposed Grantee of the Awards in question) and shall otherwise be subject to compliance with the requirements of the Listing Rules. Notwithstanding the foregoing, any grant of an Award to a director pursuant to Rule 14A.73(6) of the Listing Rules will be exempted from reporting, announcement and independent Shareholders' approval requirements if the Award forms part of the relevant director's remuneration under his/her service contract.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit

The maximum number of Shares which may be granted under the RSU Scheme is 6,100,420 representing approximately 0.9% of the number of issued Shares capital of the Company (excluding treasury shares) as of December 31, 2025. All of the Shares were held by Trident Trust Company (HK) Limited, a trust established for the administration of the RSU Scheme. No new Shares may be allotted pursuant to the RSU Scheme.

The voting rights attached to the Shares underlying the Award shall at all times be exercised by the enforcer or adviser of Trident Trust Company (HK) Limited in accordance with the terms of the relevant trust deed, provided that in accordance with the Listing Rules, the trustee of Trident Trust Company (HK) Limited holding unvested Shares shall abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

In 2025, the summary of the Awards granted to Directors and service providers under the RSU Scheme as of December 31, 2025 are as follows:

Participant	Date of grant	Number of RSU granted	Vesting period	Closing price of Shares immediately before the date of grant (HK$)	Value of award as at the date of grant[7]	Number of RSUs				Weighted average closing price of Shares immediately before the RSUs were vested (HK$)
						As of January 1, 2025	Vested during the Reporting Period	Cancelled or Lapsed during the Reporting Period[4]	Granted but not vested balance as at December 31, 2025	
Directors										
Robert Ralph PARKS	October 30, 2020	2,835	[1]	24.65	US$12,842	–	–	–	–	5.93
	September 30, 2020	7,056	[1]	26.85	US$25,000	–	–	–	–	
	December 31, 2020	6,871	[1]	28.35	US$25,000	–	–	–	–	
	March 31, 2021	7,828	[1]	24.7	US$25,000	–	–	–	–	
	June 30, 2021	5,359	[1]	35.9	US$25,000	–	–	–	–	
	September 30, 2021	9,129	[1]	20.05	US$25,000	–	–	–	–	
	December 31, 2021	14,586	[1]	12.54	US$25,000	–	–	–	–	
	April 1, 2022	25,709	[1]	7.1	US$25,000	5,142	5,142	–	–	
	June 30, 2022	25,012	[1]	7.69	US$25,000	5,002	5,002	–	–	
	September 30, 2022	31,755	[1]	5.85	US$25,000	6,351	6,351	–	–	
	December 31, 2022	20,020	[1]	9.56	US$25,000	4,004	4,004	–	–	
	April 1, 2023	19,907	[1]	9.83	US$25,000	7,962	3,981	–	3,981	
	June 30, 2023	31,852	[1]	5.86	US$25,035	12,740	6,370	–	6,370	
	September 29, 2023	27,419	[1]	7.25	US$25,000	10,968	5,484	–	5,484	
	December 31, 2023	26,440	[1]	7.39	US$25,000	10,576	5,288	–	5,288	
	June 21, 2024	50,203	[1]	2.87	US$25,000	30,122	10,041	–	20,081	
	June 30, 2024	74,738	[1]	2.28	US$25,000	44,844	14,948	–	29,896	
	September 30, 2024	53,077	[1]	3.42	US$25,000	31,845	10,615	–	21,230	
	December 31, 2024	48,760	[1]	4.06	US$25,000	29,256	9,725	–	19,504	
	March 31, 2025	38,970	[1]	5.13	US$25,000	–	15,588	–	23,382	
	June 30, 2025	30,331	[1]	6.39	US$25,000	–	12,133	–	18,198	
	September 30, 2025	30,307	[1]	6.32	US$25,000	–	12,124	–	18,183	
	December 31, 2025	31,188	[1]	6.12	US$25,000	–	12,474	–	18,714	

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

Participant	Date of grant	Number of RSU granted	Vesting period	Closing price of Shares immediately before the date of grant (HK$)	Value of award as at the date of grant[7]	Number of RSUs				Weighted average closing price of Shares immediately before the RSUs were vested (HK$)
						As of January 1, 2025	Vested during the Reporting Period	Cancelled or Lapsed during the Reporting Period[4]	Granted but not vested balance as at December 31, 2025	
Stephen Newman OESTERLE	September 30, 2020	7,056	[1]	26.85	US$25,000	—	—	—	—	5.93
	June 30, 2020	2,835	[3]	35.8	US$12,842	—	—	—	—	
	December 31, 2020	6,871	[1]	28.35	US$25,000	—	—	—	—	
	March 31, 2021	7,828	[1]	24.7	US$25,000	—	—	—	—	
	June 30, 2021	5,359	[1]	35.9	US$25,000	—	—	—	—	
	September 30, 2021	9,129	[1]	20.05	US$25,000	—	—	—	—	
	December 31, 2021	14,586	[1]	12.54	US$25,000	—	—	—	—	
	April 1, 2022	25,709	[1]	7.1	US$25,000	5,142	5,142	—	—	
	June 30, 2022	25,012	[1]	7.69	US$25,000	5,002	5,002	—	—	
	September 30, 2022	31,755	[1]	5.85	US$25,000	6,351	6,351	—	—	
	December 31, 2022	20,020	[1]	9.56	US$25,000	4,004	4,004	—	—	
	April 1, 2023	19,907	[1]	9.83	US$25,000	7,962	3,981	—	3,981	
	June 30, 2023	31,852	[1]	5.86	US$25,035	12,740	6,370	—	6,370	
	September 29, 2023	27,419	[1]	7.25	US$25,000	10,968	5,484	—	5,484	
	December 31, 2023	26,440	[1]	7.39	US$25,000	10,576	5,288	—	5,288	
	June 21, 2024	50,203	[1]	2.87	US$25,000	30,122	10,041	—	20,081	
	June 30, 2024	74,738	[1]	2.28	US$25,000	44,844	14,948	—	29,896	
	September 30, 2024	53,077	[1]	3.42	US$25,000	31,845	10,615	—	21,230	
	December 31, 2024	48,760	[1]	4.06	US$25,000	29,256	9,752	—	19,504	
	March 31,2025	38,970	[1]	5.13	US$25,000	—	15,588	—	23,382	
	June 30,2025	30,331	[1]	6.39	US$25,000	—	12,133	—	18,198	
	September 30,2025	30,307	[1]	6.32	US$25,000	—	12,124	—	18,183	
	December 31,2025	31,188	[1]	6.12	US$25,000	—	12,474	—	18,714	
Service Providers[5][8]										
	June 1, 2020	10,844	[2]	25.35	US$37,500	—	—	—	—	6.55
	September 1, 2020	10,693	[2]	25.8	US$37,500	—	—	—	—	
	December 1, 2020	14,067	[2]	20.6	US$37,500	—	—	—	—	
	March 1, 2021	11,766	[2]	23.8	US$37,500	—	—	—	—	
	June 1, 2021	10,034	[2]	28.95	US$37,500	—	—	—	—	
	September 1, 2021	12,802	[2]	22.85	US$37,500	—	—	—	—	
	October 14, 2021	50,000	[2]	20.6	US$131,213	—	—	—	—	
	December 1, 2021	16,228	[2]	16.78	US$37,500	—	—	—	—	
	March 1, 2022	22,593	[2]	12.3	US$37,500	—	—	—	—	
	May 31, 2022	43,283	[2]	6.48	US$37,500	—	—	—	—	
	August 31, 2022	46,721	[2]	6.25	US$37,500	—	—	—	—	
	December 1, 2022	49,186	[2]	7.73	US$50,000	—	—	—	—	
	September 21, 2020	60,133[9]	[10]	28.6	RMB1,500,000	35,130[6]	35,130	—	—	
	March 1, 2023	17,064	[2]	11.38	US$25,000	–	—	—	—	
	June 1, 2023	27,281	[3]	6.82	US$25,000	–	—	—	—	
	September 1, 2023	27,002	[3]	7.26	US$25,000	–	—	—	—	
	December 1, 2023	24,351	[3]	8.01	US$25,000	–	—	—	—	
	March 1, 2024	38,001	[3]	5.08	US$25,000	—	—	—	—	
	June 1, 2024	53,403	[3]	3.66	US$25,000	—	—	—	—	

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

Notes:

1. RSUs were granted on a quarterly basis on March 31, June 30, September 30 and December 31 unless otherwise agreed. 40% of the RSUs granted shall vest immediately upon granting, 20%, 20% and 20% of the RSUs granted shall vest on the first, second and third anniversary of the respective grant dates. The RSUs are granted with the purchase price of zero.

2. The Award vests immediately upon grant. The RSUs are granted with the purchase price of zero.

3. The Award vests immediately upon grant. The RSUs are granted with the purchase price of zero.

4. No RSUs granted to Directors or service providers were cancelled or lapsed during the Reporting Period.

5. One of the service providers is a consultant, who is a former employee of Peijia Medical. He had resigned from Peijia Medical on December 31, 2021 and became a consultant of Peijia Medical immediately upon his resignation. Pursuant to a contract entered into on January 1, 2022 between the Company, Peijia Suzhou, and the consultant, the RSUs held by the consultant continue to remain valid.

6. Number of RSUs under the award as of January 1, 2025 and December 31, 2025 are indicative only, and are based on the exchange rate of HK$1:RMB0.89327 and the closing price of the Shares on December 31, 2022, being HK$9.56 per Share. The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date.

7. Awards granted to Directors and service providers were granted with reference to a fixed monetary value. Therefore, no valuation on the fair value of the award as of the date of grant was made on the RSUs granted.

8. No service providers were granted RSUs in any 12-month period exceeding 0.1% of the issued Shares.

9. The award was granted at an absolute monetary value of RMB1,500,000. Number of RSUs under the award is indicative only, and is based on the exchange rate of HK$1:RMB0.87219 and the closing price of the Shares on September 21, 2020, being HK$28.6 per Share. The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date. The RSUs are granted with the purchase price of zero.

10. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of the grant date respectively. The RSUs are granted with the purchase price of zero.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

The summary of the Awards granted to employees (excluding Directors) under the RSU Scheme as of December 31, 2025 are as follows:

Date of grant	Monetary value of the Award[1] (RMB)	Vesting Period	Closing price of Shares immediately before the date of grant (HK$)	Indicative number of RSUs under the unvested Award as of January 1, 2025[4]	Monetary value of the unvested Award as of January 1, 2025 (RMB)	Number of RSUs vested during the Reporting Period[17]	Number of RSUs lapsed during the Reporting Period[3]	Indicative number of RSUs under the unvested Award as of December 31, 2025[4]	Monetary value of the unvested Award as of December 31, 2025 (RMB)
Employees (excluding Directors)[5]									
October 12, 2020	2,000,000	[7]	28	70,260	600,000	103,824	—	—	—
December 21, 2020	7,000,000	[8]	24.4	234,201	2,000,000	363,374	—	—	—
April 1, 2022	3,000,000	[13]	7.1	140,521	1,200,000	109,012	—	70,260	600,000
March 1, 2021	5,000,000	[6]	23.8	234,201	2,000,000	—	—	234,201	2,000,000
April 1, 2021	1,050,000	[10]	24.75	—	—	—	—	—	—
March 1, 2021	350,000	[18]	23.8	24,591	210,000	18,921	—	16,394	140,000
November 4, 2021	750,000	[16]	17.28	87,825	750,000	—	—	87,825	750,000
November 4, 2021	426,023[15]	[12]	17.28	39,910	340,818	65,146	—	14,966	127,807
November 4, 2021	1,789,296[15]	[12]	17.28	167,622	1,431,438	—	—	167,622	1,431,438
November 4, 2021	1,278,069[15]	[12]	17.28	119,730	1,022,455	195,437	—	44,899	383,421
January 1, 2023	1,250,000	[9]	7.31	87,825	750,000	58,256	—	58,550	500,000
May 25, 2023	1,000,000	[11]	7.46	—	—	—	—	—	—
May 25, 2023	5,660,404	[11]	7.46	—	—	—	—	—	—
September 25, 2023	1,140,000	[14]	6.96	106,796	912,000	—	—	106,796	912,000
March 31, 2024	331,907	[11]	3.66	—	—	—	—	—	—
April 1, 2025	970,544	[11]	4.99	—	—	200,000	—	—	—
Including: top five highest paid employees[5]									
December 21, 2020	7,000,000	[8]	24.4	234,201	2,000,000	363,374	—	—	—
April 1, 2022	3,000,000	[13]	7.1	140,521	1,200,000	109,012	—	70,260	600,000
April 1, 2021	1,050,000	[10]	24.75	—	—	—	—	—	—
May 25, 2023	5,660,404	[11]	7.46	—	—	—	—	—	—
March 31, 2024	331,907	[11]	3.66	—	—	—	—	—	—
April 1, 2025	970,544	[11]	4.99	—	—	200,000	—	—	—

Notes:

1. Awards granted to employees (other than directors) were in an absolute monetary amount as at the date of grant. The number of RSUs to be vested is determined at each vesting date. Therefore, no valuation on the fair value of the award as of the date of grant was made on the RSU granted.

2. The RSUs were granted with the purchase price of zero.

3. No RSUs were cancelled during the Reporting Period.

4. The number of RSUs under the award as of January 1, 2025 and December 31, 2025 are indicative only, and are based on the exchange rate of HK$1:RMB0.89327 and the closing price of the Shares on December 31, 2022, being HK$9.56 per Share. The number of RSUs eventually received by the participant may be greater or smaller than the indicated amount, as the number of RSUs to be vested is determined at each vesting date.

5. The weighted average closing price of Shares immediately before the RSUs were vested during the Reporting Period for employees (excluding Directors) was HK$16.98. The weighted average closing price of Shares immediately before the RSUs were vested during the Reporting Period for the top five highest paid employees is HK$15.82.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

Notes: (cont'd)

6. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of the grant date respectively.

7. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 15% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first and second anniversary of the grant date respectively; RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on the third and fourth anniversary of the grant date respectively; RSUs worth 30% of the monetary value of the Award (calculated at each vesting date) shall be vested on the fifth anniversary of the grant date.

8. The Award has a vesting term of 5 years from the grant date. The Award shall be vested according to the vesting schedule: RSUs worth 12.9% of the monetary value of the Award (calculated at vesting date) shall be vested on the first anniversary of the grant date; RSUs worth 15.7% of the monetary value of the Award (calculated at vesting date) shall be vested on the second anniversary of the grant date; RSUs worth 19.3% of the monetary value of the Award (calculated at vesting date) shall be vested on the third anniversary of the grant date; RSUs worth 23.6% of the monetary value of the Award (calculated at vesting date) shall be vested on the fourth anniversary of the grant date; RSUs worth 28.5% of the monetary value of the Award (calculated at vesting date) shall be vested on the fifth anniversary of the grant date.

9. The Award has a vesting term of 5 years from April 18, 2022. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on April 17, 2023, April 17, 2024, April 17, 2025, April 17, 2026, and April 17, 2027 respectively.

10. The Award has a vesting term of 3 years from the grant date. The RSUs shall be vested according to the vesting schedule: RSU worth one-third of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second and third anniversary of the grant date respectively.

11. The Award vests immediately upon grant.

12. The Award has a vesting term of 5 years from January 1, 2021. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2022; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2024; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025.

13. The Award has a vesting term of 5 years from December 21, 2021. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of December 21, 2021 respectively.

14. The Award has a vesting term of 4 years from January 1, 2023. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2023; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2026.

15. The remuneration under the relevant employee contracts were denominated in Hong Kong dollars. The monetary value of the award was based on the exchange rate on November 4, 2021 of HK$1:RMB0.82155.

16. The Award has a vesting term of 5 years from January 1, 2022. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2023; RSUs worth 50% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2025; RSUs worth 30% of the monetary value of the Award (calculated at the vesting date) shall be vested on December 31, 2026.

17. At the sole discretion of the Board, the Grantees may obtain either Shares or an equivalent value in cash, with reference to the market value of the Shares on or about the vesting date.

SHARE INCENTIVE SCHEMES (CONT'D)

2. RSU Scheme (cont'd)

(h) General and Maximum Limit (cont'd)

Notes: (cont'd)

18. The Award has a vesting term of 5 years from March 1, 2022. The Award shall be vested according to the vesting schedule: RSUs worth 20% of the monetary value of the Award (calculated at each vesting date) shall be vested on each of the first, second, third, fourth and fifth anniversary of March 1, 2022 respectively.

None of the grantees were chief executive or substantial shareholders of the Company, or their respective associates during the Reporting Period.

Please refer to Note 29 to the consolidated financial statements for further details.

3. Share Option Scheme

The Company has conditionally approved and adopted a Share Option Scheme on April 28, 2020.

A summary of the principal terms of which are set out in the section headed "D. Share Incentive Schemes — 3. Share Option Scheme" in Appendix IV to the Prospectus.

(a) Term

Subject to the termination provision of the Share Option Scheme, it shall be valid and effective for a period of 10 years commencing on the Listing Date. As such, the remaining life of the Share Option Scheme is approximately four years as of the date of this annual report. Upon the expiry of the Share Option Scheme, no further Options will be granted, but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect and Options that are granted during the Term of the Share Option Scheme may continue to be valid and exercisable in accordance with the Share Option Scheme.

The Company by ordinary resolution of the Board may at any time resolve to terminate the operation of the Share Option Scheme and in such event no further Options shall be offered but the provisions of this Scheme shall remain in force to the extent necessary to give effect to the exercise of any Option granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme and Options granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(b) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine the performance targets to be achieved as well as the vesting period and exercise period of an option on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(c) Who may join

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares:

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(c) Who may join (cont'd)

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and

(ii) any advisers, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly-owned by one or more persons belonging to any of these classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of the Group to any person who falls within any of these classes of participants shall not, by itself, unless the Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of these class of participants to the grant of any option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to the participant's contribution to the development and growth of the Group.

(d) Maximum number of Shares

(i) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not in aggregate exceed 10% of the Shares in issue on the day on which trading of the Shares commenced on the Stock Exchange, such 10% limit represents 61,004,200 (the "**General Scheme Limit**"), but excluding any Shares issued upon the exercise of the Over-allotment Option, which represents approximately 9.08% of issued shares as at the date of this report.

(ii) Without prejudice to paragraph (iii) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option scheme of the Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.03C(2) of the Listing Rules.

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(d) Maximum number of Shares (cont'd)

(iii) Without prejudice to paragraph (ii) above, the Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (ii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 17.03C(3) of the Listing Rules.

(e) Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Company (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "**Individual Limit**"). Any further grant of options in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his close associates (or his associates if the participant is a connected person) abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Rule 17.03(9) and Rule 17.03E of the Listing Rules.

(f) Grant of options to connected persons

(i) Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

(ii) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

1. representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

2. having an aggregate value, based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet the date of the offer of grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(f) Grant of options to connected persons (cont'd)

such further grant of options must be approved by the Shareholders in a general meeting. The Company must send a circular to its Shareholders. The grantee, his associates and all core connected persons of the Company must abstain from voting in favor of the relevant resolution at such general meeting. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by the Shareholders in a general meeting.

(g) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a Business Day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five Business Days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five Business Days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any Business Day falling within the period before Listing); and (iii) the nominal value of a Share on the date of grant. The amount payable per Share on subscription or acceptance of the underlying options under the Share Option Scheme is HK$1.00, and the period within which payments must be made is five business days from the date on which the letter containing the offer to the underlying options under the Share Option Scheme is delivered to the eligible participant.

Please refer to Note 29 to the consolidated financial statements for further details.

The summary of the options granted under the Share Option Scheme that were still outstanding as of December 31, 2025 are as follows:

Grantee	Position/ Relationship	Date of Grant	Vesting Period	Exercise Period	Exercise Price[5] (HK$)	As of January 1, 2025	Granted during the Year	Exercised during the Year	Cancelled during the Year	Lapsed during the Year	As of December 31, 2025
195 Employees	Other employee participants	2021/12/7	2021/1/1–2025/12/31	2021/12/7–2031/12/6	15.97	1,659,893	—	—	374,397	161,362	1,124,134
		2021/12/7	2021/7/1–2026/6/30	2021/12/7–2031/12/6	15.97	302,339	—	—	273,667	—	28,672
		2021/12/7	2022/1/1–2024/12/31	2021/12/7–2031/12/6	15.97	100,000	—	—	—	—	100,000
		2021/12/7	2022/1/1–2026/12/31	2021/12/7–2031/12/6	15.97	2,900,937	—	—	1,634,424	131,371	1,135,142
70 Employees	Other employee participants	2023/01/19	2023/01/19–2027/01/18	2023/01/19–2033/01/18	11.44	1,086,360	—	—	507,232	174,080	405,048
		2023/01/19	2023/01/19–2028/01/18	2023/01/19–2033/01/18	11.44	675,340	—	—	134,816	140,456	400,068
159 Employees	Other employee participants	2025/5/13	2025/5/13–2028/5/12	2025/5/13–2035/5/12	5.7	—	1,439,400	—	—	61,302	1,378,098
						6,724,869	1,439,400	—	2,924,536	668,571	4,571,162

SHARE INCENTIVE SCHEMES (CONT'D)

3. Share Option Scheme (cont'd)

(g) Subscription price for Shares and consideration for the option (cont'd)

Notes:

(1) During the Reporting Period, a total of 668,571 share options lapsed due to 42 employees resigning from the Group.

(2) The closing price per Share immediately before the grant date (December 7, 2021) was HK$15.26. The closing price per Share immediately before the grant date (January 19, 2023) was HK$10.96.

(3) Performance targets: the Grantees must (i) achieve Grade B or above in their respective performance appraisals; and (ii) remain as employees of the Company when the relevant Share Options are vested.

(4) The fair value of the share options granted on December 7, 2021 was approximately HK$53,117,000. The fair value of the share options granted on January 19, 2023 was approximately HK$10,140,000. The fair value of the option granted on May 13, 2025 was approximately HK$2.66. The accounting standard and policy adopted to estimate the fair value of the awards at the date of grant per Share is set out in Note 27 of the Notes to Financial Statements.

(5) The exercise price of the options was the average of the closing prices of the Shares as stated in the daily quotations sheet by the Stock Exchange for the five business days immediately preceding the date of grant.

As of December 31, 2025, assuming that all outstanding options to subscribe for aggregate of 4,571,162 Shares are exercised, the remaining total number of Shares available for issue under the Share Option Scheme is 56,433,038 Shares, representing approximately 8.40% of the issued share capital of the Company (excluding treasury shares) as at the date of this annual report.

As of January 1, 2025, the number of options available for grant under the scheme mandate was 54,279,331. 56,433,038 options were available for grant under the scheme mandate as of December 31, 2025.

As no options or award may be granted under the Share Option Plan after the Listing Date, and 1,439,400 options were granted during the Reporting Period under the Share Option scheme, the calculation under Rule 17.07(3) (being the number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Reporting Period, divided by the weighted average number of Shares in issue (excluding treasury Shares) for the Reporting Period) is 0.216%.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

The emoluments of the Directors and senior management of the Group are decided by the Board with reference to the recommendation given by the Remuneration Committee, having regard to the individual performance and comparable market statistics.

Details of the Directors' emoluments and emoluments of the five highest paid individual in the Group are set out in Note 13 to the consolidated financial statements.

For the year ended December 31, 2025, no emoluments were paid by the Group to any Director or any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Directors has waived or agreed to waive any emoluments for the year ended December 31, 2025.

Except as disclosed above, a total of 1,235,869 Shares have been granted and paid to two independent non-executive Directors, namely Dr. Stephen Newman OESTERLE and Mr. Robert Ralph PARKS, under the RSU Scheme, by the Group to or on behalf of any of the Directors.

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance has been entered into among the Company or any of its subsidiaries and the Controlling Shareholders or any of its subsidiaries during the year ended December 31, 2025 or subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contract, concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year ended December 31, 2025.

MATERIAL LEGAL PROCEEDINGS

The Group was not involved in any material legal proceeding during the year ended December 31, 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

From September 1, 2020, to December 31, 2025, the trustee of the RSU Scheme has purchased an aggregate of 5,859,000 Shares (representing approximately 0.8718% of the total issued share capital of the Company as at December 31, 2025) under the RSU Scheme. Please refer to section headed "Report of Directors — SHARE INCENTIVE SCHEME — 2. RSU Scheme" and Note 27 to the consolidated financial statements for further details.

Save as disclosed above, neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities or sold any treasury shares (as defined under the Listing Rules) during the Reporting Period. As at December 31, 2025, the Company did not hold any treasury shares.

AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 were audited by Deloitte Touche Tohmatsu who were appointed as the Company's auditor on September 30, 2024 after the retirement of PricewaterhouseCoopers at the conclusion of the Company's annual general meeting on September 30, 2024. Save as disclosed above, there has been no other change of auditor for the preceding three years.

ANNUAL GENERAL MEETING

The 2026 annual general meeting of the Company (the "**AGM**") will be held on May 29, 2026. Notice of the 2026 AGM and all other relevant documents will be published and despatched to Shareholders in due course.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 85 to 103 of this annual report.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Save for those disclosed in this report, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this report.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this annual report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

On behalf of the Board
Peijia Medical Limited

Dr. Yi ZHANG
Chairman and Executive Director

Hong Kong, March 25, 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the corporate governance report for the Company for the year ended December 31, 2025.

CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole. The Company has adopted the code provisions as set out in the CG Code, as its own code to govern its corporate governance practices.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Dr. ZHANG is the Chairman of the Board and Chief Executive Officer of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Dr. ZHANG is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of the Chairman of the Board and the Chief Executive Officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Dr. ZHANG), three non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition.

In the opinion of the Directors, save and except for the above deviation, the Company has complied with the other relevant code provisions contained in the CG Code during the year ended December 31, 2025.

The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

COMPANY'S CULTURE

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

During 2025, the Company continued to strengthen its cultural framework by focusing on the following:

- Vision: To be a respected global high-tech medical enterprise focusing on patients and holding to its original spirit.
- Mission: Committed to providing safe, effective and affordable products and solutions, alleviating the suffering of patients and improving patients' quality of life through ongoing innovation.
- Values: Dedication with Passion, Devotion for Life.

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

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

Anti-corruption Policy

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

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

Whistleblowing Policy

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

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Under the current organization structure of the Company, Dr. ZHANG is the chairman of the Board and Chief Executive Officer of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Dr. ZHANG is in charge of overall management, business, strategic development and scientific research and development of the Group. The Board considers that vesting the roles of the chairman of the Board and the Chief Executive Officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals.

In general, the chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the business of the Group. The two roles are performed by Dr. ZHANG distinctly. The Board considers that vesting the roles of the chairman of the Board and the Chief Executive Officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises three Executive Directors (including Dr. ZHANG), four non-executive Directors and four independent non-executive Directors, and therefore has a strong independent element in its composition. We also consider that the current structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiries, all Directors confirmed that they have complied with the Model Code during the year ended December 31, 2025. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the year ended December 31, 2025.

BOARD OF DIRECTORS

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

As at the date of this annual report, the composition of the Board is as followings:

Executive Directors:

Dr. Yi ZHANG *(Chairman and Chief Executive Officer)*
Mrs. Ping Ye ZHANG
Ms. Hong YE

Non-executive Directors:

Mr. Jifeng GUAN
Mr. Fei CHEN
Mr. Jun YANG

Independent Non-executive Directors:

Dr. Stephen Newman OESTERLE
Mr. Robert Ralph PARKS
Mr. Wai Ming YIP
Mr. Huacheng WEI

The biographical details of the Directors are set out in the section headed "Directors and Senior Management" on pages 38 to 50 of this annual report.

Dr. ZHANG and Mrs. Ping Ye ZHANG are spouses, and Dr. ZHANG is the brother-in-law of Ms. Hong YE. Ms. Hong YE is a sibling of Mrs. Ping Ye ZHANG, and the sister-in-law of Dr. ZHANG.

Except as disclosed above, there is no other relationship (including financial, business, family or other material/relevant relationship(s)) between the Board members.

Save as disclosed above, for the period from the Listing Date and up to the date of this annual report, the Board at all times met the requirements of Rules 3.10(1), 3.10(2) and 3.10(A) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise and the appointment of independent non-executive Directors representing at least one-third of the Board. Among the four independent non-executive Directors, Mr. Wai Ming Yip has appropriate professional qualifications or accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

DIRECTORS' AND SENIOR MANAGEMENT'S LIABILITY INSURANCE AND INDEMNITY

The Company has arranged appropriate liability insurance to indemnify the Directors and senior management of the Company for their liabilities arising out of corporate activities. The insurance coverage will be reviewed on an annual basis.

BOARD MEETINGS AND COMMITTEE MEETINGS

The Company adopts the practice of holding Board meetings regularly, at least four times a year, and at approximately quarterly intervals. Both the Nomination Committee and the Remuneration Committee shall meet at least once every year and the Audit Committee shall meet at least twice a year. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other Board and committee meetings, reasonable notice is generally given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before the intended date of the meeting to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman of the Board or the committee members prior to the meeting. Minutes of meetings are kept by the company secretary with copies circulated to relevant Board or Board Committee for comments and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail to reflect the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Board or committee members and dissenting views expressed. Draft minutes of each Board meeting and committee meeting are sent to the relevant Board or committee members for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

4 Board meetings, 2 Audit Committee meetings, 1 Remuneration Committee meeting and 1 Nomination Committee meeting were held during the year ended December 31, 2025. The Company expects to continue to convene at least four regular meetings in each financial year at approximately quarterly intervals in accordance with code provision C.5.1 of the CG Code.

BOARD MEETINGS AND COMMITTEE MEETINGS (CONT'D)

A summary of the attendance record of the Directors at Board meetings and committee meetings during the year ended to December 31, 2025 is set out in the following table below:

Name of Director	Number of meeting(s) attended/number of meeting(s) held during the year ended December 31, 2025			
	Board	Audit Committee	Remuneration Committee	Nomination Committee
Executive Directors:				
Dr. Yi ZHANG	4/4	Not Applicable	Not Applicable	1/1
Mrs. Ping Ye ZHANG	4/4	Not Applicable	Not Applicable	Not Applicable
Ms. Hong YE	4/4	Not Applicable	Not Applicable	Not Applicable
Non-executive Directors:				
Mr. Jifeng GUAN	4/4	2/2	Not Applicable	Not Applicable
Mr. Fei CHEN	4/4	Not Applicable	Not Applicable	1/1
Mr. Jun YANG	4/4	Not Applicable	Not Applicable	Not Applicable
Independent Non-executive Directors:				
Dr. Stephen Newman OESTERLE	4/4	Not Applicable	1/1	1/1
Mr. Robert Ralph PARKS	4/4	2/2	1/1	Not Applicable
Mr. Wai Ming YIP	4/4	2/2	Not Applicable	1/1
Mr. Huacheng WEI	4/4	2/2	1/1	1/1

None of the Board or committee meetings were attended by an alternate of the Director.

GENERAL MEETING

During the year ended December 31, 2025, a general meeting was held. All Directors attended the general meeting.

CONFIRMATION OF INDEPENDENCE BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

The Company has received written annual confirmation from each independent non-executive Director of their independence pursuant to the requirements of Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

All Directors, including 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. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

As regards the CG Code provision requiring directors to disclose the number and nature of offices held in public companies or organizations and other significant commitments as well as their respective identity of the public companies or organizations and the time involved to the issuer, Directors have agreed to disclose, and already disclosed their commitments to the Company in a timely manner.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has renewed a service contract with the Company for a term of three years with effect from May 15, 2023.

Each of the non-executive Directors has renewed a letter of appointment with the Company for an initial term of three years with effect from the May 15, 2023.

Each of the independent non-executive Directors has renewed a letter of appointment with the Company for a term of three years with effect from May 15, 2023, except Mr. Huacheng WEI, who has renewed a letter of appointment for a term of three years commencing from September 20, 2024.

Save as disclosed above, none of the Directors has or is proposed to have entered into any service agreement or letter of appointment with any member of the Group (excluding agreements expiring or determinable by any member of the Group within one year without payment of compensation other than statutory compensation).

APPOINTMENT AND RE-ELECTION OF DIRECTORS (CONT'D)

In accordance with the Articles of Association, all the Directors are subject to retirement by rotation and re-election at annual general meeting of the Company. Pursuant to the Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director appointed pursuant to article 16.2 or article 16.3 of the Articles of Association shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the annual general meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

The procedures and process of appointment, re-election and removal of directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring and make recommendations to the Board on the appointment, re-election and succession planning of Directors, in particular the chairman of the Board and the chief executive officer of the Company.

RESPONSIBILITIES, ACCOUNTABILITIES AND CONTRIBUTIONS OF THE BOARD AND MANAGEMENT

The Board is the primary decision making body of the Company and is responsible for overseeing the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board makes decisions objectively to safeguard in the interests of the Company and its Shareholders. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. Before entering into any significant transactions or commitments on behalf of the Company, senior management of the Group should obtain prior approval and authorization from the Board.

To oversee particular aspects of the Company's affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board committees responsibilities as set out in their respective terms of reference. All Board committees are provided with sufficient resources to perform their duties.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders at all times.

BOARD COMMITTEES

Audit Committee

The Company has established an Audit Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code. The written terms of reference of the Audit Committee are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Audit Committee consists of three independent non-executive Directors being Mr. Wai Ming YIP, Mr. Robert Ralph PARKS and Mr. Huacheng WEI, and one non-executive Director, namely Mr. Jifeng GUAN. The chairman of the Audit Committee is Mr. Wai Ming YIP. Mr. Wai Ming YIP holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

During the year ended December 31, 2025, the Audit Committee convened two meetings. The attendance record of the Directors at meetings of the Audit Committee is set out in the table on page 89.

During the meeting(s), the audit committee:

- reviewed the Group's policies on corporate governance and discussed the same with the Board, reviewed the financial reporting system, compliance procedures, internal control and risk management systems (including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions) and associated processes and the reappointment of the external auditor and fulfilled duties as required aforesaid. The Board had not deviated from any recommendation given by the audit committee on the selection, appointment, resignation or dismissal of external auditor.
- reviewed the annual results of the Company and its subsidiaries for the year ended December 31, 2024 and the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit.
- discussed with the Company's management, and reviewed the unaudited interim financial statement of the Company and its subsidiaries for the six months ended June 30, 2025.
- There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

Remuneration Committee

The Company has established a Remuneration Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph E.1 of the CG Code. The written terms of reference of the Remuneration Committee are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Remuneration Committee consists of three independent non-executive Directors being Mr. Huacheng WEI, Dr. Stephen Newman OESTERLE and Mr. Robert Ralph PARKS. The Remuneration Committee is chaired by Mr. Robert Ralph PARKS.

The primary duties of the Remuneration Committee include, but are not limited to, the following: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management of the Group and on the establishment of a formal and transparent procedure for developing policy on such remuneration; (ii) determining the specific remuneration packages of all Directors and senior management; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by our Board from time to time; and (iv) reviewing and/or approving matters relating to Share Incentive Schemes. The Remuneration Committee has adopted the second model described in code provision E.1.2(c) of Part 2 of the CG Code.

BOARD COMMITTEES (CONT'D)

Remuneration Committee (cont'd)

During the year ended December 31, 2025, one Remuneration Committee meeting was held. The attendance record of the Directors at meetings of the Remuneration Committee is set out in the table on page 89.

During the Reporting Period, the Remuneration Committee reviewed the remuneration packages of our Directors and senior management, reviewed and approved matters relating to Share Incentive Schemes, and made recommendations on employee benefit arrangements.

Details of the remuneration payable to each Director of the Company for the year ended December 31, 2025 are set out in Note 13 to the consolidated financial statements.

The remuneration of the members of senior management by band for the year ended December 31, 2025 is set out below:

Remuneration bands (HKD)	Number of persons
1,000,000-1,500,000	3
1,500,001–2,000,000	5
2,000,001–2,500,000	1
Total	9

Nomination Committee

The Company has established a Nomination Committee on April 28, 2020 (effective from the Listing Date) with written terms of reference in compliance with paragraph B.3 of the CG Code. The written terms of reference of the Nomination Committee which sets out the selection criteria and nomination procedures for identifying and recommending candidates for appointment or reappointment of Director, are available on the respective website of the Stock Exchange and the Company. As at the date of this annual report, the Nomination Committee consists of three independent non-executive Directors being Dr. Stephen Newman OESTERLE, Mr. Huacheng WEI and Mr. Wai Ming YIP, two executive Directors being Dr. ZHANG and Ms. Hong YE. The Nomination Committee is chaired by Dr. ZHANG.

The primary duties of the Nomination Committee include, without limitation, (i) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board; (ii) developing the criteria, process and procedures for identifying and assessing the qualifications of and evaluating candidates for directorship, including standards for determining Director independence and criteria for the evaluation of Director performance; (iii) assessing the independence of independent non-executive Directors; and (iv) making recommendations to our Board on matters relating to the appointment or re-appointment of Directors and succession planning for Directors, in particular, the chairman of the Board and the chief executive of the Company.

During the year ended December 31, 2025, one Nomination Committee meeting was held. The attendance record of the Directors at meetings of the Nomination Committee is set out in the table on page 89.

BOARD COMMITTEES (CONT'D)

Board Diversity Policy

The nomination committee (or the board) shall have a policy concerning diversity of board members, and shall disclose the policy on diversity or a summary of the policy in the corporate governance report.

In order to enhance the effectiveness of the Board and to maintain the high standard of corporate governance, the Company has adopted the board diversity policy (the "**Board Diversity Policy**") which sets out our objectives and approach to achieve and maintain diversity of the Board. Pursuant to the Board Diversity Policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to the Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to the Board.

The Board Diversity Policy specifies that in the appointment of Directors will be based on meritocracy, and candidates will be evaluated against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, industry and professional experience.

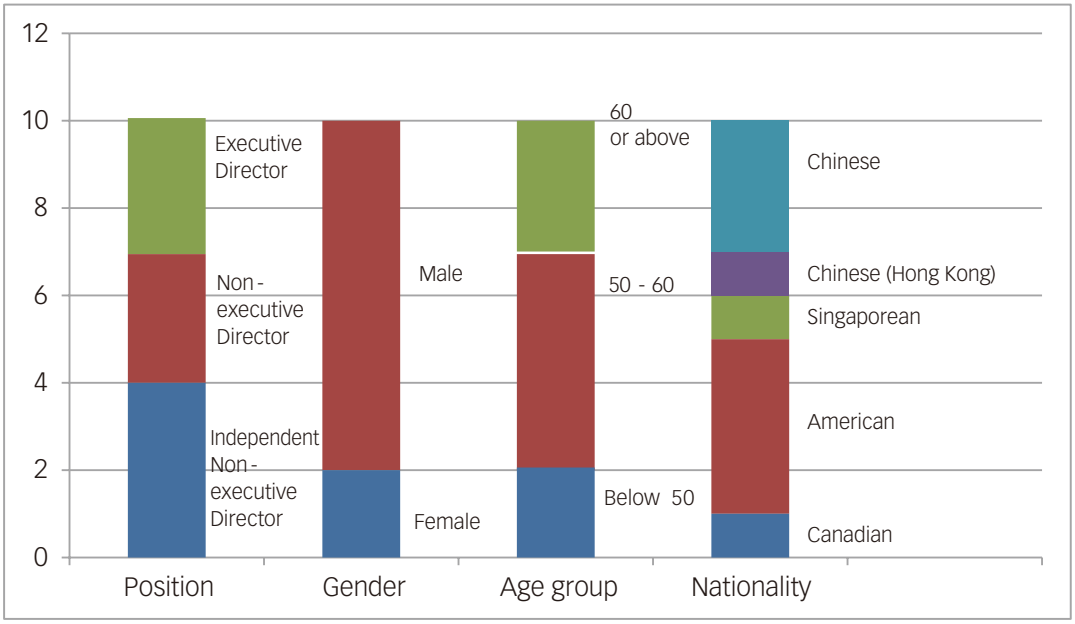
The Nomination Committee is responsible for reviewing the diversity of the Board, and it will continue to monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness. The Nomination Committee reviews the implementation of the Board Diversity, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives on an annual basis.

Currently, the Board comprises ten members, including three executive Directors, three non-executive Directors and four independent non-executive Directors. The Board Diversity Policy is well implemented as evidenced by the fact that there are currently two female and eight male Directors ranging from 45 years old to 81 years old with experience from different industries and sectors. Our Directors have a balanced mix of knowledge, skills, perspectives and experience, including overall management and strategic development, business, science, investment, accounting and consulting. They obtained professional and academic qualifications including business administration, applied physics, biological sciences, English language and literature, and philosophy.

BOARD COMMITTEES (CONT'D)

Board Diversity Policy (cont'd)

As at the date of this annual report, the diversity of the Board is illustrated as below. Further details on the biographies and experience of the Directors are set out on page 38 to 48 of this annual report.



The Nomination Committee has reviewed the membership, structure and composition of the Board, and is of the opinion that the structure of the Board is reasonable, and the experiences and skills of the Directors in various aspects and fields can enable the Company to maintain high standard of operation. Taking into account our existing business model and specific needs as well as the different background of our Directors, in the opinion of the Board, the current composition of the Board satisfies our Board Diversity Policy, and the Board and the Nomination Committee will assess the Board composition regularly. We will also continue to take steps to promote gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels.

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 the date of December 31, 2025:

	Female		Male	
Board	20.0%	2	80.0%	8
Senior Management	44.4%	4	55.6%	5
Other employees	66.7%	676	33.3%	337

BOARD COMMITTEES (CONT'D)

Gender Diversity (cont'd)

The Company had targeted to achieve and had achieved 20.0% (2) of female Directors, 44.4% (4) of female senior management and 66.7% (676) of female employees of the Group and considers that the above current gender diversity is satisfactory. The Company will continue to maintain gender diversity on the Board and the Nomination Committee will proactively consider the increase in the proportion of female members when selecting and making recommendations on suitable candidates for Board membership. Through the Board Diversity Policy of the Company and the annual assessment by Nomination Committee on the Board structure, the Company could develop a pipeline of potential successors to the Board to achieve gender diversity. Based on business development and operational needs, the Company will take into full consideration of the following factors when recruiting its employees, including skills, age and gender diversity, and will strive to achieve a balanced proportion of our employee in skills, age and gender.

Board Independence

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

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

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

Dividend Policy

The Company has never declared or paid regular cash dividends on its ordinary Shares. The Company currently expect to retain all future earnings for use in the operation and expansion of the business and do not anticipate paying cash dividends in the foreseeable future. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents and the Cayman Companies Act. The declaration and payment of any dividends in the future will be determined by the Board, in its discretion, and will depend on a number of factors, including our earnings, capital requirements, overall financial condition and contractual restrictions. Our Shareholders in a general meeting may approve any declaration of dividends, which must not exceed the amount recommended by our Board. As advised by our Cayman legal adviser, under the Companies Act, a Cayman Islands company may pay a dividend out of either profits or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. In light of our accumulated losses as disclosed in the Prospectus, it is unlikely that we will be eligible to pay a dividend out of our profits in the foreseeable future. We may, however, pay a dividend out of our share premium account unless the payment of such a dividend would result in our Company being unable to pay our debts as they fall due in the ordinary course of business.

BOARD COMMITTEES (CONT'D)

Dividend Policy (cont'd)

If we pay dividends in the future, in order for us to distribute dividends to our shareholders, we will rely to some extent on any dividends distributed by our PRC subsidiaries. Any dividend distributions from our PRC subsidiaries to us will be subject to PRC withholding tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. For details, please refer to the paragraphs headed "Risk Factors — Risks Relating to Doing Business in China — Payment of dividends is subject to restrictions under PRC law and regulations" and "Financial Information — Dividend" in the Prospectus.

Nomination Policy

The Company has adopted a director nomination policy (the "**Director Nomination Policy**") in accordance with the CG Code. The Director Nomination Policy sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

The Nomination Committee shall identify, consider and recommend to the Board appropriate candidates to serve as Directors and to make recommendations to the Shareholders. The ultimate responsibility for selection and appointment of Directors rests with the entire Board.

The Nomination Committee will recommend to the Board for the nomination, appointment of new Directors in accordance with the following procedures and process: (a) the Nomination Committee shall first review and assess factors relating to the diversity of the Board, including but not limited to professional experience, skill, knowledge and length of service, gender, age, cultural and education background, and give consideration to the candidate's willingness to devote adequate time to the Board and independence of each independent non-executive directors based on the requirements of the Listing Rules as amended from time to time; (b) the Nomination Committee shall then nominate suitable candidates to the Board based on the then-current and anticipated future leadership needs of the Company, with a view to achieving a sustainable and balanced development of the Company.

For the re-election of Directors at the general meeting, the Nomination Committee shall review the overall contribution and service to the Company of the retiring Directors, including its attendance at Board meetings, Board committee meetings and general meetings (if applicable), and his/her level of participation and performance on the Board. The Nominating Committee shall require the nominee to submit updated biographical information and the consent to be appointed as a Director; and should review and determine whether retiring Directors still meet the criteria for Director selection. The Nominating Committee shall then make recommendations to the Board on the re-election of Directors.

The Nomination Committee shall also monitor and review the implementation of the nomination policy, as appropriate from time to time, and will report to the Board annually.

CORPORATE GOVERNANCE FUNCTION

The Board has delegated the functions set out in code provision A.2.1 of the Corporate Governance Code to the Audit Committee.

The Audit Committee would (i) develop and review the Company's corporate governance policies and practices and make recommendations to the Board; (ii) review and monitor the training and continuous professional development of the Directors and senior management of the Group; (iii) review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (iv) develop, review and monitor the code conduct and compliance manual (if any) applicable to employees and Directors; and (v) the Company's compliance with the CG Code from time to time adopted by the Company and the disclosure in the Corporate Governance Report to be contained in the Company's annual reports.

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

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Company for the year ended December 31, 2025 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management of the Company has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

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

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Pursuant to the code provision C.1 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Pursuant to the code provision C.1.1 of the CG Code, each newly appointed Director should be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, laws, rules and regulations. During the year ended and up to the date of this annual report, the Directors were regularly briefed on the amendments to or updates on the relevant laws, rules and regulations.

All Directors, namely Dr. ZHANG, Mrs. Ping Ye ZHANG, Ms. Hong YE, Mr. Jifeng GUAN, Mr. Fei CHEN, Mr. Jun YANG, Dr. Stephen Newman OESTERLE, Mr. Robert Ralph PARKS, Mr. Wai Ming YIP and Mr. Huacheng WEI have been updated with the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices. In addition, continuing briefing and professional development to Directors will be arranged whenever necessary.

The Directors are asked to submit a signed training record to the Company on an annual basis.

AUDITOR'S REMUNERATION

Details of the remuneration paid or payable to Deloitte Touche Tohmatsu, the external auditor of the Company, in respect of audit services and non-audit services for the year ended December 31, 2025 are set out in the table below:

Services rendered for the Company	**Fees paid or payable** RMB'000
Audit services:	3,187
Non-audit services (including ESG services):	509
Total	3,696

Note: The total amount of Auditor's Remuneration is as disclosed in Note 10 to the consolidated financial statements amounting to RMB3,696,000 for the year ended December 31, 2025.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board is responsible for ensuring that the Company establishes and maintains appropriate and effective risk management and internal control systems, and make annual review on the effectiveness of such systems. The Audit Committee is responsible for the internal audit. Qualified management personnel of the Company will also maintain and monitor the internal control system on an ongoing basis. We also engaged an internal control consultant to perform certain procedures in respect of assessing our internal control in preparation of our Listing. Upon completion of such procedures, the internal control consultant provided us with a number of assessment results and the relevant recommendations, which we have adopted in full. Currently we have a series of internal control policies, procedures and programs designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations, including but not limited to the following:

- The Board receives regular updates from the management team and reviews the Group's business plan, financial results, and investment strategies to ensure that business risks are identified and managed;

- The management team supervises the Group's business performance on an on-going basis via regular meetings with the respective departments and project teams to identify potential risks and develop strategies to address such risks;

- We have adopted various policies to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions, notifiable transactions, inside information and securities transactions by the Directors. The Company also works with external legal, accounting, tax, and other professional consultants at various jurisdictions to ensure that it is in compliance with relevant laws and regulations;

- We have put in place an internal audit charter that clearly states the objectives, organization, functions, responsibilities and work scope of our internal audit functions. We have established an internal audit department that is responsible for internal auditing and conducts independent review on operational activities, and reports to the senior management;

- We have enhanced communications with our investee companies and strengthened our access rights to their financial information and records, to ensure that the Company can obtain all the information needed to prepare its financial statements for public disclosure, including the publication of annual reports and annual results. We believe that we have put in place sufficient measures to prevent the future occurrence of incidents similar to the delayed publication of the annual report for the 2023 financial year;

- Our Code of Conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behavior. We also put in place anti-money laundering policies and a working group that is responsible for monitoring and supervising the implementation of the policies as well as the code of conduct.

RISK MANAGEMENT AND INTERNAL CONTROLS (CONT'D)

The Board and its Audit Committee review the reports of the management with regard to risk management and internal control on an annual basis. They also work together to review the effectiveness of the relevant systems and procedural defects. If any material defects in internal control are found, the management and the Board have to make active responses and resolve the problems arose in the most appropriate way and, at the same time, review the existing systems and procedures to seek improvement and take remedial measures.

The risk management and internal control systems seek to manage rather than eliminate the risk of failure to achieve business objectives, and to provide reasonable, though not absolute, assurance that adequate governance and controls are in place to address business risks or financial loss.

The Company understands its obligations under the SFO and the Listing Rules, and has set up procedures and internal control measures for processing and disclosing inside information. It will make public disclosure on inside information as soon as reasonably practicable and strictly comply with the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission when handling matters involving inside information, strictly prohibiting unauthorized use of confidential or insider information.

The Board has reviewed the risk management and internal control system of the Group for the year ended December 31, 2025, which covers financial, operational, compliance procedural and risk management functions, and considers them efficient and adequate. Upon review, the Board was also of the view that there were effective and adequate resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function.

COMPANY SECRETARY AND PRIMARY CONTACT OF THE COMPANY

Directors have access to the services of the company secretary to ensure that the board procedures are followed. The current company secretary of the Company is Ms. Hing Ling CHAU.

Ms. Hing Ling CHAU has the necessary qualifications and experience as required under Rules 3.28 and 8.17 of the Listing Rules. Ms. Chau is currently an executive director of corporate services of Vistra Corporate Services (HK) Limited. She has over twenty years of experience in the corporate services industry. She is currently the company secretary/joint company secretary of certain listed companies.

In compliance with Rule 3.29 of the Listing Rules, Ms. Hing Ling CHAU has undertaken not less than 15 hours of relevant professional training to update her skills and knowledge during the Reporting Period. Ms. Hong YE is the Board Secretary of the Company, who acts as the main contact person of Ms. Hing Ling CHAU and the internal departments of the Company.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed by the chairman of that meeting for each substantially separate issue at Shareholder meetings, including nomination and election of individual directors.

All resolutions put forward at Shareholder 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 the Stock Exchange in a timely manner after each Shareholder meeting in accordance with the Listing Rules.

SHAREHOLDERS' RIGHTS (CONT'D)

(1) Procedures for Shareholders to convene an extraordinary general meeting

In accordance with Article 12.3 of the Articles of Association, the Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the written requisition of any one or more members holding together, as at the date of deposit of the requisition, shares representing not less than one-tenth of the paid up capital of the Company which carry the right of voting at general meetings of the Company. The written requisition shall be deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office of the Company, specifying the objects of the meeting and signed by the requisitionist(s). If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

(2) Procedures for putting forward proposals at general meeting

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Act of the Cayman Islands. However, Shareholders who wish to propose resolutions may follow Article 12.3 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 12.3 are set out above.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company at www.peijiamedical.com.

(3) Enquiries to the Board

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: No.18 Yangjiatian Road, Suzhou Industrial Park, Suzhou, Jiangsu Province, the PRC
Attention: Ms. Qinyi Zuo
Email: ir@peijiamedical.com
Tel: +86-0512-81877166-8186

Enquiries will be dealt with in a timely and informative manner.

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS RELATIONS

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

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

The annual general meeting of the Company (the "**AGM**") provides opportunity for Shareholders to communicate directly with the Directors. The chairman of the Board, the chairmen of the Board Committees will attend the AGM to answer Shareholders' questions. The external auditors of the Company will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor's report and auditor independence.

To promote effective communication, the Company adopts a Shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its Shareholders and maintains a website at www.peijiamedical.com, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Based on the abovementioned measures, the Company considers that its communication with its Shareholders during the Reporting Period was effective and adequate.

CHANGES IN CONSTITUTIONAL DOCUMENTS

There is no change in constitutional documents of the Company during the Reporting Period.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

ABOUT THIS REPORT

Preface

Peijia Medical Limited and its subsidiaries (hereinafter referred to as "**Peijia Medical**," "**the Group**," "**Group,**" "**the Company**," or "**we**") believe that promoting sustainable development is one of our important social responsibilities. The "2025 Environmental, Social, and Governance Report" (hereinafter referred to as the "ESG Report" or "**this Report**") presents the results of the Group's relentless efforts towards sustainable development during the 2025 fiscal year. We hope to communicate and exchange with stakeholders on sustainable development through this report.

Reporting Standards

This Report is prepared in accordance with the "Environmental, Social and Governance Reporting Guide" (hereinafter referred to as the "**ESG Reporting Guide**") in Appendix C2 of the "Listing Rules" of the Hong Kong Exchanges and Clearing Limited (hereinafter referred to as "**HKEX**"), as well as the summary of its major amendments.

Reporting Principles

This Report is prepared in accordance with the four principles of Materiality, Quantifiability, Balance, and Consistency mentioned in Appendix C2 "Environmental, Social and Governance Reporting Guide" of the "Hong Kong Stock Exchange" Listing Rules.

Scope of the Report

Unless otherwise stated, this Report covers our three main businesses in China, which are (i) research and development, manufacturing and sales of transcatheter valve therapeutic medical devices ("**Transcatheter Valve Therapeutic Business**"), (ii) research and development, manufacturing and sales of neurointerventional procedural medical devices ("**Neurointerventional Business**") and (iii) delivering globally cutting-edge therapeutic solutions for a comprehensive range of heart valve diseases ("**Future Technology Business**"). Transcatheter Valve Therapeutic Business and Future Technology Business are primarily operated by the subsidiaries of the Group (mainly comprising of Peijia Medical Technology (Suzhou) Co., Ltd., Peijia Medical Technology (Shanghai) Co., Ltd. and Zhicheng Medical Technology (Jiaxing) Co., Ltd., etc. hereinafter referred to as "**Peijia**") and Neurointerventional Business is primarily operated by Achieva Medical Limited together with its subsidiaries (hereinafter referred to as "**Achieva**"). Key performance indicators (KPIs) in environmental aspects cover the offices and factories of the Group in Suzhou and Shanghai in consistent with the ones in the 2024 ESG Report.

The coverage period of this Report is from January 1, 2025, to December 31, 2025.

Data Source

The data source of this Report is from the internal information system, documents, and statistical data, which are compiled into this Report after being organized and summarized by the Group.

Method of Acquisition

This Report can be obtained through the Group's official website at https://www.peijiamedical.com/ or the Hong Kong Stock Exchange website at https://www.hkex.com.hk

ABOUT THIS REPORT (CONT'D)

Contact

Our Group highly values the suggestions and opinions from stakeholders regarding our "Environmental, Social, and Governance Report" and sustainable development. We welcome stakeholders to send their suggestions or opinions to the email ir@peijiamedical.com

ABOUT US

Company Profile

Peijia Medical is a global service provider of innovative medical solutions. Adhering to the corporate vision of "Dedication with Passion, Devotion for Life", Peijia Medical strives to be a respected global high-tech medical enterprise. Staying true to our original values, we are fully focused on serving patients by providing safe, effective, and affordable products and solutions. With continuous innovation, we aim to alleviate the suffering of patients and improve their quality of life. Peijia Medical, headquartered in Suzhou, Jiangsu Province, China, was established in 2012 and listed on the Main Board of the Hong Kong Stock Exchange in May 2020 (Stock Code: 9996. HK).

Peijia Medical is strategically positioned around the principle of "Innovation-oriented, Simultaneous Treatment of Heart and Cerebrovascular Diseases," focusing on the innovation, research, development, and manufacturing of high-end medical devices in the fields of structural heart disease and neurovascular interventions. Its product portfolio covers the aortic, mitral, and tricuspid valves as well as procedural accessories, along with neurovascular interventional products for hemorrhagic, ischemic, and vascular access. As of December 31, 2025, a total of seven of the Company's transcatheter valve therapy products and pipeline candidates have been included in the NMPA Special Review and Approval Procedure for Innovative Medical Devices.

Based in China, Peijia Medical has been driving innovation and development with a global vision. The Company has set up global innovation and R&D centers in Suzhou (China), Irvine (USA), Boston (USA), etc., and has been working with R&D partners and top experts and scholars in the United States and Europe to explore cutting-edge technologies and develop innovative products. The Company possesses distinct competitive advantages in areas such as biomaterial processing technologies, precision manufacturing capabilities, quality management systems, and patent portfolio development. Meanwhile, the Company has established a GMP-compliant high-end medical device R&D and manufacturing base in Suzhou, China, and its products have been adopted by thousands of hospitals.

Peijia Medical advances with innovation as its sail and ecosystem as its bridge, continuously driving the development of cardiovascular and cerebrovascular health. With solid strides in technological breakthroughs, industry integration, and sector recognition, every step of growth bears witness to our unwavering progress in advancing cardiovascular and cerebrovascular health.

ABOUT US (CONT'D)

Corporate Culture

Corporate Mission — To provide safe, reliable, patient-accessible products for the clinic

Corporate Vision — To become the world's leading high-tech medical device platform enterprise

Value — Dedication with Passion, Devotion for Life

Integrity Value — Integrity, Fairness, Transparency and Honesty

Compliance Philosophy — Litigation-free

Company Honors

Selected honors received by the Company in 2025 are set out below:

Entity	Award Name
Peijia	High-Tech Enterprise
Peijia	National Innovation Program for Biomedical Materials
Peijia	National Model Enterprise for Patent Commercialization
Peijia	Jiangsu Province's "Three Firsts and Two New" Technology Products
Peijia	Certification of Intellectual Property Compliance Management Systems
Peijia	Zhitong Finance "Most Valuable Healthcare Companies"
Achieva	National-Level "Little Giant" Enterprises Specializing in Niche Markets
Achieva	2025 Jiangsu Province Gazelle Enterprise
Achieva	Suzhou Industrial Design Center

Achieva — 2025 Jiangsu Province Gazelle Enterprise

Peijia — High-Tech Enterprise

Company Honors (CONT'D)

Peijia — Zhitong Finance "Most Valuable Healthcare Companies"

Peijia — Certification of Intellectual Property Compliance Management Systems

BOARD STATEMENT

The Board of Directors of Peijia Medical (hereinafter referred to as "**the Board**") serves as the highest decision-making body for the Group's ESG management, fully responsible for ESG governance, review, and supervision. The Board is committed to ensuring that the Group's commitments in the areas of environment, social, and governance (ESG) are effectively implemented and regularly reviews the management progress and reporting preparation of ESG-related matters.

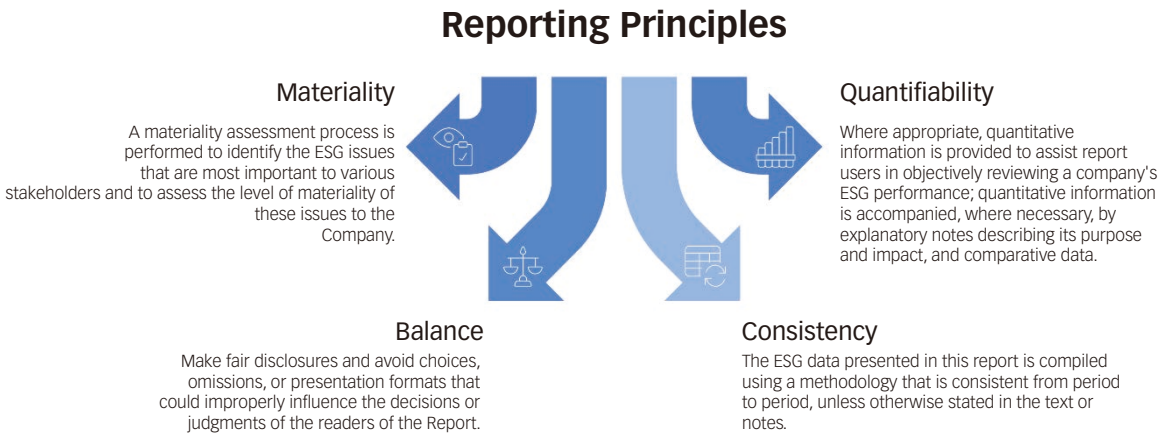
The Board hereby issues this statement regarding environmental, social, and governance (ESG) matters for the current year. The Board bears ultimate supervision responsibility for the Company's overall ESG strategy, risk management, information disclosure, and sustainability development. It strictly adheres to the Hong Kong Stock Exchange's Environmental, Social and Governance Reporting Guide and Corporate Governance Code, as well as relevant domestic and international laws, regulations, and supervisory requirements such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Corporate Governance Guidelines for Listed Companies. The Board is committed to deeply integrating ESG principles into corporate governance, strategic planning, and the entire spectrum of daily operations, practicing responsible business conduct and safeguarding the rights and interests of all stakeholders.

With the continuous development of the business, the Board has also increasingly emphasized the importance of sustainable development management. Referencing the ESG Reporting Guidelines of the Hong Kong Stock Exchange, the Company has currently established a multi-level, efficient, and executable ESG management system. Detailed information on the governance structure will be provided in the "Corporate Governance" and "ESG Management" sections. We will continue to update and improve the ESG management framework to ensure that the Board plays an active leading role in participating in and overseeing the Company's ESG matters.

BOARD STATEMENT (CONT'D)

The Board continues to strengthen the ESG governance framework, clearly defining the ESG responsibilities of the Board itself and its dedicated committees. It has established standardized mechanisms for assessing, prioritizing, and managing ESG-related issues and risks, enabling scientific identification and response to significant environmental and social risks and opportunities. This ensures that ESG management is closely aligned with the Company's core business. The Board regularly reviews ESG progress reports, examines ESG strategic objectives, annual plans, and performance outcomes, and monitors the implementation of ESG initiatives. For any objectives not achieved, the Board promptly analyzes the causes and drives optimization and corrective actions, ensuring steady advancement and continuous improvement of ESG performance.

Meanwhile, the Board actively supervises the management of key ESG matters, including the establishment and implementation of ESG goals, as well as the effectiveness of ESG risk management and internal controls. The Board has been involved in the assessment, prioritization, and management of the Group's ESG issues, ensuring that significant ESG matters are addressed through stakeholder engagement and consultation. For further details, please refer to the sections on "Stakeholder Communication" and "Materiality Assessment".



Confirmed by the Board, this year's ESG Report follows the four reporting principles of Materiality, Quantifiability, Balance, and Consistency, providing a true, fair, and complete reflection of the Company's ESG management practices, performance data, and development outcomes during the Reporting Period, with no false statements, misleading representations, or material omissions. Going forward, the Board will continue to uphold the principles of compliance, transparency, and accountability, continuously enhancing the ESG governance framework, strengthening sustainable development capabilities, and supporting the Company in achieving long-term, stable operations and steady value growth.

The Board will continue to supervise and support the Group's efforts in ESG, ensuring that our commitments and actions comply with all ESG governance requirements and create long-term value for stakeholders.

CORPORATE GOVERNANCE

Good corporate governance is the core foundation for high-quality operations in modern enterprises, and it is also the key support for the Company to implement the concept of sustainable development, safeguard the legitimate rights and interests of all shareholders, steadily enhance long-term enterprise value, scientifically formulate business development strategies and operational policies, and strengthen transparency in information disclosure and accountability. The Company has always placed corporate governance at a critically important position in its operations and development, adhered to the core principles of compliant and standardized operations, strictly observed laws and regulations such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, and the Corporate Governance Guidelines for Listed Companies, as well as regulatory requirements including the Corporate Governance Code in the appendix of the Hong Kong Stock Exchange Listing Rules, actively benchmarked against international advanced governance standards and industry best practices, and continuously optimized and improved its corporate governance structure to establish a solid institutional foundation and operational safeguards for standardized governance.

Peijia Medical fully leverages the roles of the shareholders' meeting and the Board in major decision-making, operational management, and supervision, ensuring that all decisions are scientifically sound and rational, and that management is efficient and transparent. This better safeguards shareholders' rights and promotes sustainable corporate development. By continuously improving governance mechanisms, optimizing governance processes, and strengthening internal control, supervision, and accountability, the Company enhances governance effectiveness and operational transparency. It actively protects the legitimate rights and interests of shareholders as well as other stakeholders, including customers, employees, and partners, effectively mitigating operational and governance risks. These efforts provide solid governance support for the Company's long-term, stable growth and the coordinated advancement of economic, social, and environmental benefits, thereby facilitating the steady implementation of its sustainable development strategy.

Board Governance Structure

The Company is committed to promoting high-quality corporate governance practices and procedures. We firmly believe that excellent corporate governance is crucial in enhancing investor confidence in our Company. As of the end of the Reporting Period, the Company's Board comprises ten members, including three executive Directors, three non-executive Directors, and four independent non-executive Directors. Additionally, three sub-committees have been established under the Board: the Audit Committee, the Remuneration Committee, and the Nomination Committee. Among the board members, there are two females and eight males.

The Board is responsible for the overall leadership and management of the Company, overseeing the Company's business, investments, and strategic decisions, and maintaining effective risk management and internal control procedures. These procedures are used to identify, manage, and mitigate various operational risks. At the same time, the Board fulfills its responsibilities in compliance management. The Group strictly adheres to all local laws and regulations in the operation of its business and the relevant policies of the Hong Kong Stock Exchange. We maintain a zero-tolerance attitude towards illegal and non-compliant incidents.

Audit Committee: The primary responsibilities of the Audit Committee are to provide recommendations to the Board on the appointment and removal of external auditors; to approve the remuneration and terms of engagement of external auditors; to review financial information and oversee the financial reporting system as well as internal control procedures.

CORPORATE GOVERNANCE (CONT'D)

Board Governance Structure (cont'd)

Remuneration Committee: The primary responsibilities of the Remuneration Committee are to make recommendations to the Board regarding the Company's compensation policies and structures for Directors and senior management, as well as the individual compensation packages for executive Directors and senior management. Details of the remuneration for each Director during the current fiscal year are provided in the annual report.

Nomination Committee: The primary responsibilities of the Nomination Committee include reviewing the structure, size, and composition of the Board; identifying individuals with appropriate qualifications for membership on the Board; assessing the independence of independent non-executive Directors; and making recommendations on any proposed changes to the Board or on the selection of individuals for directorship; and/or providing suggestions to the Board on the appointment or reappointment of Directors.

The Board advocates a diversity policy for its members, aimed at enhancing the efficiency of the Board and maintaining a high standard of corporate governance, and acknowledges and believes in the benefits that board member diversity brings to the company's development. According to the board member diversity policy, in order to achieve a variety of perspectives, skills, and experiences within the Board, a range of factors will be considered when deciding on the appointment and continuation of any individual to the Board, including but not limited to gender, age, cultural and educational background, length of service, skills, regional and industry experience. In forming diverse perspectives, the Company will carefully consider and evaluate the views of all parties based on the needs of business development, ensuring that the board makes the best decisions.

ESG MANAGEMENT

Peijia Medical is a leading market participant in China's interventional procedure medical device industry, adhering to the philosophy of "Dedication with Passion, Devotion for Life" and continuously creating maximum value for customers, employees, shareholders, and society.

Dedication with Passion, Devotion for Life

For the Nation

Striving with all efforts for a healthy China

For Patient

Bringing cutting-edge medical care and products to where they are needed most

For Medical Professionals

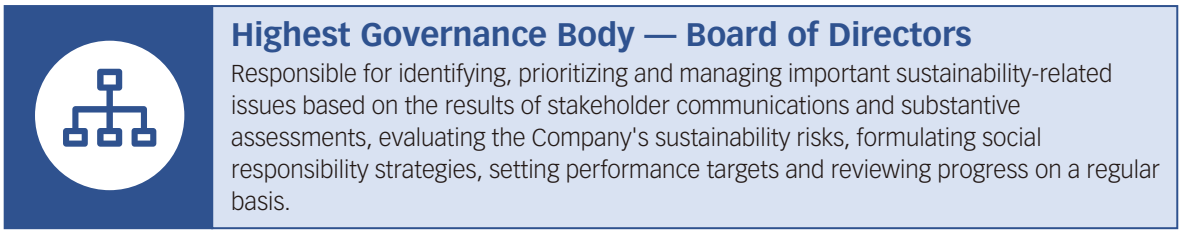
Pooling together every bit of resource to create miracles of life

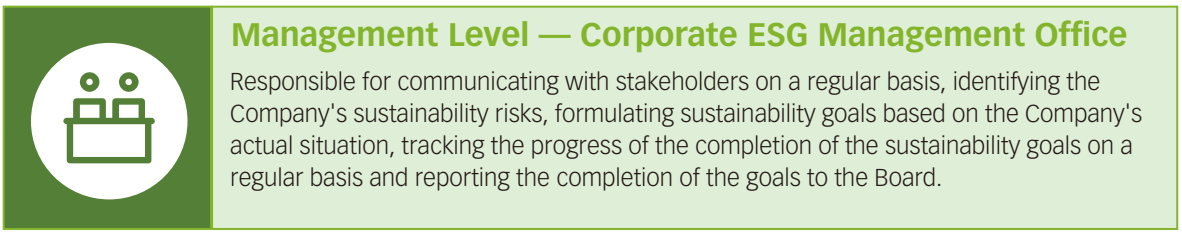
Our Group is committed to reducing the environmental impact of production and operations, decreasing greenhouse gas emissions, building a diverse, inclusive, safe, and harmonious workplace, and striving our utmost to alleviate patient suffering, promote patient health and well-being, and create value for the surrounding communities and society at large.

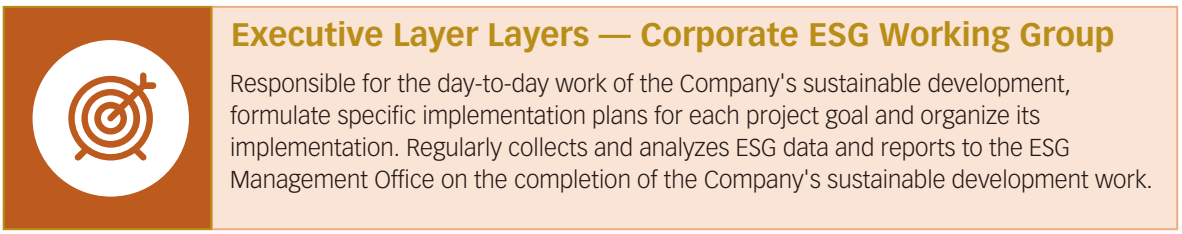
ESG MANAGEMENT (CONT'D)

ESG Governance Framework

The Board, as the highest management and decision-making body in corporate governance, is fully responsible for the Company's sustainable development management. A scientific, stable, and effective sustainable development management system is the cornerstone for promoting high-quality development of the enterprise. Therefore, the Company has established a three-tier sustainable development management system with the Board at its core. As the decision-making body for ESG matters, the Board will assess and manage sustainable risks, define the ESG governance structure, management systems, policies, and performance indicators, and integrate the ESG philosophy into all aspects of the Group. The Company has established an ESG Management Office at the management level, composed of the Company's management team, which leads and is responsible for the daily management work related to the Company's various sustainable development matters and regularly reports to the Board on the progress of the work. At the specific implementation level of sustainable development issues, ESG working groups composed of heads of relevant departments are responsible for collecting various sustainable development indicators and implementing goals, and regularly report to the ESG Management Office on the completion of the work.







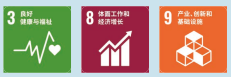
ESG MANAGEMENT (CONT'D)

Sustainable Development Goals

As an integral part of society, enterprises actively fulfilling their social responsibilities can not only enhance their market competitiveness but also play a significant role in promoting social progress. The United Nations has proposed 17 Sustainable Development Goals (SDGs for short), aiming to address the severe challenges faced by the environment and society.

Our Company closely centers its operations around the United Nations' Sustainable Development Goals, striving to integrate these goals into every aspect of our daily business to contribute our part to global sustainable development. Under the leadership of the Board, we have selected specific goals closely related to our corporate operations based on the United Nations Sustainable Development Goals, and through a series of concrete actions, we have demonstrated our efforts in sustainable development.

We believe that through such efforts, we can not only help enterprises achieve sustainable development but also bring positive impacts to society and the environment.

The UN's 17 Sustainable Development Goals	Our Actions
	**Growth** Enhance the quality of operations, create sustainable economic benefits, drive economic development, and lead to employment opportunities.
	**For Patients** Continuously improve the quality of our products and actively innovate while ensuring quality to win the long-term trust of consumers.
	**Employee-Oriented** To create an equal and inclusive, healthy and safe working environment for employees, establish a fair and perfect talent development system, create a first-class training platform, pay attention to the growth of employees, and work with employees to create a better future.
	**Building A Sustainable Supply Chain** Continuously drive suppliers to jointly build a sustainable supply chain, promote the application of sustainable packaging, strengthen the independent research and development of core technologies, and promote the supply chain to green transformation and upgrading.
	**For Environment** Adhere to the development policy of energy saving, emission reduction, green and low carbon, and join hands with upstream and downstream partners to address the risk of climate change. Continuously promote green products and sustainable logistics. Promote green office and carry out a variety of employee activities to enhance employees' awareness of environmental protection.
	**Contribute To The Society** Actively responding to the national macro-strategy, assuming corporate social responsibility, actively participating in the construction of the community, and contributing to the building of a harmonious society through diversified community activities.

ESG MANAGEMENT (CONT'D)

Stakeholder Communication

Stakeholders play a crucial role in the development of the Group. Based on in-depth internal and external research, we have identified stakeholders that have a significant impact on the sustainable development of the Group, including investors, employees, customers, doctors and patients, suppliers and partners, peers and industry associations, communities, government, and regulatory agencies. We deeply understand that only by fully respecting and listening to the opinions of all stakeholders can we better implement the sustainable development strategy. Therefore, we have established a diverse communication mechanism to ensure that the opinions and needs of all parties are effectively integrated into the Company's sustainable development agenda, and we respond actively with practical actions, jointly promoting the creation of sustainable value.

Stakeholders	Appeals and Expectations	Communication channels
Investor	• Protecting investors' right • Compliance operations of the Company • Accurate information disclosure • Investment returns	• General meetings • Company announcement • Company website/email • Investor conference
Employees	• Ensure the legal rights and interests of employees • Occupational health and safety • Employee benefits • Equal employment and development Opportunities	• Staff meeting • Daily communication • Employee feedback Mailbox • Employee training
Customer	• Product safety and quality • Product design • Market recognition • Delivery management	• Communication with customer service staff • Communication with sales representative • Company website/email • Feedback on social media platforms
Doctors and patients	• Privacy protection • High-quality products and services	• Hotline and Email • Academic conference • Department meeting
Suppliers and partners	• Win-win cooperation • Equal opportunity for competition • Long-term order	• Daily communication and visits • One-on-one communication • Supplier assessment
Peers and industry associations	• Fair competition • Promote industry exchange and development	• Participate in various industry conferences • Organize industry exchange activities
Community	• Community engagement • Public welfare activities • Donating money and goods	• Visits • Communication through voluntary activity • Communication through public welfare activities
Government and regulatory authorities	• Enterprises operate legally and compliantly • Long-term stable business development • Safe operation • Social contribution	• Respond to various inspections • Participate in government meetings • Submit work report • Regular seminars

ESG MANAGEMENT (CONT'D)

Materiality Assessment

To meet the disclosure requirements of the ESG Reporting Guidelines and further clarify the expectations of internal and external stakeholders on the ESG management issues of our Group, we have implemented a systematic materiality assessment process, as follows:

Step 1 — Identification of ESG Issues:

Based on the framework requirements of the ESG Reporting Guide, and in consideration of our Group's business model and industry development trends, we have systematically identified 20 core ESG issues that have significant impacts on stakeholders.

Step 2 — Justifying Importance:

To accurately assess the importance of various ESG issues, we adopted a combination of online questionnaire surveys and offline in-depth interviews, inviting stakeholders to comprehensively evaluate from two key dimensions: "impact on the Company" and "impact on stakeholders". Through the organization and analysis of the evaluation results, a materiality issues assessment matrix was ultimately formed.

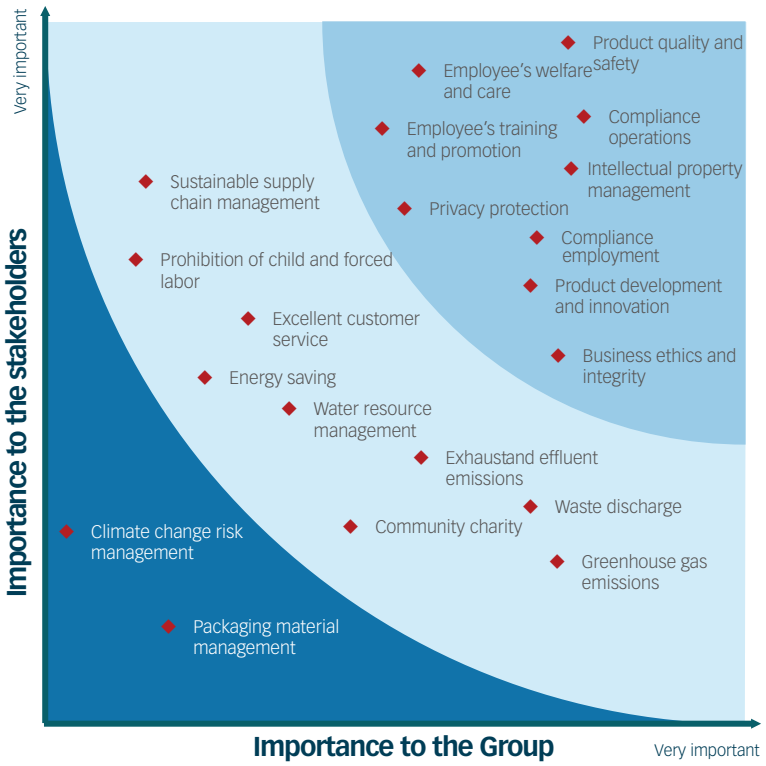
Step 3 — Verification of Evaluation Results:

The Board and senior management of the Group conducted a detailed review and professional assessment of the materiality assessment results submitted by the ESG Working Group. It is worth noting that in the latest assessment for 2025, after comprehensive consideration, the senior management decided to continue the conclusions on materiality issues from the previous year.

ESG MANAGEMENT (CONT'D)

Materiality Assessment (cont'd)

The implementation of this process ensures that our ESG management issues not only meet industry benchmarks but also genuinely reflect the expectations of stakeholders, providing strong strategic support for the sustainable development of the Group.



RESEARCH AND INNOVATION

In 2025, the Company continued to drive sustainable development through innovation-centered research and development, focusing on breakthroughs in core technologies, intelligent manufacturing upgrades, and collaborative innovation among industry, academia, and research institutions. It achieved multiple substantial outcomes, leveraging technological innovation to drive product upgrades and enhance production efficiency, thereby strengthening its core competitiveness.

➢ *Major Upgrade for Product Line*

- TaurusTiro® TAV System has been successfully commercialized, providing a globally recognized transfemoral treatment solution for AR patients in urgent need and addressing an unmet clinical need;
- The registration application for TaurusNXT® *Non-glutaraldehyde Crosslinked* Dry-tissue TAVR system has been accepted by the NMPA, offering a new solution to improve bioprosthetic valve durability and expand patient benefits;
- The registration application for GeminiOne® TEER System has been accepted by the NMPA, providing a safe and effective treatment option for patients with MR;
- ReachTact® TAVR Assistance System has initiated its China registration clinical trial, marking the imminent entry of TAVR treatment into the robotic era;
- YonFlow® Flow Diverting Stent, the first fully retrievable flow diversion device in China, has been approved for commercialization, offering a new device option for the clinical treatment of aneurysms.

➢ *Deepening Collaboration Among Industry, Academia, and Research Institutions*

The industry-university-research collaborative innovation system has been continuously improved. The Company has established in-depth collaborations with universities such as Southeast University, East China University of Science and Technology, and Soochow University. Together with Southeast University, it has jointly developed simulation capabilities and constructed human anatomical structure models, enabling product design optimization and precise preoperative specification screening; this collaboration has received special awards under the "14th Five-Year" plan. The partnership with East China University of Science and Technology focuses on anticoagulation technology research, achieving significant interim results and advancing to animal trials, helping to reduce the risk of product-related complications; established a postdoctoral workstation in collaboration with Soochow University, jointly incubating research projects to promote bidirectional empowerment of talent development and technological innovation.

➢ *Intelligent Manufacturing Upgrade*

The Company focuses on intelligent manufacturing upgrades and has fully implemented the "Intelligent Manufacturing 1.0" initiative. By 2025, it successfully established fully automated production lines in the packaging and bracket workshops. By introducing equipment such as automatic printing, polishing, and sandblasting systems, core processes have been automated. The number of personnel in the packaging workshop has been reduced from 10 to 1–2, while staffing in the bracket workshop has been optimized from 10 to 6, with manual labor required only for loading and unloading. This has significantly improved production efficiency and product quality consistency. The automation upgrade has not only reduced overall costs by 5% but is also expected to increase production volume by 30% in 2026 without additional workforce investment. Furthermore, it effectively replaces processes posing occupational health risks — such as pickling and manual stitching — reducing employees' exposure to hazardous substances like acid solutions and glutaraldehyde, and mitigating issues such as eye strain and back pain, thereby effectively safeguarding employees' occupational health.

RESEARCH AND INNOVATION (CONT'D)

For complex processes such as valve suturing, the company is breaking down operation steps and progressively advancing automation, aiming to achieve 30% automation of processes by March 2026, and completing automation transformation of 50% of valve suturing processes by April, continuously driving technological innovation and efficiency improvement in production.

➢ *Research and Development Awards*

- The ultra-high molecular weight polyethylene (UHMWPE) biomimetic composite materials project has been selected for a national key innovation initiative in biomedical materials;
- Relief, an incubated project of U.S.-based incubator inQB8, won the championship at the TCT 2025 Shark Tank Innovation Competition;
- SmartWave Medical received the highest honor at the finals of the First National Unicorn Enterprise Competition;
- TaurusTrio® has been approved as a Suzhou Major Scientific and Technological Achievements Transformation Project.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4)

Environmental Management Philosophy

The Company places great emphasis on environmental protection and sustainable development, integrating green development principles into all aspects of its business operations and management. Through a comprehensive system of policies and management procedures, the Company standardizes the management of emissions, resource utilization, and environmental risk, striving to minimize the environmental impact of its production and operational activities.

We closely follow national environmental regulations and policy guidance, actively promoting sustainable development through two core areas: resource management and emissions management. In terms of resource management, we achieve efficient resource allocation by strengthening oversight of resource usage, improving resource efficiency, and accelerating the green transformation of our energy structure. Regarding emissions management, we effectively control emissions through various emission reduction measures, enhanced pollution treatment, and the promotion of waste resource utilization. In 2025, we actively take action to meet energy-saving and emission reduction targets, deeply integrating environmental protection and ecological civilization into our corporate culture and business strategy.

The Company's environmental management is primarily implemented by relevant functional departments, which continuously monitor and evaluate environmental performance through measures such as establishing environmental management records, conducting regular environmental monitoring, and carrying out internal supervision and management. Meanwhile, the Company also strengthens employees' environmental awareness through internal training and daily management activities, promoting the implementation of energy conservation, emission reduction, and green office initiatives within the organization.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental Management Policy

We strictly comply with various environmental protection regulations, including but not limited to the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes, and the Energy Conservation Law of the People's Republic of China. We rigorously adhere to the provisions of these laws and regulations, actively implement measures to ensure that all environmental protection measures are effectively carried out and that all discharged or disposed pollutants are properly managed, so as to ensure our emissions meet the relevant national standards.

In our daily business operations, we always maintain a high level of environmental awareness. Throughout the Reporting Period, our environmental measures and actions have not violated any environmental laws and regulations. At the same time, we have not received any complaints or allegations from environmental authorities, which fully demonstrates our efforts and achievements in environmental protection.

In order to more fully identify the environmental factors related to our Company's activities, products, and services, we have established the Environmental Factor Identification and Evaluation Procedure to assess significant environmental factors and ensure that the company updates environmental factors in a timely manner in response to changes in relevant circumstances or changes in laws, regulations, and other requirements, thereby achieving the prevention and effective control of environmental pollution. The Operations Department — EHS is responsible for organizing the identification and evaluation of environmental factors and maintaining relevant records. This year, Peijia Medical's scope of operations and business activities have not caused significant impacts on the environment or natural resources.

ENVIRONMENTAL MANAGEMENT (POLICIES A1-A4) (CONT'D)

Environmental Protection Highlights

During the Reporting Period, the Company continued to advance green operations and resource conservation management by improving systems, optimizing production management, and exploring the application of renewable energy, thereby continuously enhancing environmental management performance. Key environmental management achievements include:

- Establish and continuously improve the environmental management system, standardizing the management of emissions and resource utilization;
- Implement classified management of hazardous waste and entrust qualified third-party agencies for compliant disposal;
- Equipped with exhaust gas treatment facilities to process and discharge organic and acidic gases generated during the production process;
- Implement a waste classification management system to improve the level of resource recycling and utilization;
- Introduce a direct drinking water system to replace the bottled water supply method, reducing resource waste;
- Improving energy efficiency through optimizing production layout and workshop utilization;
- Construct rooftop solar photovoltaic systems at the new production base and actively explore the application of renewable energy.

Activated Carbon Post-Treatment System

Acid Gas Post-Treatment System

EMISSIONS MANAGEMENT

The emissions of our Group mainly include air pollutants, greenhouse gases, general waste, and hazardous waste. We constantly pay attention to the relevant national laws and regulations, prioritize the management of emissions, and ensure that the waste gas and wastewater discharged by the Company meet the national emission standards, thereby reducing the adverse impact on the environment.

Gas Pollution Prevention "A1.1"

During the production process, the Company may generate a certain amount of organic and acidic exhaust gases. To reduce the environmental impact of these emissions, the Company has installed appropriate exhaust gas treatment facilities to treat the gases generated during production prior to their release.

The Company manages pollutants such as volatile organic compounds by installing organic waste gas treatment systems and acidic waste gas treatment facilities. All related exhaust gases must be treated by these facilities before discharge.

In addition, the Company has commissioned a third-party testing agency to analyze the industrial exhaust gas after purification through activated carbon adsorption, confirming that both the concentration and emission rate of non-methane hydrocarbons in the Company's emissions comply with national standards.

Exhaust Gas	**Unit**	**2025**	2024
Non-methane total hydrocarbons	Cubic meter	**39,900,000**	28,162,500

Note:

The increase in emissions is due to the addition of the new TaurusTrio® TAV System production line in 2025.

Greenhouse Gas Management "A1.2"

In order to control greenhouse gas emissions, we continue to implement "green office" initiatives, cultivating employees' energy-saving and low-carbon office and living habits:

- Adopting remote online meetings to reduce unnecessary employee business travel.
- Implementing paperless office, staff check-in and various process approvals are conducted online through office software, replacing paper sign-in and paper approval documents; an electronic expense reimbursement system has been introduced, eliminating the need for paper expense claim materials.
- A regular inspection mechanism for public areas has been established to ensure that "lights are turned off when people leave," preventing waste of resources.
- Regular maintenance of office facilities, production equipment, and pipelines enhances the efficiency of resource utilization.
- Planting trees in the new office building with the aim of offsetting some carbon dioxide emissions in the future.

EMISSIONS MANAGEMENT (CONT'D)

Greenhouse Gas Management "A1.2" (cont'd)

Greenhouse gas emissions	Unit	2025	2024
Total greenhouse gas emissions (Scope 1 + Scope 2)	Tonnes of carbon dioxide Equivalent amount	**6,800.89**	6,456.33
Greenhouse gas emission intensity (Scope 1 + Scope 2)	Tonnes of carbon dioxide Equivalent/ million RMB in revenue	**9.54**	10.49
Greenhouse Gas Emissions (Scope 1)	Tonnes of carbon dioxide Equivalent amount	**30.24**	35.75
Greenhouse Gas Emissions (Scope 2)	Tonnes of carbon dioxide Equivalent amount	**6,770.65**	6,420.58
Greenhouse Gas Emissions (Scope 3)	Tonnes of carbon dioxide Equivalent amount	**686.24**	N/A

Note:

1. Greenhouse gas emissions are presented in terms of carbon dioxide equivalents. Greenhouse gas emissions (Scope 1) originate from gasoline consumption, with the calculation methodology and emission factors based on the Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions for Machinery and Equipment Manufacturing Enterprises (Trial) issued by the National Development and Reform Commission (NDRC). Greenhouse gas emissions (Scope 2) arise from purchased electricity and purchased steam. The emission factor for purchased electricity is derived from the 2021 provincial average carbon dioxide emission factors for electricity, as published in the 2021 Carbon Dioxide Emission Factors for Electricity in the People's Republic of China by the Ministry of Ecology and Environment and the National Bureau of Statistics. The emission factor for purchased steam is sourced from the Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions for Other Industrial Sectors (Trial) issued by the NDRC. Greenhouse gas emissions (Scope 3) include GHG Protocol Scope 3 Category 6 (Business travel) and Category 7 (Employee commuting). Emissions from business travel totaled 657.6 tonnes of CO_2e, including air travel, rail travel, and vehicle use. Data was sourced from the Ctrip Business Travel Carbon Accounting System. Emissions from employee commuting totaled 28.64 tonnes of CO_2e, based on company shuttle bus usage. The calculation method and emission factors were derived from the Guidelines for the Preparation of Provincial Greenhouse Gas Lists (Trial) issued by the NDRC.

EMISSIONS MANAGEMENT (CONT'D)

Greenhouse Gas Management "A1.2" (cont'd)

- *Greenhouse Gas Emission Targets*

  In our 2024 report, we disclosed our greenhouse gas emission targets. Given that the company's business is in a period of rapid growth, we have decided to change the method for calculating emission intensity from emissions per person to emissions per million RMB in revenue. Our updated greenhouse gas emission targets are as follows: by 2025, we aim to ensure that greenhouse gas emission intensity does not exceed the 2024 target, and we will maintain a long-term trend of gradually reducing greenhouse gas emission intensity.

  This year, we achieved our set target, with emissions intensity decreasing from 10.49 to 9.54. In 2026, we will continue to maintain this target, aiming to ensure that greenhouse gas emissions intensity in 2026 does not exceed the 2024 level and striving to keep it no higher than the 2025 level, while maintaining a gradual long-term reduction in greenhouse gas emissions intensity.

Waste Management "A1.3 1.4"

The Company may generate a certain amount of hazardous and non-hazardous waste during production and operations. In strict accordance with national and local environmental regulations, the Company classifies, collects, stores, and disposes of various types of waste in a standardized and compliant manner to minimize potential environmental impacts.

The Company has established the Waste Treatment Management Procedures, Solid Waste Disposal Management System, and Chemical Management System to ensure standardized handling of various hazardous and non-hazardous wastes.

The Company's hazardous waste primarily originates from processes such as cleaning, packaging, and experimentation during production, and mainly includes:

- Waste organic solution
- Waste packaging containers
- waste biological tissue
- Medical waste generated during the production process of medical devices

For the aforementioned hazardous waste, the Company implements classified collection management and has established a dedicated on-site temporary storage warehouse for centralized storage. When a certain storage volume is reached, qualified third-party agencies regularly transport and professionally dispose of the hazardous waste. During the Reporting Period, the Company typically arranged transportation frequency based on the amount of waste generated, averaging approximately once per month.

In addition, the Company maintains a hazardous waste management ledger to categorically record the generation, storage, and disposal of various types of hazardous waste, and submits reports in accordance with regulatory requirements.

EMISSIONS MANAGEMENT (CONT'D)

Waste Management "A1.3 1.4" (cont'd)

For general waste, the Company implements a waste sorting management system in office and production areas, categorizing waste into:

- Household waste
- Recyclable waste
- Other waste

Household waste is collected and processed uniformly by the local government; recyclable waste is collected and reused by recycling agencies once a certain quantity is reached, promoting resource recycling.

Waste	Unit	2025	2024
Total amount of hazardous waste	Tonnes	**84.35**	91.07
Hazardous waste emission intensity	Tonnes/million RMB in revenue	**0.12**	0.15
Total amount of non-hazardous waste	Tonnes	**329.19**	225
Harmless waste emission intensity	Tonnes/million RMB in revenue	**0.46**	0.37

➢ *Waste emission targets "A1.5 1.6"*

In our 2024 report, we disclosed our waste emission targets. Given that the Company's business is in a period of rapid growth, we have decided to change the method for calculating emission intensity from emissions per person to emissions per million RMB in revenue. The updated waste emission targets are as follows: by 2025, ensure that the emission intensities for both hazardous and non-hazardous waste do not exceed the 2024 targets, and maintain a long-term trend of gradually reducing waste emission intensities.

This year, we met our hazardous waste emission intensity target, with the emission intensity decreasing from 0.15 to 0.12. Since we adjusted the data collection methodology for non-hazardous waste in 2025, the volume of non-hazardous waste increased compared to 2024; consequently, we will adjust the non-hazardous waste target.

In 2026, regarding hazardous waste, we will continue to maintain the target of ensuring that the emission intensity does not exceed the 2024 level, strive to keep it no higher than the 2025 level, and maintain a gradual long-term reduction in hazardous waste emission intensity. For non-hazardous waste, based on the adjusted data collection methodology, we have redefined the target: by 2026, the non-hazardous waste emission intensity will not exceed that of 2025, and we will maintain a gradual long-term reduction in non-hazardous waste emission intensity.

RESOURCE MANAGEMENT

Energy Management "A2.1"

The Group is committed to optimizing energy usage by improving processes and implementing off-peak production to enhance energy efficiency and reduce consumption. To alleviate the burden on the power grid, we have rescheduled high-energy-consuming equipment to operate during night shifts, thereby achieving off-peak production.

With the completion of the new headquarters building, we have introduced an intelligent building management system in the office areas. The VRV air conditioning is switched on and off and timed by the factory personnel through the BMI air conditioning control system. The VRV air conditioning systems in the production building, cafeteria, and administrative building are switched on and off according to the season and indoor temperature, with four modes: cooling, heating, fan, and dehumidifying. The production, storage, and laboratory areas of the production building are controlled according to specific needs. This year, we also established the Group Air Conditioning Usage Management System, which stipulates the time and conditions for the activation of air conditioning. The activation of air conditioning must strictly follow the system, and the temperature setting for turning it on should be in accordance with the description in the system document. Factory personnel conduct daily inspections of the air conditioning temperature settings, and any discrepancies in the set temperatures must be corrected promptly.

We have also installed an automatic lighting control system in the new headquarters building, which automatically turns off lights in office areas during nighttime, while corridor lighting in production areas uses sound-activated switches to reduce brightness when no one is present, aiming to achieve energy conservation.

To enhance employees' awareness of energy conservation, we have posted energy-saving and water-saving signs on air conditioning control panels, meeting rooms, and other locations, taking action from small daily details to reduce waste of energy and resources. In addition, we have organized initiatives promoting electricity conservation to raise overall awareness of saving electricity among all staff.

Energy consumption	Unit	2025	2024
Total energy consumption	Megawatt-hour	**12,547.62**	11,923.25
Total energy consumption intensity	Megawatt-hour/million RMB in revenue	**17.60**	19.37
Direct Total Energy Consumption	Megawatt-hour	**129.29**	162.31
Total indirect energy consumption	Megawatt-hour	**12,418.33**	11,760.94

Note: Energy consumption is presented in megawatt-hours (MWh), primarily comprising purchased electricity, purchased steam, and gasoline consumption. The energy conversion factor for purchased steam is based on the recommended parameter values provided in the "Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions for Enterprises in Other Industrial Sectors (Trial)" issued by the National Development and Reform Commission. The energy conversion factor for gasoline is derived from the recommended parameter values in the "Guidelines for the Accounting and Reporting of Greenhouse Gas Emissions for Machinery and Equipment Manufacturing Enterprises (Trial)" issued by the National Development and Reform Commission, as well as conversion factors from the International Energy Agency's Energy Statistics Manual.

RESOURCE MANAGEMENT (CONT'D)

Energy Management "A2.1" (cont'd)

- *Energy Efficiency Target "A2.3"*

  In our 2024 report, we disclosed our energy efficiency targets. Given that the Company's business is in a period of rapid growth, we have decided to change the method for calculating emissions intensity from energy consumption per person to energy consumption per million RMB in revenue. The updated energy efficiency target is to ensure that the total energy consumption intensity in 2025 does not exceed the 2024 energy efficiency target, and to maintain a gradual reduction in total energy consumption intensity over the long term.

  This year, we achieved our set target, with total energy intensity decreasing from 19.37 to 17.60. In 2026, we will continue to maintain this target, aiming to ensure that total energy intensity in 2026 does not exceed the 2024 level and striving to keep it no higher than the 2025 level, while ensuring a gradual long-term reduction in total energy intensity.

Water Resources Management "A2.2 2.4"

We are committed to water conservation, improving water use efficiency, and compliant wastewater treatment. All our water sources come from municipal supply, involving no water extraction issues. Company water usage mainly includes domestic use, production use, and facility operation use. Domestic water is primarily used for employee drinking and sanitation in office areas; production water is supplied as purified water and water for injection through a purification system to support manufacturing processes; facility operation water is mainly used for cooling makeup water in the air conditioning system. The Company continuously monitors the operation of the water purification system, including water production volume and water quality testing, to ensure the stability and safety of production water supply.

During the production process, we emphasize water-saving measures by collecting purified water discarded from equipment and reusing it for cleaning outdoor public areas and sanitary fixtures, thereby achieving water resource recycling. In addition, the Company has optimized the pressure settings of the water supply system to reduce unnecessary water consumption while meeting daily office and production needs. In office areas, we have gradually introduced direct drinking water systems to replace the traditional bottled water supply. This measure not only improves employee convenience in accessing drinking water but also reduces resource waste associated with the storage and transportation of bottled water. This year, our constructed rainwater harvesting system has continued to operate effectively. Rainwater first flows into rainwater pipes, undergoes terminal filtration, and then enters the rainwater collection tank. The collected rainwater is used for landscaping irrigation within the facility. Based on an estimated 80 annual rainwater collection events, the system is expected to store a total of 16,896 cubic meters of water per year.

RESOURCE MANAGEMENT (CONT'D)

Water Resources Management "A2.2 2.4" (cont'd)

Water resource consumption	Unit	2025	2024
Total water consumption	Tonnes	**43,308**	18,069
Water consumption intensity	Tonnes/million RMB in revenue	**60.75**	29.36

Note: The total water consumption is the sum of production water and domestic water usage. The increase in total water consumption in 2025 is due to the Company expanding the scope of data collection to include areas that were not covered in 2024.

- *Water Efficiency Target "A2.4"*

  In our 2024 report, we disclosed our water intensity targets. Given that the Company's business is in a period of rapid growth, we have decided to change the method for calculating water intensity from water consumption per person to water consumption per million RMB in revenue. The updated water intensity targets are as follows: to ensure that water intensity in 2025 does not exceed the 2024 level, and to maintain a gradual reduction in water intensity over the long term.

  As we have adjusted the scope of water consumption data collection for 2025, resulting in an increase in water consumption compared to 2024, we will adjust our water intensity targets accordingly.

  This year, based on the adjusted data collection criteria, we have redefined our targets: to ensure that water intensity in 2026 does not exceed the 2025 level, and to maintain a gradual reduction in water intensity over the long term.

Packaging Management "A2.5"

We further reduce packaging usage by minimizing packaging size and reusing packaging materials. We focus on sourcing sustainable packaging materials, and our procurement team continuously seeks environmentally friendly packaging suppliers to minimize the environmental impact of packaging. By 2025, all paper packaging we procure will be biodegradable cartons.

Packaging material consumption	Unit	2025	2024
Total amount of packaging materials used for the product	Tonnes	**34.54**	31.7
Strength of packaging materials used for the product	Kilograms per product piece	**1.08**	1.34

Environment and Natural Resources "A3"

The Company's business operations primarily involve daily production and office activities, resulting in relatively limited direct impacts on the environment and natural resources, mainly reflected in energy consumption and water usage. Despite the relatively low level of environmental impact, the Company actively implements various measures to reduce resource consumption and environmental impacts during operations, continuously advancing green operations.

RESOURCE MANAGEMENT (CONT'D)

Environment and Natural Resources "A3" (cont'd)

The Company's main impacts on the environment and natural resources during operations include:

- Indirect greenhouse gas emissions from electricity consumption
- Water consumption generated during production and office operations
- Waste generated during daily operations

This year, the Company was not involved in any business activities characterized by high pollution, high emissions, or high resource consumption. No significant impacts of operational activities on biodiversity or natural habitats were identified, and the overall environmental impact remains within a manageable range.

The Company improves energy efficiency through optimizing production layout and equipment operation management, and reduces water waste by optimizing the water supply system and enhancing water management requirements. During the construction of the headquarters office building, the Company fully considers energy-saving and environmental protection requirements, giving priority to the selection of construction and finishing materials that meet environmental standards. Meanwhile, the office building's curtain wall uses Low-E energy-saving glass and is equipped with an exterior wall insulation system to enhance the building's thermal insulation performance and reduce air conditioning system energy consumption.

In addition, the Company promotes the concept of green offices in office environment management, encouraging employees to conserve water, electricity, and office resources through internal management systems and daily behavioral guidelines, thereby reducing resource waste.

The Company will continue to monitor the impact of its operations on the environment and natural resources, and will constantly improve resource efficiency through optimized management practices and the introduction of new technologies. In the future, the company will further explore energy-saving and emission-reduction measures and green operational practices in alignment with its business development, striving to continuously reduce its environmental impact.

CLIMATE-RELATED DISCLOSURES "PART D"

Climate Governance

The Company places significant emphasis on climate-related risks and opportunities, incorporating climate-related issues into its overall ESG management framework for coordinated oversight. The Board bears ultimate supervisory responsibility for the Company's climate-related risks and opportunities, regularly reviewing the company's management strategies and implementation regarding environmental and climate matters to ensure that relevant risks are effectively identified and managed.

Management is responsible for the implementation of climate-related initiatives, including promoting energy conservation and emissions reduction measures, overseeing environmental compliance, and enforcing relevant management systems. The Company integrates climate-related management requirements into daily operational management — such as production management, equipment operation, and resource utilization — through cross-departmental collaboration mechanisms.

CLIMATE-RELATED DISCLOSURES "PART D" (CONT'D)

Climate Governance (cont'd)

In addition, the Company continuously enhances its climate-related management capabilities and gradually improves its climate governance system through internal management systems and daily supervision mechanisms.

Climate Strategy

➢ *Identification of Climate-Related Risks and Opportunities*

The Company, based on its business characteristics, identifies and assesses risks and opportunities associated with climate change, with particular focus on the following two types of risks:

(1) Physical Risks

Extreme weather events (such as typhoons, heavy rains, and high temperatures) may impact the Company's production and operations, including risks such as facility damage, production disruptions, and supply chain volatility.

To address the aforementioned risks, the Company has established an environmental emergency response plan and clearly defined extreme weather response measures in its facility management system, including:

- Strengthen the inspection of the plant's drainage system
- Inspect power facilities and critical equipment
- Schedule personnel on duty during extreme weather conditions

Through the above measures, the Company can to some extent reduce the impact of extreme weather on its operations.

(2) Transition Risk

As global and regional climate policies become increasingly stringent, the transition risks faced by the company primarily include:

- Rising compliance costs due to increasingly stringent environmental and carbon emissions regulations
- Cost pressures arising from energy price volatility and energy structure transition
- Increasing customer and market demands for green products and low-carbon operations

The Company addresses related transition risks by continuously strengthening environmental management, improving energy efficiency, and exploring the application of renewable energy.

CLIMATE-RELATED DISCLOSURES "PART D" (CONT'D)

Climate Strategy (cont'd)

- *Climate-related Opportunities*

  Against the backdrop of climate change, the Company also pays attention to potential development opportunities, including:

  - Reduce operating costs through energy-saving and consumption-reduction measures
  - Enhancing corporate brand image and market competitiveness through green production
  - Optimizing the energy structure through the application of renewable energy

  The Company has introduced a solar photovoltaic system into its newly built production facility as a key initiative to advance energy transition, helping to reduce reliance on conventional energy sources.

- *Impact on Business*

  Climate change may impact the Company's operating costs, production stability, and long-term development. The company continuously optimizes production management and resource efficiency to enhance operational performance while controlling environmental impacts, thereby reducing the potential business risks associated with climate change.

Climate Risk Management

The Company has incorporated climate-related risks into its overall risk management system, conducting risk identification, assessment, and response through institutionalized management practices.

In terms of risk identification, the Company identifies environmental and climate-related risks that may affect the company, including extreme weather risks and environmental compliance risks, through daily operational management and environmental monitoring.

In terms of risk assessment, the Company conducts qualitative analysis on identified risks by combining the characteristics of its business operations, and evaluates their potential impact on production and operations.

In terms of risk response, the Company has established environmental emergency plans and reduced the likelihood and impact of risks through routine inspections, facility maintenance, and systematic management.

In the future, the Company will continue to improve its climate risk management framework and gradually enhance its capability for quantitative analysis of climate-related risks.

CLIMATE-RELATED DISCLOSURES "PART D" (CONT'D)

Climate Indicators and Targets

- *Greenhouse Gas Emissions Management*

  Currently, the Company has identified energy use as the primary source of greenhouse gas emissions, which mainly stem from purchased electricity and steam consumption. The Company is progressively improving its statistical and management systems for greenhouse gas emissions data, and plans to gradually initiate greenhouse gas emission accounting activities.

- *Energy Usage Indicator*

  The Company continuously monitors energy consumption and improves energy efficiency through the following measures:

  - Optimize production layout and workshop utilization
  - Reduce energy consumption per unit of product
  - Optimize electricity procurement costs

- *Water Resources and Resource Utilization Indicators*

  The Company continuously monitors water usage and improves water efficiency through optimizing water supply systems and promoting water-saving measures.

- *Climate-related Objectives*

  The Company is committed to continuously improving resource efficiency and progressively promoting energy conservation and emissions reduction. At this stage, the Company's main objectives include:

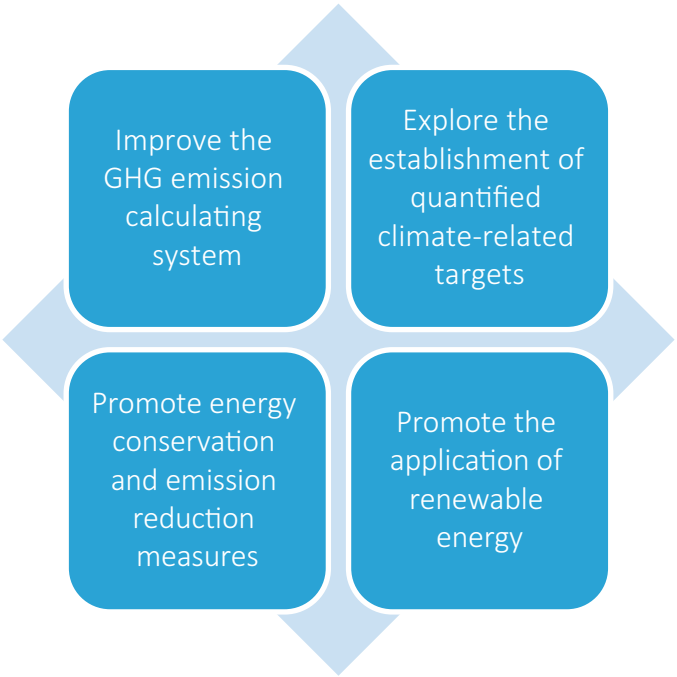
  - Continuously reduce energy consumption per unit of product
  - Improve energy efficiency
  - Exploring renewable energy applications

  In the future, the Company will gradually refine its climate-related quantitative targets, including greenhouse gas emissions management goals, in line with business development.

CLIMATE-RELATED DISCLOSURES "PART D" (CONT'D)

Climate Change Response and Future Planning

Looking ahead, the Company will continue to improve its climate change management system and focus on advancing the following initiatives:



The Company will continuously enhance the quality of its climate-related disclosures to better address the challenges and opportunities arising from climate change.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT

Talent is the core driving force behind Peijia's continuous innovation and a valuable asset for high-quality corporate development. We consistently uphold the core management philosophy of "People First," deeply investing in human resource development and building a comprehensive employee care system, integrating employee well-being, sense of fulfillment, and professional growth into every stage of corporate operations and development. We recognize that unlocking employee potential and enabling their value realization form the fundamental support for the company's innovation and competitiveness. Therefore, we focus not only on employees' material needs but also on their spiritual growth and career advancement. By continuously optimizing Peijia's talent management policies, we provide competitive compensation, attentively listen to employee feedback, and foster an inclusive and harmonious work environment.

Compliant operations are the fundamental prerequisite for safeguarding employee rights. We strictly adhere to national labor laws and regulations, including the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, the Law on the Protection of Minors of the People's Republic of China, the Prohibition of Child Labor Regulations, and the Special Regulations on the Protection of Women Workers, as well as international labor standards and industry norms. We firmly prohibit any non-compliant employment practices, ensuring that all labor practices are lawful, fair, and transparent. On this foundation, the Company, based on its operational characteristics and employee needs, has revised and improved the Employee Handbook and a series of internal management systems, establishing a comprehensive human resources management system covering all aspects such as compensation and benefits, recruitment and promotion, working hours and leave, equal employment, anti-discrimination, and occupational health. This institutional framework protects employees' legal rights and strengthens the foundation of standardized employment management.

Regarding compensation, employment, and rights protection, we are committed to establishing a compensation system aligned with industry standards and linked to individual contributions, ensuring that employee pay balances internal equity and external competitiveness, enabling staff to share in the benefits of corporate growth. We strictly adhere to international and domestic labor protection standards, resolutely prohibiting illegal practices such as child labor and forced labor. We uphold professional ethics and fundamental employment principles, fully respecting employees' human dignity, labor rights, and freedom of choice. We continuously improve the safety and health of the working environment, strengthen occupational health protection, and enhance risk identification and mitigation to safeguard employees' physical well-being and life safety.

In recruitment, promotion, and career development, we adhere to open, fair, and impartial personnel selection principles. We break down inherent barriers related to identity, background, gender, and other factors, and instead focus on competence, character, and performance as the core criteria. We maintain robust two-way channels for internal promotion and external talent acquisition, providing every employee with an equal platform to compete and showcase their talents. At the same time, we have established a comprehensive employee training and career advancement system, offering customized development programs tailored to employees in different roles and career stages. These programs cover multidimensional content, including professional skill enhancement, management capability development, and updates on the latest industry knowledge, helping employees overcome career bottlenecks and realize their full potential. We ensure outstanding employees have motivation, opportunity, and a promising future.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Regarding working hours, leave, and livelihood protection, we strictly enforce the statutory working hour system, eliminate unauthorized overtime, and ensure employees have sufficient rest and leave time to balance work and personal life, thereby safeguarding their physical and mental well-being. In accordance with national laws and regulations, we fully implement all statutory leaves, including paid annual leave, maternity leave, paternity leave, sick leave, and marriage leave, to comprehensively protect employees' right to rest. Meanwhile, we have established a comprehensive welfare system, making full and timely contributions to the five social insurance schemes — pension, medical, unemployment, work-related injury, and maternity insurance — as well as housing provident fund. Additionally, we provide supplementary commercial insurance, holiday greetings, health check-ups, employee care programs, and other welfare measures, paying close attention to employees' daily lives and addressing their concerns, thereby effectively enhancing their sense of belonging and loyalty.

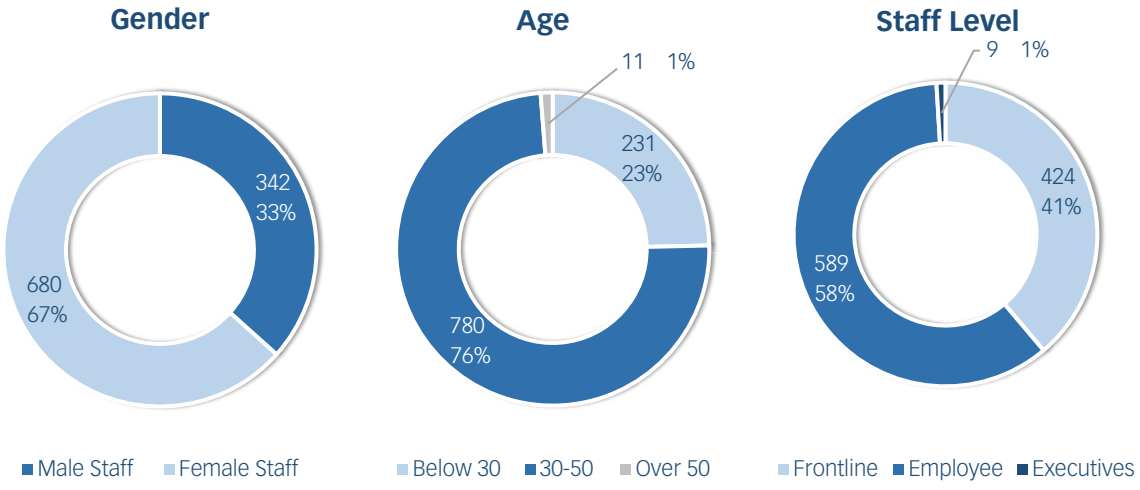
In terms of diversity, inclusion, and anti-discrimination management, we are committed to fostering an equitable, inclusive, and diverse workplace culture. We firmly oppose any form of discrimination based on gender, age, race, religion, disability, region, or other grounds, and respect employees' individual differences and cultural diversity. We ensure all employees have equal access to employment, training, and advancement opportunities. We maintain open channels for employees to express their concerns, attentively listen to their feedback and reasonable suggestions, and promptly respond to their needs. By cultivating a harmonious, supportive, and collegial work environment, we ensure that every employee at Peijia Medical is respected, recognized, and treated fairly, thereby uniting our workforce to drive high-quality and sustainable corporate development.

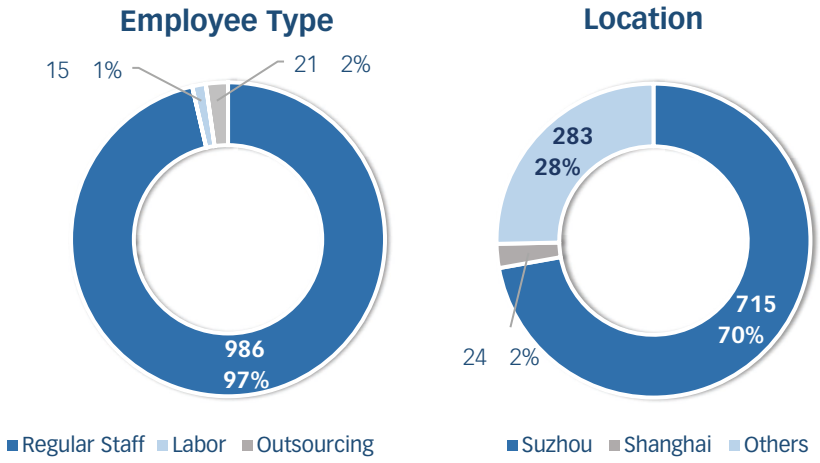
In 2025, Peijia Medical completed the establishment and optimization of core systems centered on the full life cycle management of human resources, forming a systematic framework of "basic safeguards + specialized management". Three core systems — Regulations on Recruitment Management, Regulations on Compensation Management, and Regulations on Training Management — were officially released throughout the year, providing standardized guidelines for key processes such as recruitment and staffing, compensation and benefits, and talent development. Meanwhile, the approval process for the Regulations on Personnel Management was advanced. This comprehensive policy covers various personnel matters including employee onboarding, transfers, resignations, contract renewals, attendance management, probationary period standards, and leave administration. It is expected to be officially released and implemented at the beginning of 2026, further closing the loop on personnel management.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Employee Profile "B1.1"

In 2025, the Group had a total of 1,022 employees, including 987 Han Chinese employees and 35 employees from 13 ethnic minority groups. The detailed employee breakdown for this year is as follows:





Note:

The classification criteria for "Employee Level" are as follows:

1. The frontline mainly consists of internal operational staff within the Group;
2. Employees consist of internal professional staff as well as junior- to mid-level management personnel within the Group;
3. The executives are management-level employees of the Group.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Compensation, Benefits, and Incentive System "B1 General Disclosure"

- *Differentiated Compensation Structure*

  The Company has designed differentiated compensation structures based on job roles and responsibilities to precisely align pay with value contribution. For office employees, compensation consists of base salary, allowances, and variable bonuses, with the variable component closely tied to individual performance and team results. For frontline employees, compensation includes base salary, skill-based pay, and monthly performance bonuses, with an additional year-end performance bonus to emphasize incentives for skill level and work output. In 2025, the Company implemented an annual salary adjustment program, moving away from across-the-board increases and instead focusing on key talent in each department. Adjustments are made specifically for promotions and performance achievements, taking into account employee advancement and performance outcomes, thereby fully leveraging compensation as an incentive tool to retain core talent.

- *Comprehensive Benefits and Protection*

  In terms of basic benefits, the Company provides all employees with social insurance and housing provident fund coverage, and plans to achieve full commercial insurance coverage (including frontline staff) by 2025 to offer employees more comprehensive medical protection. At the same time, the Company has established a comprehensive health examination system: new employees receive a pre-employment physical examination, while current employees are eligible for an annual wellness physical examination, demonstrating a genuine commitment to employee health. Regarding unique benefits, the Company has launched an online benefits platform that converts traditional holiday benefits (such as those for the Spring Festival, International Women's Day, Dragon Boat Festival, and Mid-Autumn Festival) and birthday benefits into points or redemption vouchers. Employees can independently select their preferred products from the platform (which features 30 to 40 high-quality benefit options curated by the company) and enjoy free shipping to their homes, thereby addressing the issues of low demand-matching rates and high transportation costs associated with traditional physical benefits. Additionally, the Company hosts quarterly birthday celebrations to extend personalized wishes to employees and organizes an annual year-end banquet to enrich employees' cultural lives. Employee leave is strictly administered in accordance with national statutory standards, ensuring employees' right to enjoy the vacation time.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Compensation, Benefits, and Incentive System "B1 General Disclosure" (cont'd)

- *Special Incentive Mechanism*

  To stimulate employee innovation and work enthusiasm, the Company has established a dedicated incentive system, focusing on core areas such as research and development and lean projects. The incentive process follows a logical sequence of "project initiation and grading — interim review — achievement-based payout." At project initiation, each project is graded based on factors such as technical complexity and expected value, with corresponding incentive amounts clearly defined. An interim review and summary are conducted annually, with bonuses distributed according to evaluation scores, ensuring incentives are directly linked to individual contributions. In particular, the R&D platform incentive primarily targets employees in technical R&D departments, encouraging technological innovation and the transformation of research outcomes. The lean project bonus focuses on improving efficiency and optimizing costs in production and operations, effectively boosting employee engagement and innovative drive across departments.

Mid-Autumn Festival Event

Birthday Celebration

Recruitment and Compliance Employment "B1 General Disclosure, B4.1 4.2"

To improve the efficiency and quality of recruitment, and to ensure the attraction and selection of suitable talent, the company has established the Regulations on Recruitment Management, which standardize the recruitment process and define responsibilities.

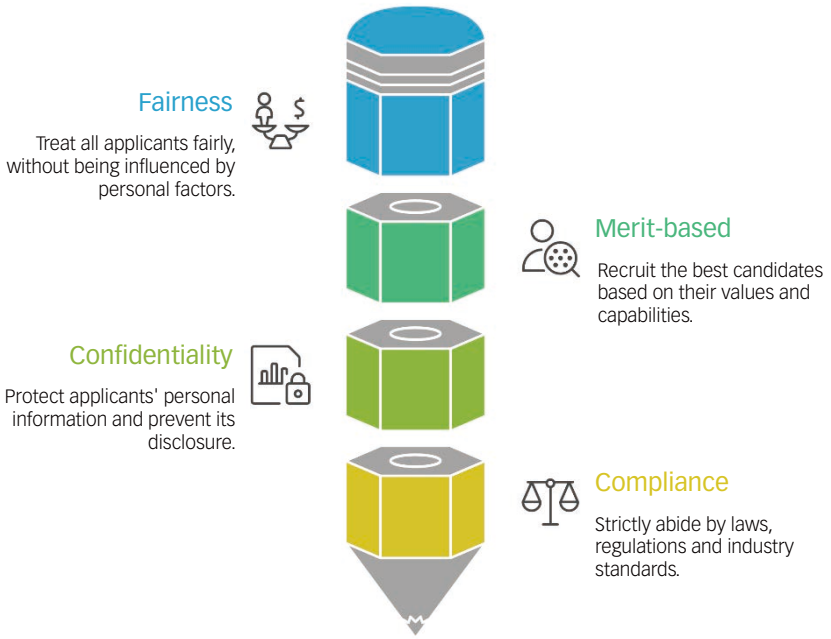
OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Compensation, Benefits, and Incentive System "B1 General Disclosure" (cont'd)

- *Recruitment Strategy and Channels*

  In 2025, the Company established a recruitment strategy centered on social hiring and rolling recruitment, aligned with business development needs. The recruitment channels formed a "three-dimensional complementary" structure: first, leveraging online recruitment platforms to broaden the pool of candidates; second, collaborating with agencies and headhunters to precisely target mid-to-senior-level positions and scarce talent; third, enhancing the internal referral program to encourage employees to recommend high-quality candidates, thereby fully tapping into the internal talent network. Recruitment activities were initiated as needed and advanced dynamically throughout the year, effectively meeting staffing requirements across departments.

Company Recruitment and Employment Principles



- *Compliant Employment Practices*

  The Company consistently upholds the compliance bottom line in employment, fully incorporating core requirements such as prohibiting child labor and opposing forced labor into its recruitment processes. It has established specific policy statements and strictly enforces them to ensure that every step of recruitment complies with national laws, regulations, and industry standards. In 2025, the Company reported no violations related to recruitment or personnel matters. Through clear policy guidance, rigorous background checks, and standardized onboarding procedures, the Company has established a fair, equitable, and compliant employment environment, effectively safeguarding employees' legal rights and the Company's brand reputation.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Employee Communication and Feedback Mechanism "B1 General Disclosure"

- *Multilevel Feedback Channel*

  The Company has established a two-tier employee feedback system comprising "business-unit-specific" and "company-wide" channels to ensure efficient transmission of employee concerns. At the business unit level, dedicated point-to-point feedback channels are in place, allowing employees to directly submit suggestions or comments to business unit leaders, with smooth communication and prompt responses. At the Company level, an HR-dedicated feedback email address is permanently displayed on the internal OA system, enabling all employees to provide feedback at any time on topics such as company operations, administrative services, and corporate culture.

  In addition, the executive team maintains regular communication with frontline employees. Starting from the second half of 2025, the Assistant to the Chairman has designated Thursday afternoons each week for one-on-one communication sessions. Employees can directly schedule appointments via WeChat Work, ensuring confidentiality and targeted discussions to effectively address workplace concerns. The company conducts an annual "Employee Engagement Survey," covering multiple dimensions such as work environment, goal clarity, managerial leadership, and team collaboration, thereby creating a comprehensive profile of employee satisfaction.

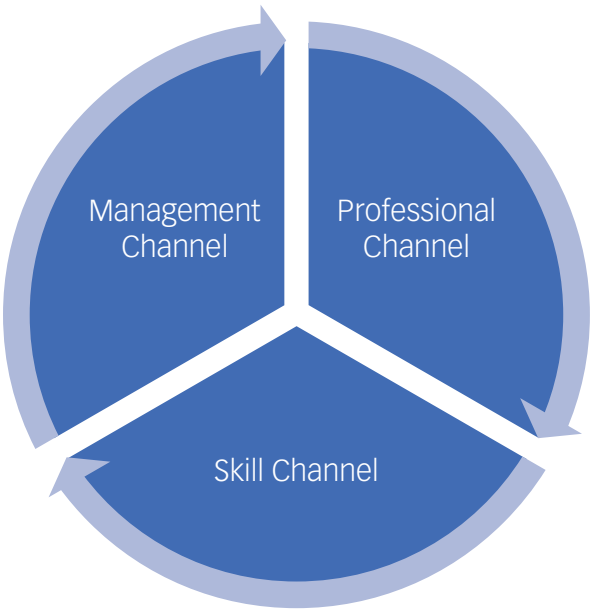
- *Feedback Loop Management*

  For the collected employee feedback, the Company has established a closed-loop management mechanism of "research-analysis-rectification-optimization." Survey results are collected anonymously, and the Human Resources Department, together with relevant department heads, conducts in-depth analysis on items with low scores. Special workshops are organized to gather employee concerns, targeted corrective actions are developed accordingly, and management optimization recommendations are provided to department heads to promote improvements in team atmosphere and management effectiveness.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Occupational Development "B1 General Disclosure"

Peijia Medical has established a three-track talent development system — management, professional, and skills — running in parallel, providing employees in different positions and with diverse expertise clear and diversified career growth pathways. The management track focuses on enhancing leadership and organizational management capabilities; the professional track supports in-depth development of core technical and business experts; the skills track targets frontline operational personnel and the growth of high-skilled talents. These three tracks are mutually connected and aligned in job grading, enabling management, professional, and skilled talents to fully utilize their strengths and realize their long-term career value, thereby strengthening the talent foundation for the company's sustainable development.



We conduct comprehensive assessments and evaluations of employees based on their job performance, capabilities, and work attitudes, aiming to promote continuous improvement in performance, enhance professional skills and management levels, and ensure the achievement of the Company's annual quality objectives as well as the effective implementation of relevant policies and systems. Meanwhile, the performance appraisal results serve as the basis for personnel decisions such as promotions and salary adjustments.

OPTIMIZE THE EMPLOYMENT ENVIRONMENT (CONT'D)

Resignation Status "B1.2"

When an employee resigns, we follow the clearly defined resignation process stated in the Employee Handbook to handle the relevant procedures, and legally terminate the labor relationship with them, fully ensuring the legitimate rights and interests of the employees. Employees must notify the company in writing within the time limit prescribed by law and company regulations in advance of their resignation. If either party requests an early termination of the labor contract, the notice period should be at least 3 days during the probation period and at least 30 days outside of the probation period, in writing. If the employee has signed special agreements with the Company, such as a service period agreement, confidentiality and non-compete agreement, loan contract, etc., the resignation must be processed in accordance with the provisions of the contract.

Employee turnover situation	Unit	2025
Total Turnover Rate	%	**25.2**
Employee turnover rate by gender		
Male	%	**8.5**
Female	%	**16.7**
Employee turnover rate by region		
Suzhou, China	%	**19.9**
Shanghai, China	%	**0.5**
Other Regions	%	**4.8**
Employee turnover rate by age group		
Under 30 years old	%	**7.5**
30 to 50 years old	%	**17.5**
Over 50 years old	%	**0.2**

Note: The calculation method for employee turnover rate: annual formal employee turnover rate = (number of formal employees who left during the year/(number of formal employees at year-end + number of formal employees who left during the year)) * 100%.

HEALTH AND SAFETY

Safety Production Management "B2,2.3"

Our Group strictly adheres to the national laws and regulations such as the People's Republic of China Work Safety Law, the People's Republic of China Occupational Disease Prevention and Control Law, the People's Republic of China Work Safety Law, and the Regulations on Reporting and Handling of Production Safety Accidents. We have established safety management systems including the Work Safety Management Procedures, the Work Safety Target Management System, the Annual Safety Work Plan Management System, and the Work Safety Target Decomposition and Implementation Plan Management System, to ensure that employees carry out their work in a safe and healthy working environment.

In 2025, we continued to enhance our safety production management measures, specifically including:

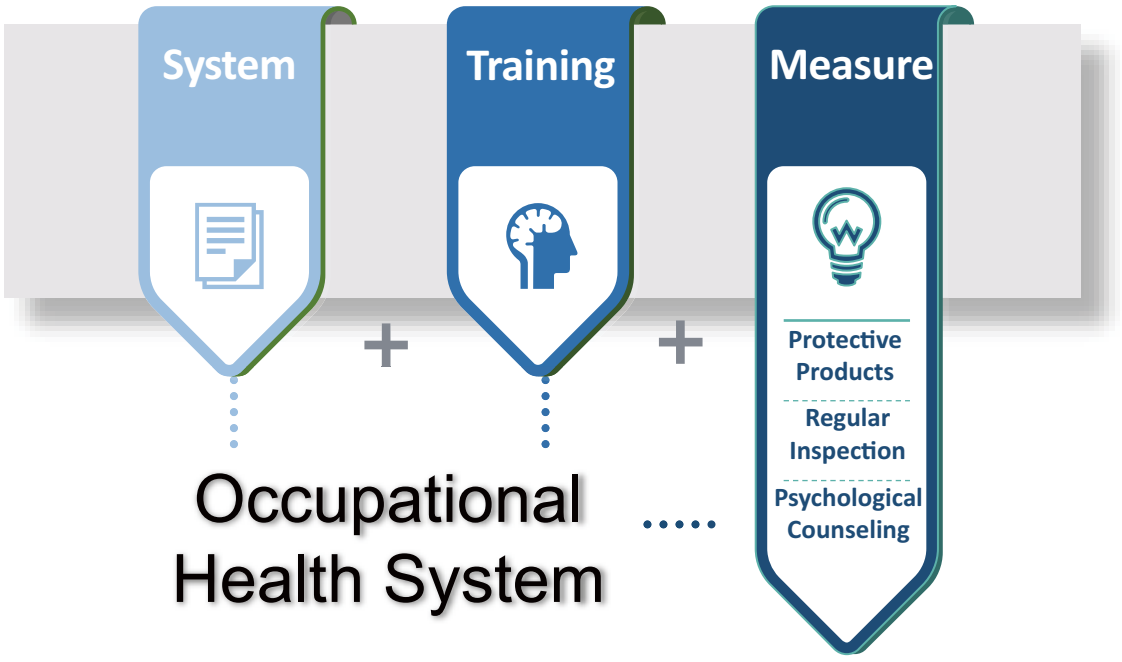
- Accept the inspections from the safety supervision department and the municipal government, and proactively invite third-party assessments of safety risks;
- Implement a safety inspection mechanism to conduct weekly safety checks and eliminate potential production safety hazards;
- Equip the production building with fire extinguishers, fire hydrants, sprinkler systems, and safety alarm bells, and schedule regular inspections to ensure all facilities are in proper working condition;
- Legally register chemicals that are "easy to be used for drug manufacturing and explosive production," and classify and store hazardous chemicals in designated areas. Hazardous waste is also disposed of by a qualified third-party in compliance with regulations;
- First-aid supplies such as medicine kits and eye wash solutions are fully equipped in both office and production areas; laboratories are additionally equipped with eyewash stations and ventilation systems;
- Conduct annual fire drills and emergency response exercises, ensuring full participation, and train employees to respond quickly and effectively save themselves and evacuate in the event of an emergency.

Occupational Health Management "B2,2.3"

Peijia Medical places great emphasis on employee occupational health and has established a collaborative management model of "EHS-led with HR support" to safeguard employees' health and safety. The EHS department is responsible for defining job positions related to occupational diseases and ensuring the provision of labor protection equipment in compliance with national regulations, including PVC gloves, masks, earplugs, face shields, and others. Special protective measures are implemented for specific positions that may involve exposure to hazardous chemicals. The Human Resources department tracks employees' medical examinations before, during, and upon leaving their positions, ensuring comprehensive and timely completion of health checks, promptly communicating results to employees and relevant departments, and assisting in developing intervention measures for any abnormal findings. Additionally, health and safety training is integrated into the company's overall training program, jointly organized by the HR and EHS departments through specialized lectures and practical drills, to enhance employees' awareness of occupational health and safety and strengthen their ability to protect themselves, thereby creating a safe and healthy working environment for all employees.

HEALTH AND SAFETY (CONT'D)

Occupational Health Management "B2,2.3" (cont'd)



Workplace Injury and Other Safety Critical Performance Indicators "B2.1, B2.2"

Safety Key Performance Indicator			
	0 No. of Work-Related Deaths in 2023, 2024, and 2025 (persons)	**0%** Rate of Work-Related Deathsin 2023, 2024, and 2025	**123** Days Lost Due to Work-Related Injuries (days)
100% Coverage of Safety Education and Training	**0** Safety and Occupational Health Administrative Punishment	**0** Production Safety Incidents with Serious Injuries or More	

DEVELOPMENT AND TRAINING "B3 3.1 3.2"

- *Mentorship Program*

  The Company has established a comprehensive mentoring system tailored for new employees to ensure their rapid integration into teams and mastery of required skills. For new hires in frontline skill-based positions, the company assigns experienced mentors who provide one-on-one job guidance and skills training according to specific job procedure requirements. For sales positions, the "FST Mentoring Program" is implemented, pairing new employees with carefully selected and evaluated senior sales staff to offer comprehensive mentoring support in professional skills, customer visit techniques, and more. For management positions, direct supervisors assume mentoring responsibilities. Every new employee is clearly assigned a mentor, fostering a development culture of "full-process guidance and support".

- *Internal Job Rotation Mechanism*

  The Company actively promotes internal talent mobility, offering employees diversified career development paths. Job vacancies are posted internally at the earliest opportunity, allowing employees to voluntarily apply based on their individual career plans. Several departments have established successful job rotation practices, broadening employees' professional perspectives and expanding their skill sets through rotational assignments. Meanwhile, the Company has assigned four HRBPs who fully cover all departments, participating throughout in personnel management, employee development, and team-building activities, providing professional support for employees' career growth.

- *Training Implementation and Evaluation*

  The Company adopts an integrated online and offline training approach. Online, it relies on the "Jiaxue Cloud" learning platform to record and upload offline courses, enabling employees to access and study content anytime and anywhere. The platform's course offerings are continuously updated. Offline training includes centralized lectures, hands-on skills training, and case study discussions to reinforce learning outcomes. After training sessions, the Company evaluates learning outcomes through tests, skills assessments, and post-class assignments to ensure employees have truly mastered the relevant knowledge and skills. The Human Resources Department periodically distributes surveys via the "Jiaxue Cloud" platform to collect employee feedback on course content, teaching methods, and practicality, as well as their future training needs. The feedback is compiled and analyzed, and course designs are refined according to common requests to continuously improve training quality.

DEVELOPMENT AND TRAINING "B3 3.1 3.2" (CONT'D)

This year, under the organization of the Company's Human Resources Department, we have conducted the following training programs:

Category	Course Categories
Essential Knowledge — Regulations	Non-Competition Agreements and Trade Secret Protection
	Anti-Bribery Compliance
	Anti-Corruption in the Pharmaceutical and Medical Device Industry
	Advertising Law Compliance
	Basic Legal Knowledge for Economic Activities
Essential Knowledge — Safety	Workplace Safety
	Information Security
	Workplace Injury Prevention and Protection
Professional Skills	Annual Intellectual Property Training
	Technical Secret Management
	Search System Training
Patent Law	Empowerment Training for Frontline Managers
	Management Skills Training for Frontline Team Leaders
	Human Resources Management for Non-HR Professionals
Professional Development	Structured Thinking and Reporting
	Practical Business Negotiation Skills

DEVELOPMENT AND TRAINING "B3 3.1 3.2" (CONT'D)

Category	Course Categories
Lean Management	VSM Value Stream Map
	Cost Reduction and Efficiency Improvement for Managers
	Standard Work Hours, Production Capacity, and Labor Productivity
	6S Visual Management
	Standardized Work
	The Eight Wastes
	Course Design and Teaching Techniques
	Public Speaking and Communication Skills
New Employee Training	Company Profile
	Human Resources Policies
	Financial Policies
	Procurement Process
	Legal and Compliance
	Information Security
	Intellectual Property
	Product Knowledge — Structure
	Product Knowledge — Neural Networks
	Workplace Safety
	Showroom Tour
	Cleanroom Management
	Basics of Microbiology
	Introduction to the GMP System

DEVELOPMENT AND TRAINING "B3 3.1 3.2" (CONT'D)

Staff Level	Number of Persons	
	Male	Female
Senior Management	5	4
Middle-level Management	12	5
Entry-level Staff	342	680

100%
Trained Staff Rate

6.33Hours
Avg. Training Hours

6.13 Hours
Avg. training hours of male staffs

6.44 Hours
Avg. training hours of female staffs

5.67Hours
Avg. training hours of senior management

9.97Hours
Avg. training hours of middle-level management

6.28Hours
Avg. training hours of entry-level staff

Note:

The classification criteria for "Employee Level" are as follows:

1. Senior management personnel: executives in the annual report;
2. Middle-level management personnel: department heads and above;
3. Entry-level staff: Other employees.

The total number of trainees includes a portion of employees who left the company in 2025.

SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE"

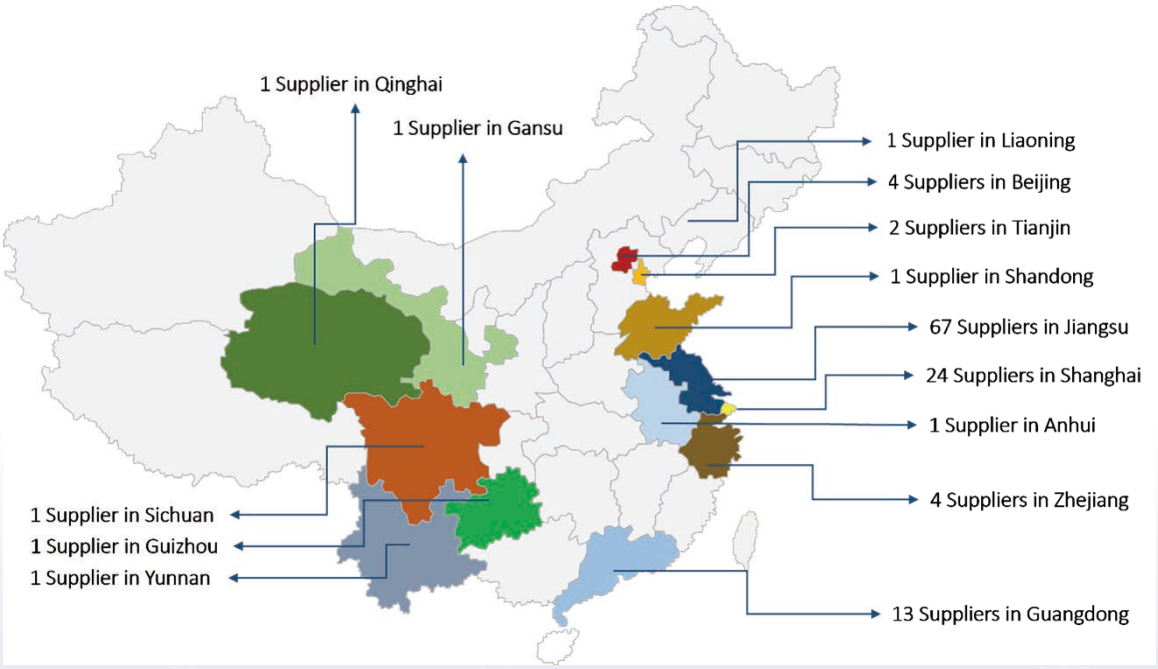
Our Group has established a relationship of mutual trust and cooperation with supplier partners, working together to provide patients with safe and effective products. We strictly adhere to the relevant laws and regulations such as the Tendering and Bidding Law of the People's Republic of China and the Anti-Unfair Competition Law of the People's Republic of China, and have formulated management documents such as the Procurement Control Procedures, Supplier Development and Management Control Procedures, and Supplier ESG Behavior Guidelines to standardize supplier management work. We sign the Compliance Commitment Letter with suppliers, typically upon onboarding, and it remains valid long-term.

We have established a Supplier Quality Management Team responsible for managing all aspects of supplier onboarding, auditing, offboarding, and supply risk. The Company's procurement activities are divided into direct and indirect procurement: direct procurement is directly related to production and operations, covering various raw materials; indirect procurement includes equipment, third-party services, and auxiliary consumables, and is managed differently according to risk management principles.

Multivendor "B5.1"

For many years, we have been committed to collaborating with suppliers from diverse regions, cultures, and backgrounds to build a diversified supply chain. At the same time, we continue to deepen cooperation with local suppliers, promoting local economic development while reducing logistics costs and shortening delivery cycles.

The Company's localization rate for suppliers has exceeded 90%, with suppliers from Suzhou and surrounding regions accounting for an increasing proportion, continuously enhancing supply chain resilience and response efficiency. This year, the company has established cooperative relationships with 151 suppliers across 7 countries worldwide, including 122 domestic suppliers and 29 overseas suppliers.



SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Supplier Selection and Evaluation "B5.2 5.3"

The Company has established a tiered and categorized supplier onboarding and regular audit mechanism, incorporating ESG indicators as core assessment criteria. For manufacturing and processing suppliers, key aspects such as environmental compliance, operational qualifications, social reputation, environmental pollution risks, and production capacity are rigorously reviewed. For trading suppliers, which do not have production processes, environmental checks are streamlined accordingly. On-site audits are conducted for all suppliers requiring assessment, with dedicated audit reports issued. Audits are differentiated by supplier importance: critical suppliers are audited annually, while less critical suppliers are audited every two years.

The assessment process comprehensively covers ESG factors such as health, safety, and environment (HSE). Potential risks in the supply chain, including environmental pollution and violations of labor standards, are effectively identified through reviewing suppliers' environmental monitoring qualifications, third-party data reports, and other methods. Meanwhile, the Company conducts annual specialized evaluations of key suppliers. The evaluation and on-site audit are two independent dimensions, with the evaluation scope broader than that of on-site audits, enabling dynamic monitoring of suppliers' overall performance.

For new suppliers, we strictly enforce all admission criteria. We first conduct an initial screening of corporate qualifications and legal compliance through external public information, followed by an evaluation of the supplier's operating conditions, registration documents, quality management, production environment, and manufacturing processes through a combination of online and on-site audits. Only after passing a multi-department review can a supplier obtain admission.

We conduct annual audits of all material suppliers across five dimensions: product inspection pass rate, quality management system, delivery, service, and operational risk. Suppliers are notified of any issues identified and required to take corrective actions according to management procedures, and non-compliant suppliers will be eliminated.

Supply Chain Sustainability and Social Responsibility

We place significant emphasis on environmental and social risk factors in our interactions with suppliers. The Company encourages suppliers to use environmentally friendly products, reduce carbon emissions, and comply with national and local environmental regulations. Through regular communication, we guide suppliers to improve their environmental management practices, although we currently do not mandate suppliers to provide carbon footprint data.

The Company maintains efficient communication with suppliers through periodic one-on-one discussions and conveys the concept of sustainable development during day-to-day collaboration.

To further implement labor care and social responsibility, the Company reasonably divides procurement orders according to annual demand and issues them in batches, guiding suppliers to schedule production evenly. This approach helps avoid excessive overtime for supplier employees caused by concentrated or urgent orders, reduces production pressure on suppliers and labor intensity for workers, and supports the stable and sustainable development of the supply chain from the procurement side.

SUPPLIER MANAGEMENT "B5 GENERAL DISCLOSURE" (CONT'D)

Supplier ESG Management "B5.3 5.4"

The Company has established the Peijia Medical Co., Ltd. Supplier ESG Conduct Guidelines to clearly define the cooperation requirements between Peijia Medical and its suppliers in the field of ESG management, standardize both parties' practices regarding environmental, social, and governance aspects, and ensure that operational activities comply with the principles of sustainable development. By adhering to these guidelines, we will work together with our suppliers to promote greener, more socially responsible, and standardized supply chains, achieving a win-win outcome in both economic and social benefits.

We set requirements for supplier ESG management across three dimensions: environmental management, social management, and governance management, as follows:

- *Environmental Management*
  Suppliers must comply with environmental regulations, establish monitoring mechanisms for pollution emissions, implement energy conservation and emissions reduction, optimize resource utilization, and prioritize the use of environmentally friendly materials and clean energy. They must also establish waste sorting, treatment, and recycling systems to promote waste minimization, resource recovery, and harmless disposal.

- *Social Management*
  Suppliers must respect employees' rights and fundamental human rights, eliminate discrimination, abuse, and harassment, ensure fair wages, reasonable working hours, and rest entitlements, and provide a safe and healthy working environment; the use of child labor is strictly prohibited, and age verification mechanisms must be established; suppliers are also expected to actively participate in community development and public welfare activities, fulfilling their social responsibilities.

- *Governance Management*
  Suppliers shall establish and improve corporate governance structures to ensure compliant and transparent decision-making; adhere to business ethics by establishing anti-corruption and internal control mechanisms to prevent unfair competition; disclose ESG-related information truthfully and accurately as required; and strictly fulfill confidentiality obligations to protect both parties' trade secrets and sensitive data.

The Company will conduct regular ESG assessments and audits of suppliers, require non-compliant suppliers to rectify issues within a specified period, and may, as appropriate, take management measures such as suspending cooperation or terminating relationships.

Supply Chain Stability Assurance

The Company ensures supply chain security and stability through multiple dimensions: closely monitoring geopolitical policies and the global supply environment, and continuously advancing the localization substitution strategy; strengthening internal material planning management to improve the accuracy of demand forecasting and the rationality of order placement; for monopolistic materials, actively developing second suppliers and establishing a backup supplier system to reduce supply disruption risks. During the reporting period, the company's supply chain localization rate further increased compared to the previous year.

PRODUCT LIABILITY "B6"

Providing products that satisfy patients has always been a core pursuit of Peijia. We strictly comply with laws and regulations throughout all stages, including production and sales, such as the Product Quality Law of the People's Republic of China, the Civil Code of the People's Republic of China, the Advertising Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Consumer Rights and Interests Protection Law of the People's Republic of China, the Law on the Protection of State Secrets of the People's Republic of China, the Regulations on Supervision and Administration of Medical Devices, the Measures for the Supervision and Administration of Medical Device Production, and the Good Manufacturing Practice for Medical Device Production. At the same time, we have established comprehensive internal management procedures to uphold product quality and protect consumer rights in all aspects. We consistently strive for the highest product quality, and during the Reporting Period, no product recalls occurred due to health, safety, or quality issues.

Intellectual Property Protection "B6.3"

Peijia Medical places great emphasis on the development of its intellectual property system and compliance management, treating intellectual property as a key support for corporate innovation, enhancement of core competitiveness, and sustainable operations. The Group continuously improves its intellectual property management systems and operational mechanisms, strengthens the full lifecycle management of intangible assets such as patents, trademarks, and software copyrights, strictly adheres to compliance requirements, mitigates infringement risks, and safeguards the legitimate rights and interests of the Company and its stakeholders. In our management processes, we strictly comply with relevant laws and regulations including the Trademark Law of the People's Republic of China, the Patent Law of the People's Republic of China, the Copyright Law of the People's Republic of China, and the Anti-Unfair Competition Law of the People's Republic of China. Internally, the Company has established a series of management systems, including the Intellectual Property Management System, Intellectual Property Document Control Procedure, Technical Secret Management Measures, and Intellectual Property Compliance Management Manual, to more effectively create, utilize, manage, and protect intellectual property in a standardized manner.

In 2025, in accordance with the latest regulatory requirements from the national intellectual property administration, we updated and released a new version of the Intellectual Property Compliance Management Manual, strictly aligning with the 2023 national standard to optimize and certify our management system. The company has successfully obtained certification for the GB/T29490–2023 Intellectual Property Compliance Management System, establishing a standardized, process-driven, and actionable intellectual property management framework. We have also completed the annual internal audit as required, ensuring that all management systems are effectively implemented and operating efficiently.

PRODUCT LIABILITY "B6" (CONT'D)

Intellectual Property Protection "B6.3" (cont'd)

Intellectual Property Management System Certification Certificate

知识产权合规管理体系认证证书

证书号码：165IP250456R0M

兹证明

沛嘉医疗科技（苏州）有限公司

统一社会信用代码：91320594061881876J

注册地址：中国（江苏）自由贸易试验区苏州片区苏州工业园区杨家田路18号

经营地址：江苏省苏州市苏州工业园区杨家田路18号

知识产权合规管理体系符合标准：

GB/T29490-2023

通过认证的范围如下：

资质范围内心血管介入医疗器械的研发、生产、销售的知识产权管理

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

初次发证日期：2025年09月29日　　有效期至：2028年09月28日

本证书有效期三年，证书有效性通过年度监督确认保持。证书有效信息可登陆国家认证认可监督委员会官方网站www.cnca.gov.cn或中知（北京）认证有限公司官方网站查询。

签发：

中知认证

（北京）认证有限公司

本次发证日期：2025年09月29日

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- *Intellectual Property Management Measures*

  The Group's intellectual property management conducts full-process management centered on three core areas: patent filing and portfolio development, trademark registration and protection, and software copyright registration. Through systematic portfolio planning, dynamic maintenance, and ongoing monitoring, the Group continuously expands its portfolio of high-value intellectual property and strengthens the protection of core technologies and products. Meanwhile, the Company has established mechanisms for monitoring competitors and the market, closely tracking potential infringement activities, and promptly identifying, assessing, and addressing intellectual property risks.

PRODUCT LIABILITY "B6" (CONT'D)

Intellectual Property Protection "B6.3" (cont'd)

➢ *Infringement Prevention and Compliance Assurance*

To effectively prevent internal infringement risks, the Company has established an intellectual property infringement prevention mechanism:

- Strengthen internal compliance communication and clearly define intellectual property management requirements for research and development, marketing, sales, and other stages;
- Marketing promotions, technology outreach activities, and similar initiatives are fully coordinated with the intellectual property team to ensure that information releases are compliant and free of infringement risks;
- Conduct patent analysis and technology comparison, strengthen patent risk-avoidance design during the R&D phase, and prevent infringement at the source;
- Implement regular follow-up and dynamic monitoring to establish a closed-loop risk management process encompassing "prevention — identification — assessment — response."

We have established management procedures in the Intellectual Property Management System and the Intellectual Property Compliance Manual covering: 1. patent management, 2. trademark management, 3. intellectual property incentive and disciplinary systems, 4. intellectual property maintenance, evaluation, and utilization, and 5. management of intellectual property infringement and litigation.

Regarding the maintenance and protection of intellectual property rights, the Company has adopted the following measures:

1. Establish patent and trademark classification management files and management ledgers, and routinely update core information such as application details, legal status, and implementation status.
2. Monitor intellectual property payment deadlines (such as application fees, annual fees, etc.) and time limits (examination, validity periods, etc.), and carry out maintenance procedures and pay relevant fees according to assessment results.
3. After identifying an infringement, establish an emergency team comprising lawyers and patent engineers to analyze the technical aspects of the opposing party's infringement, evaluate the validity of our own intellectual property rights, collect evidence of infringement, and demand that the other party cease the infringing activities. After a comprehensive assessment, select the most favorable course of action, such as settlement, arbitration, or litigation.
4. After receiving a notice of infringement or a lawsuit, establish an emergency response team to verify the relevant actions and evidence, determine whether infringement has occurred, investigate the validity of the other party's intellectual property rights, apply for invalidation if necessary, and minimize losses through settlement or litigation defense.

PRODUCT LIABILITY "B6" (CONT'D)

Intellectual Property Protection "B6.3" (cont'd)

- *Patent and Intellectual Property Status*

  As of December 31,2025, the Group and its subsidiary companies have continued to carry out patent portfolio development and filing activities both domestically and internationally, with steady growth in both patent applications and grants, covering core technology areas and key product lines. Meanwhile, intellectual property assets such as trademarks and software copyrights have been continuously improved, forming a multi-layered, multidimensional intellectual property protection matrix that provides solid support for the Company's technological innovation and market expansion. The Company has established various incentive policies, including rewards for patent applications, patent grants, and annual patent awards, to encourage employees to actively participate in technological innovation and intellectual property creation.

- *Intellectual Property Training*

  In 2025, the Group will continue to conduct multi-level, specialized intellectual property training programs:

  - Organize and conduct specialized training on high-value patent portfolio planning, patent mining, infringement avoidance, and related topics;
  - Participated in the Suzhou City High-Value Patent Cultivation Program and received relevant awards and recognition;
  - Conduct patent technology sharing and internal disclosure training for core technical areas such as valves, cutting technologies, and procedure robots;
  - Strengthen compliance awareness among R&D, engineering, marketing, and other teams, and enhance the entire workforce's capabilities in intellectual property protection and risk prevention.

Product Quality Management "B6.4 6.1"

The Group places great importance on quality management and compliance throughout the entire lifecycle of medical products. Guided by international standards and grounded in regulatory requirements, we have established a comprehensive quality control system covering research and development, procurement, manufacturing, and post-market surveillance, continuously enhancing product safety and effectiveness to effectively safeguard the rights and interests of patients and customers. We have built a standardized quality management system based on the ISO13485 framework, adopting a unified four-tier documentation structure (Quality Manual, Procedure Documents, Work Instructions, and Records), and strictly implementing China's Good Manufacturing Practice (GMP) for medical devices. In accordance with the ISO14971:2007 risk management standard, we have established a Risk Management Control Procedure, utilizing scientific tools to identify, analyze, evaluate, and control risks throughout all processes, ensuring product safety and effectiveness. We have also established a Nonconforming Product Control Procedure, defining the processes and requirements for handling nonconforming products, to ensure that all nonconformities are effectively identified and addressed throughout the entire product lifecycle — from raw material procurement and production to product delivery and use.

PRODUCT LIABILITY "B6" (CONT'D)

Product Quality Management "B6.4 6.1" (cont'd)

The Company has obtained ISO13485 certification and maintained its validity through annual surveillance audits and recertification audits. This year, the company successfully completed an ISO13485 scope expansion audit, further covering additional product lines to support market access in emerging regions such as Taiwan. Additionally, the Company successfully passed the MDSAP (Medical Device Single Audit Program) certification, a program that harmonizes regulatory requirements from the United States, Canada, Brazil, Japan, and Australia, enabling "one audit, multiple country recognition," significantly improving efficiency in international market access. The quality management system has also been aligned with regulatory requirements from multiple countries, including U.S. FDA QSR 820, Brazilian Good Manufacturing Practices, and Taiwan's Quality Management System Guidelines, establishing a solid compliance foundation for the Group's global expansion.

- *Product Lifecycle Quality Management*

  Design and Development

  We have established the Design and Development Control Procedures, which control and regulate multiple stages such as design planning, design input, design output, design review, design verification, and design changes, to ensure that the design and development stages follow standard procedures and meet legal and regulatory requirements.

Purchasing raw materials

According to the relevant procurement procedures, Peijia strictly enforces quality inspection during the procurement process. Peijia requires suppliers to sign quality agreements, and in case of any issues, the quality team will work together with the supply chain team to address them. In order to further meet Peijia's "high requirements with small quantity" quality demands, Peijia implements a supplier guidance program, conducting on-site guidance for suppliers, continuously imparting the quality philosophy of the 146 medical device industry to them. Peijia also actively carries out incoming material monitoring and ensures full-process visual monitoring. Depending on the risk level of the raw materials, either full inspection or sampling inspection is conducted. All incoming materials have unique information tags and, after procurement, enter the Enterprise Resource Planning "ERP" system to complete warehousing.

Achieva also rigorously monitors the procurement process and signs quality agreements with suppliers. Procurement staff first make purchases based on the technical department's drawings. After the raw materials arrive, quality inspection personnel conduct inspections according to the quality inspection documents generated by the quality engineer. If there is any abnormality, we will initiate a non-conformance review and carry out standardized disposal.

PRODUCT LIABILITY "B6" (CONT'D)

Product Quality Management "B6.4 6.1" (cont'd)

- *Product Lifecycle Quality Management (cont'd)*

  Product Manufacturing

  Our Group implements the "Production and Service Provision Control Procedures" to standardize the production and service standard procedures. According to the provisions of the Identification and Traceability Control Procedures, we retain records for all batch products. Quality control inspectors examine product performance based on the Product Inspection Manual, verify product labels and manuals, and confirm that the products have been correctly packaged and sterilized, ultimately forming the inspection result documentation. Defective products will be either processed or destroyed. We monitor the production process according to the standard operating procedure documents and conduct video archiving. For special or key processes, we carry out spot checks or full inspections and ensure proper patrol supervision to meet product quality standards. In addition, we invite third-party pest control companies to conduct monthly and quarterly pest control data analysis and review based on material and movement planning, ensuring a clean production environment.

  Clinical trial

  In the clinical trial phase, our Group adheres to the requirements of the Medical Device Clinical Trial Quality Management Practices and the Medical Device Clinical Evaluation Procedures, and has established more than 30 work process regulations, including the Clinical Project Center Project Approval Process, the Clinical Research Quality Control Process, and the Clinical Research Center Monitoring Process, to ensure the standardization and safety of the clinical trial process. All of our clinical trial results and operations comply with the Good Clinical Practice (GCP) and the GCP guidelines issued by the International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH GCP).

We ensure the standardization of clinical trials. We only select hospitals approved by the National Medical Products Administration as clinical trial centers to carry out clinical trials. In the agreements signed with the hospitals, we clearly stipulate the purpose, timeline, structure, procedures, methods, and risks of the clinical trials. Before initiating the clinical trials, we have thorough discussions with the principal investigators to develop contingency plans for potential adverse reactions. After the ethical committee of the selected institution approves the clinical trial protocol, we will conduct feasibility and validation trials before the commercialization of the product. The operators must undergo rigorous training, simulation, and certification before conducting clinical trials. Each clinical trial participant will sign an Informed Consent Form before the trial begins to fully understand the background of the trial, the method of product use, and the rights of the participants. Participants have the right to choose whether to participate or withdraw from the trial and also have the right to use our product for free. Should any health damage occur during the trial, we will provide compensation.

Throughout the clinical trial process, we implement procedures such as the Serious Adverse Event Reporting Process to continuously monitor whether there are adverse reactions or quality issues with the medical devices. We follow up on the entire trial, closely observing various reactions of the participants after procedure. Any adverse events that occur are recorded in the original medical records and transcribed into the medical record report forms. We promptly handle adverse events to ensure the safety of the trial participants.

PRODUCT LIABILITY "B6" (CONT'D)

Product Quality Management "B6.4 6.1" (cont'd)

- *Product Lifecycle Quality Management (cont'd)*

  Finished products entering the warehouse

  For finished products, we conduct inspections before and after outsourcing sterilization and retain samples from different batches of finished products. Before the finished products are outsourced for sterilization, we test for initial contamination of bacteria and particles; after sterilization, we review the process parameter report issued by the other party and carry out spot checks to complete sterility confirmation and product performance testing.

  Shipping and Transportation

  Before the product is shipped, we conduct extreme tests on the product to simulate the issues that may arise during transportation and reinforce product protection to prevent packaging damage. During the shipping process, we record the temperature data throughout the transportation from the warehouse to the hospital by monitoring the temperature of the transport vehicle and the product's own temperature tag, ensuring that the product temperature remains within the range of 5–25℃.

  Post-listing supervision

  After the product launch, we, in accordance with the established Feedback Control Procedure and Post-Market Surveillance Control Procedure, track and understand the market response of the product through various channels to improve post-market risk management. Based on the Management Methods for Monitoring and Re-evaluation of Adverse Events of Medical Devices, the Notice of the National Medical Products Administration on Issuing the Guidelines for the Monitoring of Adverse Events by Medical Device Registrants "No. 25, 2020", and the Shanghai Implementation Guidelines for the Management System of Medical Device Registrants Entrusted Production "Trial" "No. 36, 2018", we have formulated the Procedure for Monitoring and Re-evaluation of Adverse Events of Medical Devices. This procedure clarifies the personnel organization and workflow of the adverse event working leadership group, as well as the process for the collection, reporting, analysis, and re-evaluation of adverse events.

  We receive adverse event information through channels such as the customer complaint team, Clinical Support (CS) team, and individual completion of the Customer Feedback Form. After the adverse event specialist receives the information, it is processed, and the situation is evaluated by the Marketing Department, Quality Department, and Technical Department. If the issue is related to physician operation, the market team will convey the message to the sales team to follow up on customer usage training. If there is indeed a problem with product safety, we will take measures such as suspending production and sales, and in accordance with the Advisory Notifications and Product Recall Control Procedures, we will promptly disclose risk information to the public, report to regulatory authorities, and carry out a recall. In 2025, our Group did not experience any product recall events due to safety and health reasons.

  In addition, we also conduct post-marketing clinical follow-up and regularly carry out risk assessments through the FDA database of similar products, journal literature, public reports, conferences, and other means to understand the performance of the product after it has been launched, continuously monitoring the safety and health of patients and users.

PRODUCT LIABILITY "B6" (CONT'D)

Product Quality Management "B6.4 6.1" (cont'd)

➢ *Quality Training*

The Company has established a quality training system covering all employees, with the Human Resources Department coordinating the annual plan to ensure continuous improvement of compliance awareness and professional competence across the organization:

- Conducted internal and external specialized training on pharmacopoeia standards, electrical safety (GB9706), and system regulations;
- Enterprise management representatives and quality management personnel actively participated in industry association training sessions on regulations and audit topics;
- Leverage the Company's online learning platform to conduct electronic training and assessments, enhancing training coverage and execution efficiency;
- Provide professional guidance and system training in conjunction with new certification initiatives such as MDESAP to strengthen the team's capability in operating internationalized systems.

Information Security and Privacy Protection "B6.5"

➢ *Information Security*

We strictly comply with national 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 have established company-level policies including the Information Security Management System, the Data Backup and Recovery System, and the Data Encryption System.

In building its information security and network protection system, the Company continues to benchmark against industry best practices. This year, building upon traditional firewalls, the company has further implemented application-layer protection — specifically, a Web Application Firewall (WAF) — to provide an additional layer of security for its official website and external systems, effectively safeguarding sensitive data. The overall security framework strictly follows the "MLPS 2.0" (Multi-Level Protection Scheme 2.0) standards.

Regarding data management, the Company's current systems do not store personal information of clinical trial participants. The research and development process essentially does not involve patient-related data, and patient information related to core business activities falls outside the scope of existing systems. Currently, the Company's operations primarily focus on the domestic market, and there is no actual cross-border data transfer taking place.

PRODUCT LIABILITY "B6" (CONT'D)

Information Security and Privacy Protection "B6.5" (cont'd)

- *Information Security (cont'd)*

  In terms of the security monitoring system, the Company completed a significant upgrade to its internal network security monitoring model in 2025. Starting from 2025, the Company changed its partner and adopted a "on-site equipment + cloud-based real-time monitoring" approach, enabling 24/7 real-time monitoring of internal network security. Weekly security reports are generated, upgrading the monitoring frequency from annual spot checks to a normalized and closed-loop management model. Meanwhile, the Company continues to conduct vulnerability monitoring and remediation. Internal network security scans provide early warnings for common vulnerabilities such as those in operating systems. An internal patch server is maintained, where the IT team centrally collects and reviews official security patches released by vendors such as Microsoft, and distributes them to endpoints for installation after stability assessment.

  Regarding information security training, the Company has incorporated information security into the onboarding program for new employees, consistent with previous years. In early 2025, the Company conducted a phishing email simulation exercise using a cross-departmental sampling approach, covering approximately twenty to thirty employees, to avoid potential information sharing within the same department that might influence the results. Overall, the results indicated that the majority of employees demonstrated good security awareness, with only a few individuals mistakenly clicking on simulated phishing links. The Company conducted one-on-one communications and reminders for the relevant personnel and prepared an internal summary report.

  We encrypt information involving company secrets or critical data, and strictly prohibit any personnel from removing company documents and files using personal media such as optical discs, USB drives, or external hard drives. The Information Department is responsible for backing up software systems, database software, and commonly used office applications, maintaining version control and managing related updates. The Information Department must implement a backup strategy involving periodic full backups and incremental backups to ensure regular data backups for all information systems, enabling data restoration to an optimal state in the event of system failure. All users must regularly change passwords for their computers and information systems; in the event of password disclosure or suspicious activity, passwords must be changed immediately and the Information Department must be notified without delay.

- *Protection of Trade Secrets*

  We have formulated the Company's Technical Secret Management Measures in accordance with GB/T 29490–2023 Enterprise Intellectual Property Compliance Management System and T/PPAC 701–2021 Enterprise Commercial Secret Management Specification. The measures clarify the confidentiality responsibilities of various departments within the Company and stipulate provisions from aspects such as classification management, determination and alteration of technical secrets and their classifications, management of confidential technical information, management of confidential carriers, management of confidential areas, and management of confidential personnel, to ensure the effectiveness of the Company's commercial secret management.

PRODUCT LIABILITY "B6" (CONT'D)

Information Security and Privacy Protection "B6.5" (cont'd)

➢ *Patient Privacy Protection*

We respect patient privacy, ensuring that the use of patient information is compliant, and we never leak or misuse patient information. In the process of clinical trials, we adhere to strict patient privacy protection procedures. Before the commencement of clinical trials, patient screening and follow-up are all completed through a third-party core laboratory system. After the patient signs the Informed Consent Form, the patient's information will undergo de-identification processing and be correspondingly saved in the form of a number. During the clinical trial, we only use patient number information and do not have direct contact with patients. The publication of clinical trial results also does not include any information related to patient privacy.

Complaint Handling "B6.2"

The Company has established the Complaint Handling Control Procedure, which defines the processes for complaint reception, determination of complaint validity, complaint investigation, adverse event assessment and product recall, complaint handling actions, and complaint data analysis.

We obtain customer complaint information through channels such as medical institutions and external distribution platforms. Based on the content of the complaints received, the complaint coordinator organizes relevant departments to review them. According to the review results, suggestions for handling the complaints are provided.

- Non-quality factors: if the investigation determines that the complaint was caused by activities outside the company, relevant information should be exchanged between the Company and the involved external party. For customer complaints resulting from physician procedures, the Medical Department shall lead the root cause analysis, identify procedural considerations, analyze medical images, and, if necessary, provide retraining to the physician. For complaints caused by improper transportation, the Sales Department shall conduct the root cause analysis and, if necessary, provide retraining to the carrier or distributor.

- Quality Factor: complaints arising from customers failing to achieve the intended therapeutic outcome during product use due to inherent product quality issues. If, after investigation and analysis, the complaint is confirmed to be related to quality factors, the investigation process, risk analysis, root cause, corrective actions, and preventive actions shall be documented.

This year, the Company's complaint response rate was 100%, with a complaint rate of 0.062% for Transcatheter Valve Therapeutic product and 0.179% for Neurointerventional products.

ANTI-CORRUPTION MANAGEMENT "B7"

Peijia Medical has always regarded anti-corruption and business ethics as essential components of corporate governance. We strictly comply with the Anti-Money Laundering Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and other relevant laws and regulations. We have established related policies and systems such as the Anti-Fraud Management Measures and Anti-Corruption Management System, adhere to compliant operations and ethical conduct, explicitly prohibit any illegal or non-compliant acts such as corruption and bribery, continuously improve our anti-corruption management system, and ensure the company's healthy and sustainable development.

Anti-Fraud Management "B7.1 7.2"

To ensure efficient and ethical business operations, we continuously promote anti-corruption principles and regulations to all employees and partners, and have established a comprehensive system of preventive and supervisory mechanisms to prevent corruption incidents. In accordance with legal and regulatory requirements for listed companies, securities markets, and regulatory authorities, and based on our Company's actual circumstances, the Anti-Fraud Management Measures clearly define various types of violations, disciplinary actions, penalty principles, and investigation procedures, thereby ensuring transparency and integrity in corporate operations.

In 2025, in accordance with the anti-corruption guidelines issued by the State Administration for Market Regulation and considering its own operational characteristics, the Group established the Anti-Corruption Management System tailored to its actual circumstances, further clarifying requirements, responsibility assignments, and execution standards for anti-corruption work. Meanwhile, the Group conducted a company-wide self-inspection on anti-corruption risks, comprehensively covering all high-risk business scenarios, and included directors and senior management in the scope of the self-inspection. This process systematically identified anti-corruption risk positions and key business segments. The self-inspection confirmed that the Group's anti-corruption management practices are conducted in a standardized manner, with no relevant risks or potential issues identified, resulting in a favorable outcome.

We have established reporting and complaint channels to prevent and detect fraud, implemented control measures to reduce the likelihood of fraudulent activities, and taken appropriate and effective remedial actions in response to fraud. The company ensures that reporting channels such as suggestion boxes, hotline telephone, and email addresses remain accessible. The Secretary to the Board strictly maintains confidentiality regarding the identity of reporters and the content of their reports. The company encourages employees, as well as business partners or individuals, to report under their real names. If the reported content is verified as true, the Company will provide rewards in accordance with relevant regulations. Currently, the Company's designated reporting channels are as follows:

- E-mail:whistleblowing@peijiamedical.com
- Hotline:(0512) 81877166–8176
- Physical suggestion boxes: set up multiple suggestion boxes in areas such as the Company cafeteria

We strictly prohibit retaliation against whistle-blowers and witnesses. Those who retaliate against whistle-blowers or related witnesses will be dealt with accordingly in accordance with relevant regulations, "including but not limited to removal from office, termination of labor contracts, etc." For serious circumstances that violate the law, the case will be transferred to judicial authorities for legal handling.

ANTI-CORRUPTION MANAGEMENT "B7" (CONT'D)

Anti-Fraud Management "B7.1 7.2" (cont'd)

We also pay special attention to preventing corruption that may arise in business transactions. When entering into cooperation with key new suppliers, we require the suppliers to sign a Compliance Commitment Letter to regulate the behavior of both parties during the cooperation process. In the sales process, our anti-corruption measures are equally strict. The Group includes anti-commercial bribery as a contractual clause with distributors or distributor platforms and establishes a strict pricing system and approval process to ensure integrity and honesty in the sales process.

In 2025, we are proud to announce that neither the Group nor its employees have been involved in any cases related to corruption, bribery, extortion, fraud, or money laundering. This achievement is attributable to our firm commitment to corporate governance, strict requirements for employee conduct, and continuously strengthened internal oversight and risk management mechanisms. We will continue to uphold these high standards and further enhance employees' awareness of integrity and self-discipline through regular training and advocacy, thereby maintaining the Company's strong reputation and leading market position.

Business Ethics Management "B7.1 7.2"

To establish and improve the commercial ethics framework at Peijia Medical, promote the Company's core values, advance compliance and ethical integrity initiatives, enhance the Company's ability to operate in accordance with the law and manage business ethics, and safeguard the Company's reputation and brand value, Peijia Medical Limited has developed the Business Ethics and Compliance Obligations Guidelines of Peijia Medical Limited.

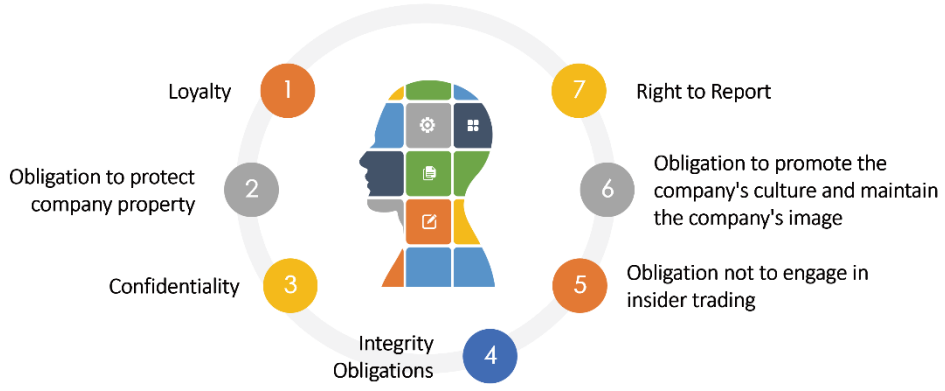
The Board Audit Committee serves as the governing body for the Code of Business Conduct, responsible for overseeing the comprehensive implementation of these guidelines, creating favorable conditions for all employees to comply, and supporting and deciding on appropriate disciplinary actions against individuals who violate the guidelines. The head of the Board Secretary's Office, or a designated individual, is responsible for establishing, promoting, and supervising the mechanisms related to the Code of Business Conduct.

ANTI-CORRUPTION MANAGEMENT "B7" (CONT'D)

Business Ethics Management "B7.1 7.2" (cont'd)

The Business Ethics and Compliance Obligations Guidelines of Peijia Medical Limited stipulates the corresponding obligations that should be undertaken at both the corporate and employee levels from two parts: Corporate Ethics and Compliance Obligations and Employee Ethics Behavior Guidelines, as follows:

Employee Ethics Behavior Guidelines



ANTI-CORRUPTION MANAGEMENT "B7" (CONT'D)

Anti-Corruption Training "B7.3"

To strengthen the anti-corruption awareness of all employees and enhance their compliance and performance capabilities, the Group launched online anti-corruption training in 2025. The training covered most employees, including management, ensuring that the anti-corruption philosophy was integrated into all departments and positions. In addition, the Group strictly complied with the relevant requirements of the Hong Kong Stock Exchange, issuing independence confirmation and no-conflict-of-interest letters to all directors on a semi-annual basis to urge directors to fulfill their fiduciary obligations and avoid conflicts of interest. No incidents of improper benefit transfer or conflicts of interest occurred in 2025, ensuring directors performed their duties in compliance.

In the future, the Group will continue to optimize its anti-corruption management system, strengthen risk prevention and control capabilities, conduct various forms of anti-corruption training, improve the complaint and reporting mechanism, resolutely prevent corruption, adhere to the bottom line of business ethics, and promote the normalization and standardization of anti-corruption work, providing strong compliance support for the Group's high-quality development.

CONCERNED FOR SOCIETY "B8"

Peijia Medical adheres to the philosophy of "Caring for Patients, Caring for Medical Professionals, Caring for China". Through continuous innovation, it provides high-quality and affordable products for a wide range of patients, promotes industry development, and continuously creates the greatest value for society. By the end of 2025, the Group's transcatheter valve therapeutic business had launched 4 products, which had been adopted by more than 780 hospitals; the neurointerventional business had launched 19 products (including those under exclusive distribution agreements), which had been adopted by more than 2,500 hospitals continuously providing customers with safe, effective, and affordable products and solutions, treating both the heart and cerebrovascular diseases, safeguarding the life and health of patients. In 2025, our Group donated a total of RMB1,413,339 to external recipients.

In terms of medical public welfare support, the Group has partnered with specialized neurology physicians to conduct medical technology training and support local healthcare initiatives in Africa. By providing relevant medical products, the Group has assisted local medical teams in successfully performing procedures, thereby actively improving the standard of local healthcare services. These public welfare efforts have been publicly reported. Previously, the Group has carried out similar support programs in impoverished regions within China, such as Gansu province. In 2025, it further expanded its international public welfare footprint, broadening the scope of its charitable impact.

CONCERNED FOR SOCIETY「B8」(CONT'D)

Promote industry development

The *Yijia Academy* is a professional clinical education and training center under the Peijia Medical, encompassing both online and offline educational platforms. It aims to promote the popularization of TAVR technology through procedure demonstration teaching, academic hot-topic discussions, case analysis, patient diagnosis, and screening, among other methods. The *Yijia Academy* has training classrooms, laboratories, and operating rooms offline, where it can carry out professional training, imaging training, and procedure broadcasting activities. Online brand activities include roundtable discussions, cloud classrooms, and imaging reading competitions, helping more practitioners engage in professional learning and communication online. By the end of 2025, *Yijia Academy* had conducted 10 seasons of Cloud Classroom, delivering a total of 49 sessions.

APPENDIX: DATA STATISTICS

Environment Category	2025 Data	Unit
Energy Consumption		
Direct Energy Consumption		
Gasoline	**13,439.69**	liter
Indirect Energy Consumption		
Electricity purchase	**9,119,099**	kilowatt-hour
Steam purchase	**4,277**	tonnes
Total Direct Energy Consumption	**129.29**	megawatt-hour
Indirect Energy Consumption	**12,418.33**	megawatt-hour
Total Energy Consumption	**12,547.62**	megawatt-hour
Energy Consumption Density	**17.6**	megawatt-hour/million RMB in revenue
Emissions		
Non-methane Hydrocarbons	**39,900,000**	cubic meter
Greenhouse Gas Emissions		
Scope 1	**30.24**	tonnes
Scope 2	**6,770.65**	tonnes
Scope 3	**686.24**	tonnes
Total Emissions（Scope1 + Scope2)	**6,800.89**	tonnes
Total Emission Density	**9.54**	tonnes/million RMB in revenue
Packaging Materials		
Total Amount of Packaging Materials Used	**34.54**	tonnes
Total Density of Packaging Materials	**1.08**	kilograms per product
Water Consumption		
Total Water Consumption	**43,308**	tonnes
Total Water Consumption Intensity	**60.75**	tonnes/million RMB in revenue
Waste Statistics		
Hazardous Waste	**84.35**	tonnes
Hazardous Waste Density	**0.12**	tonnes/million RMB in revenue
Non-hazardous Waste	**329.19**	tonnes
Inert Waste Density	**0.46**	tonnes/million RMB in revenue

Social Responsibility Category	Unit	2025 Data
Employee Data		
Employee	Total	**1,022**
Gender	Male	**342**
	Female	**680**
Age	Under 30	**231**
	Between 30 and 50	**780**
	50 and Above	**11**
Employment Type	Regular Employee	**986**
	Labor Services	**15**
	Outsourcing	**21**
Personnel Category	Front-line	**424**
	Employee	**589**
	Executive	**9**
Region	Suzhou	**715**
	Shanghai	**283**
	Others	**24**
Employee turnover rate		
Employee Turnover	Total Number of Individuals	**345**
	Turnover Rate	**25.2%**
Gender (Attrition Rate)	Male	**8.5%**
	Female	**16.7%**
Age (Attrition Rate)	Under 30	**7.5%**
	Between 30 and 50	**17.5%**
	50 and Above	**0.2%**
Region	Suzhou	**19.9%**
	Shanghai	**0.5%**
	Others	**4.8%**
Employee training attendance data		
Employee Training	Number of Trainees	**1,048***
	Percentage of Training Participants	**100%**
Gender	Male	**359**
	Female	**689**
Personnel Category	Senior Management	**9**
	Middle-level	**17**
	Entry-level	**1,022**

* *Includes a portion of employees who left the Company in 2025.*

APPENDIX: DATA STATISTICS (CONT'D)

Social Responsibility Category	Unit	2025 Data
Average Employee Training Duration		
Average Training Duration	Hour	**6.33**
Gender	Male	**6.13**
	Female	**6.44**
Personnel Category	Senior Management	**5.67**
	Middle-level	**9.97**
	Entry-level	**6.28**
Employee Health and Safety Data		
Number of Work-related Fatalities	2023	**0**
	2024	**0**
	2025	**0**
Number of Workdays Lost Due to Work-related Injuries in 2025	Days	**123**
Supplier Distribution		
Total Number of Suppliers	Individuals	**151**
Domestic	Percentage	**80.8%**
Abroad	Percentage	**19.2%**

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Peijia Medical Limited
沛嘉醫療有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Peijia Medical Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 176 to 262, which comprise the consolidated statement of financial position as at December 31, 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information 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 December 31, 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") 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 International Standards on Auditing ("**ISAs**"). 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 International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the IESBA 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.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition During the year ended December 31, 2025, revenue from sales of medical devices approximated to RMB712,870,000. Revenue are recognized at a point in time that control of the products is transferred, being when the products are delivered to and accepted by the customers as set out in Note 7. We identified the occurrence assertion of the Group's revenue recognition as a key audit matter because revenue is a key performance indicator of the Group and its significance to the Group's consolidated financial statements which increase the risk of misstatement of revenue recognition.	We performed the following audit procedures on the revenue recognition: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls in relation to revenue recognition; • inspecting, on a sample basis, sales contracts with key customers to identify terms and conditions relating to the transfer of control and assessing the Group's policies in respect of the recognition of revenue with reference to the requirements of the prevailing accounting standards; • testing sales transactions, on a sample basis, by examining relevant supporting documents including sales orders, goods logistic records, and invoices, etc.; • performing confirmation procedures on sales transactions with customers, on a sample basis, and performing alternative procedures on uncollected confirmations; • matching sales amounts in value-added tax declaration documents with corresponding group entities' books and records, and reconciling if any discrepancy exists.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of licensed-in technologies not available for use The Group had licensed-in technologies not available for use of RMB373,762,000 in the Group's consolidated financial statements as at December 31, 2025. The Group is required to perform impairment test of such licensed-in technologies not available for use on an annual basis, based on their recoverable amount. The recoverable amounts of intangible assets not available for use have been determined based on the higher of fair value less cost to sell and value in use. In respect of the value in use calculation, the Group use cash flow projections based on a financial budget. Details as set out in Notes 5 and 17. We considered the impairment assessment of licensed-in technologies not available for use as a key audit matter, given the management judgements and assumptions involved in the recoverable amounts calculation, including expected timing of the product candidates' commercialization, gross profit margin, revenue growth rate and discount rate.	We performed the following audit procedures on the impairment assessment of licensed-in technologies not available for use: • obtaining an understanding of and assessing the design and implementation of key internal controls in relation to the Group's impairment assessment of licensed-in technologies not available for use; • evaluating the competence, capabilities and objectivity of the independent valuer engaged by management; • involving our internal valuation specialists to assess the appropriateness of methodology used in the preparation of the discounted cash flow forecast by reference to industry practices and valuation techniques, and the discount rate applied by benchmarking against those of comparable companies; • assessing the reasonableness of the key assumptions e.g. expected timing of the product candidates' commercialization, gross profit margin and revenue growth rate; • checking the arithmetical accuracy of the cash flow forecast.

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism 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.

We communicate with those charged with governance 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 those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to 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 those charged with governance, 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 Tse Ming Fai (practicing certificate number: P06539).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
March 25, 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended December 31, 2025

	Notes	Year ended December 31, 2025 RMB'000	2024 RMB'000
Revenue	7	**712,870**	615,483
Cost of sales	10	**(226,820)**	(181,862)
Gross profit		**486,050**	433,621
Other income	8	**20,227**	19,240
Other gains and losses	9	**(3,755)**	(9,346)
Selling and distribution expenses	10	**(320,813)**	(328,340)
Administrative expenses	10	**(126,018)**	(151,100)
Research and development expenses	10	**(254,361)**	(203,420)
		(198,670)	(239,345)
Finance income	11	**7,805**	22,480
Finance costs	11	**(11,734)**	(4,736)
Finance (costs) income — net		**(3,929)**	17,744
Loss before tax		**(202,599)**	(221,601)
Income tax expense	12	**(5,585)**	(6,891)
Loss and total comprehensive expense for the year		**(208,184)**	(228,492)
Loss and total comprehensive expense for the year attributable to:			
Owners of the Company		**(203,287)**	(226,576)
Non-controlling interests		**(4,897)**	(1,916)
		(208,184)	(228,492)
Losses per share	14		
— Basic and diluted (RMB)		**(0.31)**	(0.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	Notes	At December 31, 2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	*15*	**713,071**	650,417
Right-of-use assets	*16*	**44,348**	45,339
Intangible assets	*17*	**731,421**	655,997
Financial assets at fair value through profit or loss ("**FVTPL**")	*18A*	**337,279**	316,814
Term deposits	*21*	**—**	10,000
Other non-current assets		**8,878**	23,141
		1,834,997	1,701,708
Current assets			
Inventories	*19*	**145,909**	140,779
Trade and other receivables	*20*	**46,191**	101,038
Prepayments	*20*	**19,431**	32,659
Financial assets at FVTPL	*18A*	**—**	14,745
Debt instruments at fair value through other comprehensive income ("**FVTOCI**")	*18B*	**12,000**	—
Term deposits	*21*	**11,529**	31,039
Restricted cash	*21*	**50,000**	—
Bank balances and cash	*21*	**536,733**	666,736
		821,793	986,996
Current liabilities			
Trade and other payables	*22*	**285,381**	349,563
Tax payable		**—**	1,269
Borrowings	*23*	**390,659**	89,775
Lease liabilities	*16*	**2,689**	2,090
		678,729	442,697
Net current assets		**143,064**	544,299
Total assets less current liabilities		**1,978,061**	2,246,007

Consolidated Statement of Financial Position

As at December 31, 2025

	Notes	At December 31, 2025 RMB'000	2024 RMB'000
Non-current liabilities			
Deferred tax liabilities	*25*	**16,486**	16,782
Borrowings	*23*	**37,984**	158,312
Deferred income	*24*	**20,107**	20,773
Lease liabilities	*16*	**2,702**	3,221
Other payables	*22*	**42,697**	2,320
		119,976	201,408
Net assets		**1,858,085**	2,044,599
Capital and reserves			
Share capital and share premium	*26*	**6,332,303**	6,323,817
Reserves		**(4,487,827)**	(4,295,774)
Equity attributable to owners of the Company		**1,844,476**	2,028,043
Non-controlling interests		**13,609**	16,556
Total equity		**1,858,085**	2,044,599

The consolidated financial statements on pages 176 to 262 were approved and authorized for issue by the Board of Directors on March 25, 2026 and are signed on its behalf by:

YI ZHANG
Chairman, Chief Executive Officer, Executive Director

HONG YE
Board Secretary, Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended December 31, 2025

		Attribute to owners of the Company						
	Notes	Share capital and share premium RMB'000 Note 26	Other reserves RMB'000 Note 28	Treasury shares held in a trust RMB'000 Note 27	Accumulated losses RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2024		6,359,128	74,046	(53,730)	(4,105,336)	2,274,108	(28)	2,274,080
Loss and total comprehensive expense for the year		—	—	—	(226,576)	(226,576)	(1,916)	(228,492)
Restricted share units vested	*26, 27, 29*	(8,619)	—	10,712	—	2,093	—	2,093
Share-based compensation expenses	*29*	—	5,110	—	—	5,110	—	5,110
Acquisition of shares by the trust	*26(a)*	—	—	(26,692)	—	(26,692)	—	(26,692)
Cancellation of issued shares	*26(a)*	(26,692)	—	26,692	—	—	—	—
Capital injection by non-controlling shareholders		—	—	—	—	—	18,500	18,500
At December 31, 2024		6,323,817	79,156	(43,018)	(4,331,912)	2,028,043	16,556	2,044,599
Loss and total comprehensive expense for the year		—	—	—	(203,287)	(203,287)	(4,897)	(208,184)
Exercise of share options	*26, 28*	**19,055**	**(10,103)**	**—**	**—**	**8,952**	**—**	**8,952**
Restricted share units vested	*26, 27, 29*	**(10,569)**	**—**	**13,634**	**—**	**3,065**	**—**	**3,065**
Share-based compensation expenses	*29*	**—**	**7,703**	**—**	**—**	**7,703**	**—**	**7,703**
Transfer upon forfeited and cancellation of issued shares options	*28*	**—**	**(19,515)**	**—**	**19,515**	**—**	**—**	**—**
Capital injection by non-controlling shareholders		**—**	**—**	**—**	**—**	**—**	**35,950**	**35,950**
Effect of put option granted to a non-controlling interest	*29*	**—**	**—**	**—**	**—**	**—**	**(34,000)**	**(34,000)**
At December 31, 2025		**6,332,303**	**57,241**	**(29,384)**	**(4,515,684)**	**1,844,476**	**13,609**	**1,858,085**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Operating activities		
Loss before tax	**(202,599)**	(221,601)
Adjustments for:		
Finance costs (income) — net	**3,929**	(17,744)
Net exchange differences	**12,637**	(10,709)
Amortization of deferred income	**(1,080)**	(739)
Depreciation and amortization	**67,853**	59,056
Fair value change of financial assets at FVTPL — net	**(9,463)**	14,978
Share-based compensation expenses	**11,650**	10,120
Loss from foreign exchange forward contracts	**—**	4,826
(Reversal) write-down of inventories	**(4,147)**	5,209
(Gain) loss on disposal of property, plant and equipment	**(52)**	372
Operating cash flows before movements in working capital	**(121,272)**	(156,232)
(Increase) decrease in inventories	**(983)**	24,660
Decrease in prepayments and trade and other receivables	**60,374**	39,617
Increase in debt instruments at FVTOCI	**(12,537)**	—
Increase in trade and other payables	**61,751**	94,697
Cash (used in) generated from operations	**(12,667)**	2,742
Income taxes paid	**(8,225)**	(7,922)
Net cash used in operating activities	**(20,892)**	(5,180)
Investing activities		
Payments for acquisitions of property and equipment	**(231,588)**	(249,137)
Withdrawal of term deposits	**41,039**	170,000
Payments for investments	**(3,000)**	(31,438)
Net payments for settlement of foreign exchange forward contracts	**—**	(4,826)
Placement of restricted cash	**(50,000)**	—
Payments for acquisitions of intangible assets	**(72,804)**	(30,969)
Placement of term deposits	**(11,529)**	(41,039)
Interest received	**8,495**	35,290
Receipts of assets-related government grants	**1,414**	8,408
Proceeds from early redemption of a financial asset at FVTPL	**—**	3,334
Proceeds from disposal of property, plant and equipment	**402**	—
Net cash used in investing activities	**(317,571)**	(140,377)

Consolidated Statement of Cash Flows

For the Year Ended December 31, 2025

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Financing activities		
New bank loans raised	**270,000**	53,000
Capital injection by non-controlling shareholders	**35,950**	18,500
Acquisition of shares under the restricted share award scheme	**—**	(26,692)
Repayment of bank borrowings	**(89,484)**	(22,371)
Proceeds from exercise of share options	**8,952**	—
Interest paid	**(10,344)**	(8,896)
Principal elements of lease payments	**(2,874)**	(3,166)
Net cash generated from financing activities	**212,200**	10,375
Net decrease in cash and cash equivalent	**(126,263)**	(135,182)
Cash and cash equivalents at beginning of the year	**666,736**	795,768
Exchange (losses) gains on cash and cash equivalents	**(3,740)**	6,150
Total cash and cash equivalents at end of the year, represented by bank balances and cash	**536,733**	666,736

1. GENERAL INFORMATION

Peijia Medical Limited (the "**Company**", or "**Peijia Medical**") was incorporated in the Cayman Islands on May 30, 2012 as an exempted company with limited liability under the Company Law of the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic and neurointerventional procedural medical devices in the People's Republic of China (the "**PRC**") and other countries.

The respective addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section to the annual report.

These consolidated financial statements are presented in thousands of Renminbi Yuan ("**RMB**"), unless otherwise stated, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**") for the first time, which are mandatorily effective for the Group's annual periods beginning on January 1, 2025 for the preparation of the consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability

The application of the amendments to IFRS accounting standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONT'D)

New and amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after January 1, 2026.
[3] Effective for annual periods beginning on or after January 1, 2027.

Except as described below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Group and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Basis of consolidation (cont'd)

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment losses.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Since the Group's investments in unlisted investees are with preferential rights and redemption options, the Group applies IFRS 9 including the impairment requirement to which the equity method is not applied and which form part of the net investment in the investees and classified as financial assets at FVTPL in the Group's consolidated financial statements. Furthermore, in applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in Note 7.

Leases as lessee

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group leases properties and land use rights in the PRC as lessee. Rental contracts of properties are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. Land use right is made for fixed periods of 30 to 50 years.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Leases as lessee (cont'd)

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The consideration paid to lease the state-owned or collectively-owned land in the PRC are treated as prepayment for land use rights and included in right of use assets, which are stated at cost less accumulated amortization and impairment loss, if any. Land use rights are amortized over the lease period using straight-line method.

Assets and liabilities arising from a lease are initially measured on a present value basis. Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability. Lease liabilities include the net present value of fixed payments.

The lease payments are discounted using the interest rate implied in the lease, if that rate can be determined, or the respective incremental borrowing rate.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Short-term leases and leases of low-value assets

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in the consolidated statement of profit or loss and other comprehensive income. Short-term leases are leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets comprise equipment and small items of office furniture.

Foreign currencies

Functional and presentation currency

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Foreign currencies (cont'd)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the consolidated statement of profit or loss and other comprehensive income.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

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

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Where the grants relates to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset on straight-line basis or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Employee benefits

Pension, housing funds, medical insurances and other social insurances obligations

Employees of the Group are covered by various government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

Employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the year and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables in the consolidated statement of financial position.

Share-based payments

Equity-settled share-based payments transactions

The Group operates stock options granted to employees, under which the entity receives services from employees, as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense on the consolidated financial statements. For services from employees, the total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions;
- including the impact of any non-vesting conditions (for example, the requirement for employees to serve).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Share-based payments (cont'd)

Equity-settled share-based payments transactions (cont'd)

At the end of each year, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognizes the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss and other comprehensive income, with a corresponding adjustment to equity.

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognized over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognized over the remainder of the original vesting period.

Share-based payment transaction with cash alternatives

The Group operates a share-based compensation plan, under which the entity receives services from employees and other qualifying participants and the terms of the plan provide the employees and other qualifying participants with a choice of whether the entity settles the transaction in cash or by issuing equity instruments.

For this kind of share-based payment transactions, the Group is considered to have issued a compound financial instrument, which includes a debt component (the employees' right to demand payment in cash) and an equity component (the employees' right to demand settlement in equity instruments rather than in cash).

The Group measures the fair value of the compound financial instrument at the measurement date, taking into account the terms and conditions on which the rights to cash or equity instruments were granted. To apply this, the Group first measures the fair value of the debt component and then measures the fair value of the equity component taking into account the counterparty must forfeit the right to receive cash in order to receive equity instrument. The fair value of the compound financial instrument is the sum of the fair values of the two components.

At the end of each reporting period and the date of settlement, the Group re-measure the liability to its fair value with any changes in fair value recognized in profit or loss. If the cash option expires or the Group issues equity instruments on settlement rather than paying cash, the liability shall be transferred direct to equity, as the consideration for the equity instruments issued. If the Group pays in cash on settlement rather than issuing equity instruments, that payment shall be applied to settle the liability in full. Any equity component previously recognized shall remain within equity.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Share-based payments (cont'd)

Share-based payment transaction among group entities

The grant by the Company of options over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the year in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the year and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Taxation (cont'd)

Deferred income tax (cont'd)

For the purposes of measuring deferred tax for leasing transactions in which the Group recognizes the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities, and the related assets separately. The Group recognizes a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss.

Property, plant and equipment

Property, plant and equipment, are stated at historical cost or acquisition cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

	Years	Residual value
Buildings	20	5%
Furniture	5	5%
Electronic equipment	3	5%
Machinery	10	5%
Vehicles	5	5%
Leasehold improvements	3–10	—

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Property, plant and equipment (cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in other gains and losses to the consolidated statement of profit or loss and other comprehensive income.

Construction in progress represents property, plant and equipment under construction or pending installation and is stated at historical cost or acquisition cost less provision for impairment loss, if any. Cost includes the costs of construction and acquisition as well as interest expenses during the periods of construction and installation. When the assets concerned are available for use, the costs are transferred to property, plant and equipment and commence to depreciate and amortize.

Intangible assets

Goodwill

Goodwill is measured as described in Note 17. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortized but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

Technologies

Certain technologies are for in-licenses and in-process research and development ("**IPR&D**"), with non-refundable upfront payment, milestone payment and royalty payment. These milestone payments are capitalized as intangible assets when incurred if the payment is due on a verifiable outcome, and are treated as research and development expenditures if it is due for the execution of outsourced research and development work. If a technology is acquired in a business combination, it is capitalized as intangible asset measured at fair value at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Intangible assets (cont'd)

Technologies (cont'd)

Technologies are assessed to be either finite or indefinite. Technologies have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate the cost of technologies over the shorter of the licensed period and their estimated useful lives from the point at which the asset is available for use. The Group determined the acquired technologies as in Note 17 to have a useful life of 15 years based on periods that acquired technologies can generate economic benefits under current business needs. Technologies with indefinite useful lives or not available for use are not amortized but tested for impairment annually either individually or at the cash-generating unit level. The impairment test would compare the recoverable amount of the intangible asset to its carrying value. The estimated life of a technology with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the estimated life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring the specific software into usage. These costs are amortized using the straight-line method over their estimated useful lives of 3 years. Costs associated with maintaining computer software programs are recognized as expense as incurred.

Research and development expenditures

Research and development cost comprise all costs that are directly attributable to research and development activities (relating to the design and testing of new or improved high end medical instruments). Research and development costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the medical instruments so that it will be available for use or sale;
- management intends to complete the medical instruments, and use or sell it;
- the ability to use or sell the medical instruments;
- it can be demonstrated how the medical instruments will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the medical instruments; and
- the expenditure attributable to the medical instruments during its development phase can be reliably measured.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Intangible assets (cont'd)

Research and development expenditures (cont'd)

Other research and development expenditures that do not meet these criteria are charged to expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Impairment on non-financial assets

Goodwill and intangible assets not available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each year.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand and banks, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Inventories

Inventories including raw materials, materials in transit, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventories are determined after deducting discounts. Net realizable 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.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Classification and subsequent measurement of financial assets (cont'd)

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group's other financial assets are subsequently measured at FVTPL.

(i) Amortized cost and interest income

Interest income is recognized using the effective interest method for financial assets measured subsequently at amortized cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognized by applying the effective interest rate to the amortized cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognized by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Debt instruments classified as at FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognized in profit or loss. All other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognized in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Classification and subsequent measurement of financial assets (cont'd)

(iii) Financial assets at FVTPL

The Group's financial assets that do not meet the criteria for being measured at amortized cost are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in profit or loss. The net gain or loss recognized as other gains and losses in the consolidated financial statements.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including trade and other receivables, restricted cash, term deposits and bank balances and cash) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

Impairment on all other instruments are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If no significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as 12-month expected credit losses.

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

For financial assets measured at amortized cost and at FVTPL that are not part of a designated hedging relationship, exchange differences are recognized as other gains and losses in the consolidated financial statements, as Note 9.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

(i) the rights to receive cash flows from the asset have expired; or

(ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

3.2 Material accounting policy information (cont'd)

Financial instruments (cont'd)

Derecognition of financial assets (cont'd)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

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

Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

In both the current and prior years, the Group's financial liabilities are classified as subsequently measured at amortized cost.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized as net foreign exchange gain included in the other gains and losses in the consolidated financial statements, as Note 9 for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or expires.

4. FINANCIAL RISK MANAGEMENT

4.1 Categories of financial instruments

	At December 31, 2025 RMB'000	2024 RMB'000
Financial assets		
At amortized cost	**631,103**	804,274
At FVTOCI	**12,000**	—
At FVTPL	**337,279**	331,559
Financial liabilities		
At amortized cost	**600,439**	536,149
At FVTPL	**10,208**	10,186

4.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the management of the Group. The Group might enter into certain foreign exchange forward contracts to hedge certain risk exposure.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the Group entities' Functional Currency. Functional Currency of the Group's entities are RMB.

Certain bank balances and cash, other receivables, financial assets at fair value through profit or loss and trade and other payables are denominated in foreign currencies of respective group entities. The Group is exposed to foreign exchange risk, primarily in United States Dollar ("**USD**") and Hong Kong Dollar ("**HKD**"). Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in the future, as may be necessary.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(i) Foreign exchange risk (cont'd)

The following details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against USD and HKD. 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in exchange rates for the purpose of assessing foreign currency risk. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year ended for a 5% (2024: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where RMB strengthen 5% (2024: 5%) against USD and HKD and vice versa.

	Impact on net loss for the year ended December 31,	
	2025	2024
	RMB'000	RMB'000
RMB/USD	**(18,984)**	(23,225)
RMB/HKD	**(2,451)**	(3,942)

(ii) Cash flow and fair value 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 exposure to the risk of changes in market interest rates relates primarily to the Group's floating interest-rate borrowings.

The Group has not hedged its cash flow or fair value interest-rate risk. As at December 31, 2025, the Group's borrowings at floating rate amounting to approximately RMB348,643,000 (2024: RMB248,087,000).

The Group currently does not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk exposure. Management will continue to monitor interest rate risk exposure and will consider hedging significant interest rate risk exposure should the need arise.

As at December 31, 2025, if the interest rates on borrowings at floating rates had been 10% higher/lower with all other variables held constant, the Group's interests on borrowings would have been higher/lower by approximately RMB988,000 (2024: RMB893,000), representing RMB988,000 (2024: RMB464,000) higher/lower in finance costs and nil (2024: RMB429,000) higher/lower in the capitalized interest.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(a) Market risk (cont'd)

(iii) Other price risk

The Group is exposed to price risk through its investments in unlisted equity investments, unlisted debt investments and liabilities arising from share-based payments with cash alternative, all of which are measured at FVTPL. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to price risk at the reporting date. If the prices of the respective instruments had been 1% higher/lower, the Group's post-tax loss for the year ended December 31, 2025 would decrease/(increase) by the RMB3.2 million (2024: RMB3.2 million), as a result of the changes in fair value of the Group's unlisted equity investments, unlisted debt investments and liabilities arising from share-based payments with cash alternative.

(b) Credit risk

Credit risk mainly arises from bank balances and cash, restricted cash, term deposits, trade and other receivables and debt instruments at FVTOCI. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position.

(i) Risk management

To manage this risk, bank balances and term deposits with respective interest receivables are mainly placed with state-owned banks or reputable commercial banks which are high-credit-quality financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. The credit period granted to the customers is usually around 60 days and the credit quality of these customers is assessed, which takes into account their available financial information, past experience and other factors.

For other receivables, management makes periodic assessments as well as individual assessment on the recoverability based on historical settlement records and past experience and adjusts for forward looking information.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(b) Credit risk (cont'd)

(ii) Impairment of financial assets

The Group's financial assets that are subject to the ECL assessment, include bank balances and cash, restricted cash, term deposits, trade and other receivables and debt instruments at FVTOCI.

Bank balances and term deposits

The Group expects that there is no significant credit risk associated with bank balances and term deposits with respective interest receivables since they are deposited at state-owned banks or reputable commercial banks which are high-credit-quality financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Bank balances and term deposits with respective interest receivables are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss for all trade receivables.

The expected loss rates are based on historical loss rates and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

At December 31, 2025, the Group had concentration of credit risk for its trade receivables as 100% (2024: 100%) of the amount was attributable to the Group's two customers. Since the trade receivables were due from two distribution companies with good creditability, the management considered that the Group's credit risk was low and ECL was minimal at December 31, 2025 and 2024.

Other receivables

Management has assessed that during the year, 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 directors of the Group do not expect any losses from non–performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognized.

Debt instruments at FVTOCI

The Group's debt instruments at FVTOCI are bills receivables that are accepted by banks with high credit rating. Therefore, these bills receivables are considered to be at low credit risk and the loss allowance is measured on 12-month expected credit loss basis.

(c) Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.2 Financial risk factors (cont'd)

(c) Liquidity risk (cont'd)

The following table presents the Group's contractual maturities of financial liabilities at December 31, 2025 at undiscounted amounts:

	Weighted average interest rate RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	**2.76%**	**400,049**	**12,234**	**27,733**	**—**	**440,016**
Trade and other payables	**—**	**218,841**	**—**	**34,813**	**—**	**253,654**
Lease liabilities	**3.88%**	**2,844**	**1,943**	**844**	**—**	**5,631**
		621,734	**14,177**	**63,390**	**—**	**699,301**

The following table presents the Group's contractual maturities of financial liabilities at December 31, 2024 at undiscounted amounts:

	Weighted average interest rate RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Borrowings	3.53%	91,793	157,462	10,279	—	259,534
Trade and other payables	—	288,062	—	—	—	288,062
Lease liabilities	4.75%	2,283	1,880	1,481	—	5,644
		382,138	159,342	11,760	—	553,240

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.3 Capital risk management

The Group's objectives when 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.

In order to maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt and raise new fundings.

The Group monitors capital (including share capital and share premium, and other reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. In the opinion of the directors of the Company, the Group's capital risk is low.

4.4 Fair value estimation

The carrying amounts of the Group's financial instruments measured at amortized costs approximate their fair values.

The following table presents the Group's assets that were measured at fair value at December 31, 2025 and 2024:

	At Level 3 At December 31, 2025 RMB'000	2024 RMB'000
Assets:		
Financial assets at fair value through profit or loss		
— Unlisted equity investments	**337,279**	316,814
— Unlisted debt investments	**—**	14,745
	337,279	331,559

There were no transfers between levels 1 and 2 for recurring fair value measurements for the year ended December 31, 2025.

The changes in level 3 instruments for the year ended December 31, 2025 and 2024 are presented in Note 18A.

Valuation processes of the Group (level 3)

The Group has a team of personnel who performs valuation on the level 3 instruments for financial reporting purposes. On an annual basis, the team adopts various valuation techniques to determine the fair value of these instruments.

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 Fair value estimation (cont'd)

Valuation processes of the Group (level 3) (cont'd)

As at December 31, 2025 and 2024, the components of the level 3 instruments include unlisted equity investments and unlisted debt investments at fair value through profit or loss. The equity investments in unlisted entities mainly represent preferred shares of the investees.

As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques. Major assumptions used in the valuation include scenario probabilities, risk free rate, volatility, discount for lack of marketability and other exposures.

As at December 31, 2025

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted equity securities	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models	Historical volatilities.	34.89%–36.91%	The higher the volatility, the higher the fair value.
	Market approach determined with reference to market multiples, prices volatilities of listed securities in similar nature that are traded in a public market with an adjustment of discount for lack of marketability	Discount for lack of marketability	18%–20%	The higher the discount, the lower the fair value.
		Valuation multiples e.g. Price/Research and Development Expenditure	2.4–4.5	The higher the valuation multiples, the higher the fair value

4. FINANCIAL RISK MANAGEMENT (CONT'D)

4.4 Fair value estimation (cont'd)

Valuation processes of the Group (level 3) (cont'd)

As at December 31, 2024

	Valuation techniques	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Unlisted equity securities	Latest transactions prices adjusted by differences in rights of equity interest holders using derivatives models	Historical volatilities.	35.09%–62.38%	The higher the volatility, the higher the fair value.
	Market approach determined with reference to market multiples, prices volatilities of listed securities in similar nature that are traded in a public market with an adjustment of discount for lack of marketability	Discount for lack of marketability	19%–23%	The higher the discount, the lower the fair value.
		Valuation multiples e.g. Price/Research and Development Expenditure	3	The higher the valuation multiples, the higher the fair value

During the year ended December 31, 2024, the Group invested in a convertible note issued by an unlisted investee, with principal of USD2,000,000 and interest rate of 5.12% per annum. As at December 31, 2024, the Group's unlisted debt investments represented a convertible note issued by an unlisted investee. During the year ended December 31, 2025, the outstanding balance USD2,054,706 was converted into the 2,054,706 preference shares of the investee and reclassified as unlisted equity investments in financial assets at FVTPL.

If the fair values of financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the loss before income tax for the year ended December 31, 2025 would have been approximately RMB33,728,000 (2024: RMB33,156,000) lower/higher, respectively.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also need to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting judgement

Research and development expenditures

Certain technologies are for in-licenses and IPR&D, with non-refundable upfront payment, milestone payment and royalty payment. These milestone payments are capitalized as intangible assets when incurred if the payment is due on a verifiable outcome, and are treated as research and development expenditures if it is due for the execution of outsourced research and development work.

Research and development costs incurred on the Group's products are capitalized only when the Group can demonstrate (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale, (ii) the Group's intention to complete and the Group's ability to use or sell the asset, (iii) how the asset will generate future economic benefits, and (iv) the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development costs which do not meet these criteria are expensed when incurred. Management will assess the progress of each of the research and development projects and determine the criteria are met for capitalization.

During the year ended December 31, 2025, RMB17,915,000 (2024: RMB29,710,000) development costs incurred on two (2024: three) transcatheter valve therapeutic pipeline products were capitalized by the Group since the Group has achieved certain clinical trial stage and aforementioned criteria fulfilled and recognized as intangible assets in the Group's consolidated financial statements.

Key sources of estimation uncertainty

Estimated impairment of licensed-in technologies not available for use

The Group is required to test impairment of licensed-in technologies not available for use on an annual basis. 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 licensed-in technologies not available for use 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 commercialization, (ii) gross profit margin, (iii) revenue growth rate, and (iv) discount rate.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

Key sources of estimation uncertainty (cont'd)

Fair value of level 3 financial assets

The Group invests RMB337,279,000 financial assets at FVTPL representing the unlisted equity investments and unlisted debt investment.

As detailed in Note 4 to the consolidated financial statements, these level 3 fair value valuations involved management estimates on historical volatility, discount for lack of marketability and valuation multiples compared with similar nature listed securities and other exposures, and hence, are subject to uncertainty. Further details are included in Notes 18A and 4.

6. SEGMENT

Description of segments and principal activities

The Group's business activities, for which discrete financial information is available, are regularly reviewed and evaluated by the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resource and assessing performance of the operating segments, has been identified as the executive directors of the Company that make strategic decisions.

The segment results present revenue, cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses of each operation segment, which is for resource allocation and performance assessment by the CODM.

Since the growth and achievement on certain stage of the research and development activities of the Group's certain transcatheter valve therapeutic pipelines operated by those technology subsidiaries of the Company, the Group has decided to review and evaluate these pipelines as a separate reportable segment, i.e. the Future Technology Business Segment, following the change how CODM allocate resource and assess performance among operating segments.

Transcatheter Valve Therapeutic Business

Transcatheter Valve Therapeutic Business is primarily operated by the subsidiaries of the Company mainly comprising of Peijia Medical Technology (Suzhou) Co., Ltd. ("**Peijia Suzhou**") and Peijia Medical Technology (Shanghai) Co., Ltd. ("**Peijia Shanghai**"), which is engaged in the business of research and development, manufacturing and sales of transcatheter valve therapeutic medical devices.

6. SEGMENT (CONT'D)

Description of segments and principal activities (cont'd)

Neurointerventional Business

Neurointerventional Business is primarily operated by Achieva Medical Limited together with its subsidiaries ("**Achieva Group**"), which is engaged in the business of research and development, manufacturing and sales of neurointerventional procedural medical devices.

Future Technology Business

Future Technology Business, a spin-off from Transcatheter Valve Therapeutic Business. It is primarily operated by the Group's dedicated technology subsidiaries, focusing on delivering globally cutting-edge therapeutic solutions for a comprehensive range of heart valve diseases. All projects target unmet clinical needs in markets lacking mature treatment options. Future Technology Business currently has three projects, including Lithotripsy Valvuloplasty System, MonarQ TTVR® System, and ReachTact® TAVR Assistance System, operated by SmartWave Medical, MonarQ LLC and Zhicheng Medical, respectively.

There were no separate segment assets and segment liabilities information provided to the CODM, as CODM does not use this information to allocate resources to or evaluate the performance of the operating segments.

The Group's operations mainly locate in the PRC. Revenue of the Group are derived from the PRC and the Group's non-current assets excluding financial assets at FVTPL are all located in the PRC.

6. SEGMENT (CONT'D)

The segment information provided to the Group's CODM for reportable segments for the relevant periods is as follows:

Segment (loss) profit

	Year ended December 31, 2025			
	Transcatheter Valve Therapeutic Business RMB'000	**Neurointerventional Business RMB'000**	**Future Technology Business RMB'000**	**Total RMB'000**
Revenue	**290,088**	**422,782**	**—**	**712,870**
Cost of sales	**(61,657)**	**(165,163)**	**—**	**(226,820)**
Selling and distribution expenses	**(221,986)**	**(98,827)**	**—**	**(320,813)**
Administrative expenses	**(101,901)**	**(20,374)**	**(3,743)**	**(126,018)**
Research and development expenses	**(120,061)**	**(41,236)**	**(93,064)**	**(254,361)**
Segment (loss) profit	**(215,517)**	**97,182**	**(96,807)**	**(215,142)**

	Year ended December 31, 2024			
	Transcatheter Valve Therapeutic Business RMB'000	Neurointerventional Business RMB'000	Future Technology Business RMB'000	Total RMB'000
Revenue	259,936	355,547	—	615,483
Cost of sales	(52,859)	(129,003)	—	(181,862)
Selling and distribution expenses	(232,746)	(95,594)	—	(328,340)
Administrative expenses	(120,265)	(28,562)	(2,273)	(151,100)
Research and development expenses	(124,239)	(50,298)	(28,883)	(203,420)
Segment (loss) profit	(270,173)	52,090	(31,156)	(249,239)

7. REVENUE

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Revenue from sales of medical devices — at a point in time	**712,870**	615,483

Revenue of the Group arose from sales of transcatheter valve therapeutic medical devices and neurointerventional procedural medical devices. Sales are recognized when control of the products has transferred, being when the products are delivered to and accepted by the customers. Following the acceptance, the customers have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when on selling the goods and bear the risks of obsolescence and loss in relation to the goods. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities.

A receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due. For contracts that contain rebate clauses, the Group estimates the rebate amount to which it will be entitled using the expected value method and net with the revenue recognized during the year.

All performance obligations for sale of transcatheter valve therapeutic medical devices and neurointerventional procedural medical devices are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Information about major customers

The major customers which contributed more than 10% of the total revenue of the Group for the year ended December 31, 2025 and 2024 are listed as below:

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Customer A	**238,660**	130,191
Customer B	**153,674**	121,494
Customer C	**120,756**	118,232
Customer D	**111,577**	N/A*
Customer E	**N/A***	63,532

* The Group's sales transactions with Customers E and D were less than 10% of the total revenue of the Group for the year ended December 31, 2025 and 2024, respectively.

8. OTHER INCOME

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Government grants related to income	**18,754**	18,196
Government grants related to assets	**1,080**	739
Others	**393**	305
	20,227	19,240

9. OTHER GAINS AND LOSSES

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Net foreign exchange (loss) gain	**(12,045)**	10,529
Gain (loss) on disposal of property, plant and equipment	**52**	(372)
Fair value change of financial assets at FVTPL — net	**9,463**	(14,978)
Loss from foreign exchange forward contracts	**—**	(4,826)
Others	**(1,225)**	301
	(3,755)	(9,346)

10. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, administrative expenses, and research and development expenses are analyzed as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Change of work in process and finished goods	**(23,629)**	(5,092)
Raw materials and consumables used	**202,762**	164,164
Employee benefits expenses *(Note 13)*	**325,917**	351,319
Service expenses for research and development	**104,806**	42,498
Capitalized research and development expenses in intangible assets	**(17,915)**	(29,710)
Promotion expenses	**83,879**	77,411
Professional service fees	**71,350**	66,156
Insurance expenses	**32,210**	34,422
Travelling and transportation expenses	**23,747**	28,562
Depreciation of property, plant and equipment *(Note 15)*	**48,161**	41,550
Utilities and office expenses	**20,606**	22,929
Entertainment expenses	**16,380**	22,573
Amortization of intangible assets *(Note 17)*	**16,248**	13,709
Auditor's remuneration		
— audit service	**3,187**	3,122
— non-audit service	**509**	128
Depreciation of right-of-use assets *(Note 16)*	**3,444**	3,797
(Reversal) Write-down of inventories	**(4,147)**	5,209
Others	**20,497**	21,975
Total cost of sales, selling and distribution expenses, administrative expenses and research and development expenses	**928,012**	864,722

11. FINANCE (COSTS) INCOME — NET

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Finance income:		
Bank interest income	**7,805**	22,480
Finance costs:		
Interests on lease liabilities *(Note 16)*	**(268)**	(201)
Interests on discounted debt instruments at FVTOCI	**(537)**	—
Interests on other payables *(Note 22(b))*	**(813)**	—
Interests on borrowings	**(10,116)**	(8,731)
Less: interest capitalized	**—**	4,196
Interests expenses on borrowings	**(10,116)**	(4,535)
	(11,734)	(4,736)
Finance (costs) income — net	**(3,929)**	17,744

12. INCOME TAX EXPENSE

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Current tax:		
PRC Enterprise Income Tax	**(823)**	(4,942)
Other jurisdictions	**(5,058)**	(5,487)
	(5,881)	(10,429)
Deferred tax credit *(Note 25)*	**296**	3,538
	(5,585)	(6,891)

12. INCOME TAX EXPENSE (CONT'D)

The Group's principal applicable taxes and tax rates are as follows:

(a) Mainland China

The Group's PRC entities are subject to 25% or 15% (for those high-tech enterprises) tax rate pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that period.

(b) Other jurisdictions

For group entities incorporated in other jurisdictions, represent Cayman Islands, British Virgin Islands, Hong Kong and United States, no significant tax exposure was made in the consolidated financial statements since no significant assessable profits generated by these group entities.

A reconciliation of the expected income tax calculated at the applicable tax rate and loss before income tax, with the actual income tax is as follow:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Loss before income tax	**(202,599)**	(221,601)
Tax calculated at statutory tax rates applicable to each group entity	**(1,402)**	25,373
Tax effect of:		
Differences in prior years' tax filing	**185**	(1,335)
Income not taxable for tax purpose	**8,767**	—
Expenses not deductible for tax purpose *(Note (i))*	**(1,457)**	(19,614)
Super deduction for research and development expenses	**29,124**	24,889
Utilization of unrecognized tax losses in previous years	**17,854**	9,346
Recognition of tax losses in previously years	**(2,148)**	(498)
Tax effect of tax losses not recognized *(Note (ii))*	**(56,508)**	(45,052)
Income tax expense	**(5,585)**	(6,891)

12. INCOME TAX EXPENSE (CONT'D)

Notes:

(i) Expenses not deductible for tax purpose primarily include expenses recognized under share-based payments arrangement, other expenses not related to business activities, welfare and entertainment expenses exceeding the tax deduction limits under the Corporate Income Tax Law.

(ii) As at December 31, 2025, RMB2,594,810,000 (2024: RMB2,316,913,000) deductible losses that are not recognized as deferred tax assets, will be expired by the year of 2035 (2024: 2034).

(iii) The tax losses of the Company's PRC subsidiaries classified as high-tech enterprises will expire within ten years and the remaining PRC subsidiaries will be within five years.

13. EMPLOYEE BENEFITS EXPENSES

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Wages, salaries and bonuses	**236,338**	269,113
Social security costs and housing benefits *(a)*	**59,893**	58,606
Other employee benefits	**18,036**	13,480
Share-based compensation expenses *(Note 29)*	**11,650**	10,120
	325,917	351,319

(a) The employees of the Group in the PRC are members of state-managed pension scheme operated by the PRC Government. The Group is required to contribute a specified percentage of payroll costs as determined by local government authority to the pension obligations to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contribution under the scheme.

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include no director for the year ended December 31, 2025 (2024: one). The emoluments payable to the remaining five (2024: four) individuals during the year ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Basic salaries	**6,086**	5,270
Discretionary bonuses	**1,654**	20,416
Social security costs and housing benefits	**448**	233
Share-based compensation expenses	**3,570**	1,282
	11,758	27,201

The discretionary bonuses is determined based on the performance of the Group.

The emoluments to the five (2024: four) individuals who are not the directors of the Company for the year ended December 31, 2025 and 2024 are fell within the following bands:

	Year ended December 31,	
	2025	2024
Emolument bands		
HKD1,500,001–HKD2,000,000	**3**	—
HKD2,500,001–HKD3,000,000	**1**	2
HKD3,000,001–HKD3,500,000	**—**	1
HKD3,500,001–HKD4,000,000	**1**	—
HKD21,000,001–HKD21,500,000	**—**	1
	5	4

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(c) Benefits and interests of directors

The remuneration of each director and chief executive officer for the year ended December 31, 2025 and 2024 is set out below:

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Total RMB'000
For year ended December 31, 2025						
Chairman of the Board and Chief Executive Officer						
Yi ZHANG	—	740	660	—	67	1,467
Non-executive Directors						
Jifeng GUAN	—	—	—	—	—	—
Jun YANG	—	—	—	—	—	—
Fei CHEN	—	—	—	—	—	—
Independent Non-executive Directors						
Stephen Newman OESTERLE	715	—	—	688	—	1,403
Robert Ralph PARKS	715	—	—	688	—	1,403
Wai Ming YIP	321	—	—	—	—	321
Huacheng WEI	321	—	—	—	—	321
Executive Directors						
Hong YE	—	810	—	—	108	918
Ping Ye ZHANG	—	145	—	—	36	181
	2,072	1,695	660	1,376	211	6,014

13. EMPLOYEE BENEFITS EXPENSES (CONT'D)

(c) Benefits and interests of directors (cont'd)

	Fees RMB'000	Salaries RMB'000	Discretionary bonuses RMB'000	Share-based compensation expenses RMB'000	Social security costs, housing benefits and employee welfare RMB'000	Total RMB'000
For year ended December 31, 2024						
Chairman of the Board and Chief Executive Officer						
Yi ZHANG	—	740	1,249	—	63	2,052
Non-executive Directors						
Zhiyun YU *(Note (i))*	—	—	—	—	—	—
Jifeng GUAN	—	—	—	—	—	—
Jun YANG	—	—	—	—	—	—
Fei CHEN	—	—	—	—	—	—
Independent Non-executive Directors						
Stephen Newman OESTERLE	711	—	—	684	—	1,395
Robert Ralph PARKS	711	—	—	700	—	1,411
Wai Ming YIP	319	—	—	—	—	319
Huacheng WEI	319	—	—	—	—	319
Executive Directors						
Hong YE	—	747	1,254	—	107	2,108
Ping Ye ZHANG	—	146	—	—	36	182
	2,060	1,633	2,503	1,384	206	7,786

Note (i): Dr. Zhiyun YU resigned as a non-executive director on November 1, 2024.

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

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

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

14. LOSSES PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31, 2025	2024
Loss for the year attributable to the owners of the Company *(RMB'000)*	**(203,287)**	(226,576)
Weighted average number of ordinary shares for the purpose of basic loss per share *(thousand)*	**665,234**	669,488
Basic loss per share *(RMB)*	**(0.31)**	(0.34)

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the year ended December 31, 2025, the Company had one category of potential ordinary shares: the stock options granted to employees (Note 29). As the Group incurred losses for the year ended December 31, 2025 and 2024, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the year ended December 31, 2025 and 2024 are the same as basic loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At January 1, 2024								
Cost	61,968	15,773	23,072	110,513	3,434	290,454	39,107	544,321
Accumulated depreciation	(18,453)	(3,995)	(16,193)	(20,849)	(1,715)	—	(29,145)	(90,350)
Net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
Year ended December 31, 2024								
Opening net book value	43,515	11,778	6,879	89,664	1,719	290,454	9,962	453,971
Transferred in from construction in progress	373,438	1,323	—	—	—	(375,760)	999	—
Transfer to intangible assets *(Note 17)*	—	—	—	—	—	(3,037)	—	(3,037)
Additions	—	5,019	4,139	20,981	—	210,653	613	241,405
Disposals	—	(39)	(16)	(317)	—	—	—	(372)
Depreciation charge	(16,874)	(4,747)	(3,382)	(12,342)	(631)	—	(3,574)	(41,550)
Closing net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417
At December 31, 2024								
Cost	433,173	22,195	27,421	131,229	3,434	122,310	40,719	780,481
Accumulated depreciation	(33,094)	(8,861)	(19,801)	(33,243)	(2,346)	—	(32,719)	(130,064)
Net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Buildings RMB'000	Furniture RMB'000	Electronic equipment RMB'000	Machinery RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
At January 1, 2025								
Cost	433,173	22,195	27,421	131,229	3,434	122,310	40,719	780,481
Accumulated depreciation	(33,094)	(8,861)	(19,801)	(33,243)	(2,346)	—	(32,719)	(130,064)
Net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417
Year ended December 31, 2025								
Opening net book value	400,079	13,334	7,620	97,986	1,088	122,310	8,000	650,417
Transferred in from construction in progress	974	523	722	40	—	(9,291)	7,032	—
Additions	—	4,321	334	4,757	1,116	93,222	7,415	111,165
Disposals	—	(36)	(5)	(309)	—	—	—	(350)
Depreciation charge	(23,472)	(4,512)	(2,503)	(11,490)	(456)	—	(5,728)	(48,161)
Closing net book value	377,581	13,630	6,168	90,984	1,748	206,241	16,719	713,071
At December 31, 2025								
Cost	434,147	26,872	28,367	135,411	4,550	206,241	55,166	890,754
Accumulated depreciation	(56,566)	(13,242)	(22,199)	(44,427)	(2,802)	—	(38,447)	(177,683)
Net book value	377,581	13,630	6,168	90,984	1,748	206,241	16,719	713,071

* The buildings are situated on land in the PRC.

15. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

(a) Depreciation of property, plant and equipment has been recognized in the consolidated financial statements as follows:

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Administrative expenses	**26,492**	20,218
Research and development expenses	**11,127**	10,846
Cost of sales and inventories	**9,717**	9,665
Selling and distribution expenses	**825**	821
Total *(Note 10)*	**48,161**	41,550

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Right-of-use assets

	At December 31, 2025 RMB'000	2024 RMB'000
Right-of-use assets		
— Land use rights *(a)*	**38,966**	39,972
— Buildings *(b)*	**5,382**	5,367
	44,348	45,339

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC with lease terms 30–50 years. The movements of land use rights are analyzed as follows:

	Land use rights RMB'000
At January 1, 2024	
Cost	43,163
Accumulated depreciation	(2,587)
Net book value	40,576
Year ended December 31, 2024	
Opening net book value	40,576
Additions	675
Depreciation charge	(1,279)
Closing net book value	39,972
At December 31, 2024	
Cost	**43,838**
Accumulated depreciation	**(3,866)**
Net book value	**39,972**
At January 1, 2025	
Cost	**43,838**
Accumulated depreciation	**(3,866)**
Net book value	**39,972**
Year ended December 31, 2025	
Opening net book value	**39,972**
Depreciation charge	**(1,006)**
Closing net book value	**38,966**
At December 31, 2025	
Cost	**43,838**
Accumulated depreciation	**(4,872)**
Net book value	**38,966**

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(a) Land use rights (cont'd)

Amortization of land use rights has been charged to the consolidated financial statements as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	**501**	937
Administrative expenses	**505**	342
	1,006	1,279

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Buildings

The Group leases offices for own use. Information about leases for which the Group is a lessee is presented below. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applied the definition of a contract and determines the period for which the contract is enforceable.

	Buildings RMB'000
At January 1, 2024	
Cost	9,502
Accumulated depreciation	(5,444)
Net book value	4,058
Year ended December 31, 2024	
Opening net book value	4,058
Additions	4,764
Depreciation charge	(3,455)
Closing net book value	5,367
At December 31, 2024	
Cost	**7,682**
Accumulated depreciation	**(2,315)**
Net book value	**5,367**
At January 1, 2025	
Cost	**7,682**
Accumulated depreciation	**(2,315)**
Net book value	**5,367**
Year ended December 31, 2025	
Opening net book value	**5,367**
Additions	**2,954**
Depreciation charge	**(2,939)**
Closing net book value	**5,382**
At December 31, 2025	
Cost	**9,346**
Accumulated depreciation	**(3,964)**
Net book value	**5,382**

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONT'D)

(b) Buildings (cont'd)

Lease liabilities

Lease liabilities recognized in the consolidated statement of financial position as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Lease liabilities as		
— Non-current liabilities	**2,702**	3,221
— Current liabilities	**2,689**	2,090
	5,391	5,311

The increment borrowing rates applied to lease liabilities range from 3.25% to 4.75%.

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets *(Note 10)*	**3,444**	3,797
Total cash outflow for leases	**4,840**	3,367
Interest expense *(Note 11)*	**268**	201

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Lease assets may not be used as security for borrowing purposes.

17. INTANGIBLE ASSETS

	Goodwill RMB'000 (b)	Licensed-in technologies not available for use RMB'000 (c)	Capitalized development costs RMB'000 (d)	Technologies available for use RMB'000	Exclusive distribution rights RMB'000	Computer software RMB'000	Total RMB'000
At January 1, 2024							
Cost	51,658	339,533	—	170,740	—	12,207	574,138
Accumulated amortization	—	—	—	(39,919)	—	(6,345)	(46,264)
Net book value	51,658	339,533	—	130,821	—	5,862	527,874
Year ended December 31, 2024							
Opening net book value	51,658	339,533	—	130,821	—	5,862	527,874
Transferred in from construction in progress *(Note 15)*	—	—	—	—	—	3,037	3,037
Additions *(a)*	—	107,826	29,710	—	—	1,259	138,795
Amortization charge	—	—	(136)	(11,383)	—	(2,190)	(13,709)
Closing net book value	51,658	447,359	29,574	119,438	—	7,968	655,997
At December 31, 2024							
Cost	**51,658**	**447,359**	**29,710**	**170,740**	**—**	**16,503**	**715,970**
Accumulated amortization	**—**	**—**	**(136)**	**(51,302)**	**—**	**(8,535)**	**(59,973)**
Net book value	**51,658**	**447,359**	**29,574**	**119,438**	**—**	**7,968**	**655,997**
Year ended December 31, 2025							
Opening net book value	**51,658**	**447,359**	**29,574**	**119,438**	**—**	**7,968**	**655,997**
Transferred	**—**	**(126,888)**	**—**	**126,888**	**—**	**—**	**—**
Additions *(a)*	**—**	**53,291**	**17,915**	**—**	**18,868**	**1,598**	**91,672**
Amortization charge	**—**	**—**	**(505)**	**(11,853)**	**(1,769)**	**(2,121)**	**(16,248)**
Closing net book value	**51,658**	**373,762**	**46,984**	**234,473**	**17,099**	**7,445**	**731,421**
At December 31, 2025							
Cost	**51,658**	**373,762**	**47,625**	**297,628**	**18,868**	**18,101**	**807,642**
Accumulated amortization	**—**	**—**	**(641)**	**(63,155)**	**(1,769)**	**(10,656)**	**(76,221)**
Net book value	**51,658**	**373,762**	**46,984**	**234,473**	**17,099**	**7,445**	**731,421**

17. INTANGIBLE ASSETS (CONT'D)

Amortization of intangible assets has been charged to the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Cost of sales	**14,126**	11,383
Administrative expenses	**1,324**	1,292
Selling and distribution expenses	**520**	487
Research and development expenses	**278**	547
Total *(Note 10)*	**16,248**	13,709

(a) For the year ended December 31, 2025, the additions mainly represented (i) a milestone payment of USD7,500,000 (approximately RMB53,291,000) (2024: USD15,000,000 (approximately RMB107,826,000)) related to an intellectual property under research and development ("**Technology A**") acquired by the Company in prior years, and (ii) the recognition of RMB17,915,000 (2024: RMB29,710,000) development costs capitalized as intangible assets as Note 17(d) for details.

(b) Goodwill

	At December 31, 2025 RMB'000	2024 RMB'000
Acquisition of Achieva Group	**51,658**	51,658

Impairment review on the goodwill of the Group has been conducted by the Group as at December 31, 2025. For the purpose of impairment review, the recoverable amount of the cash generating unit ("**CGU**"), i.e. the Achieva Group, is determined based on value-in-use calculations. These calculations use post-tax cash flow projections based on financial budgets prepared by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated terminal growth rates stated below.

17. INTANGIBLE ASSETS (CONT'D)

(b) Goodwill (cont'd)

The key parameters used for value-in-use calculations are as follows:

	Gross profit margin	Revenue growth rate of the projection period	Terminal growth rate	Pre-tax discount rate
At December 31, 2025	47.9%–55.9%	5.6%–24.5%	2.2%	16.6%
At December 31, 2024	60.7%–65.3%	8.8%–35.3%	2.2%	21.5%

The revenue growth rate and budgeted gross profit margin for the five-year period were determined by the management based on past performance and its expectation for market and product development. The terminal growth rate used does not exceed the industry growth forecast for the market in which the Group operates. The discount rate used is pre-tax and reflects market assessments of the time value and the specific risks relating to the industry.

Based on the result of the goodwill impairment testing, the estimated recoverable amount of the CGU far exceeded its carrying amount and the headroom was RMB336,484,000 as at December 31, 2025 (2024: RMB312,594,000). The management of the Group has not identified that a reasonable possible change in any of the key assumptions that could cause the carrying amount to exceed the recoverable amount.

(c) Licensed-in technologies not available for use

The licensed-in technologies included the following technologies under research and development:

	At December 31, 2025 RMB'000	2024 RMB'000
Technology A	**373,762**	320,471
Technology B	**—**	126,888
	373,762	447,359

17. INTANGIBLE ASSETS (CONT'D)

(c) Licensed-in technologies not available for use (cont'd)

As at December 31, 2025, the balance of licensed-in technologies under research and development were RMB373,762,000 (2024: RMB447,359,000). Licensed-in technologies under research and development are not available for use and are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount and on an annual basis. Impairment review has been conducted by an independent qualified valuer as at December 31, 2025 and 2024. For the purpose of impairment review, the recoverable amount is determined based on the higher of fair value less cost to sell and value in use.

In respect of the value in use calculation, the Group use cash flow projections based on financial budgets prepared by management covering a period for further development of currently ongoing projects and a period of 15 years with production and sales of the future products of these projects. Key assumptions for the discounted cash flow are the expected timing of the product candidates' commercialization, gross profit margin, revenue growth rate, and the discount rate.

The key assumptions used as at December 31, 2025 and 2024 are as follows.

Technology A

	Expected timing of the product candidates' commercialization	Gross profit margin	Revenue growth rate	Pre-tax discount rate
At December 31, 2025	2028	64.0%–78.0%	(25.0)%–445.8%	28.2%
At December 31, 2024	2028	64.0%–78.0%	(25.0)%–445.8%	28.2%

Based on the result of impairment assessment, the recoverable amount of Technology A under research and development is estimated to exceed the carrying amount as at December 31, 2025 by RMB377,511,000 (2024: RMB315,553,000). Considering there was still sufficient headroom based on the assessment, the management believes that a reasonably possible change in any of the key assumptions would not cause the aggregate carrying amount of Technology A under research and development to exceed its recoverable amount.

The recoverable amount is significantly above the carrying amount of the Technology A. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. INTANGIBLE ASSETS (CONT'D)

(c) Licensed-in technologies not available for use (cont'd)

Technology B

	Expected timing of the product candidates' commercialization	Gross profit margin	Revenue growth rate	Pre-tax discount rate
At December 31, 2024	2026	64.0%–78.0%	(35.6)%–107.7%	23.4%

During the year ended December 31, 2025, the Group has obtained the registration certificate from the National Medical Products Administration in December related to Technology B. Therefore, Technology B has been transferred to technologies available for use and been amortized since the date of obtaining the above certificate.

As at December 31, 2024, based on the result of impairment assessment, the recoverable amount of Technology B under research and development is estimated to exceed the carrying amount by RMB166,404,000. Considering there was still sufficient headroom based on the assessment, the management believe that a reasonably possible change in any of the key assumptions would not cause the carrying amount of Technology B under research and development to exceed its recoverable amount.

17. INTANGIBLE ASSETS (CONT'D)

(d) Capitalized development costs

During the year ended December 31, 2025, approximately RMB17,915,000 (2024: RMB29,710,000) development costs incurred on two transcatheter valve therapeutic pipeline products were capitalized by the Group. The Group are to capitalize research and development costs only when the management is able to demonstrate the technical feasibility of completing the intangible asset, such as achieving certain clinical trial stages, 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, and the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development.

During the year ended December 31, 2025, other than one pipeline product RMB25,659,000 (2024: RMB4,096,000) that has obtained the registration certificate from the National Medical Products Administration in December, the capitalized development costs are still in clinical trial stage that are not yet available for use and are tested whenever events or changes in circumstances indicate that the carrying amount of those assets exceeds its recoverable amount and on an annual basis.

Impairment review has been conducted by a team of the Company and for the purpose of impairment review, the recoverable amount is determined based on the higher of fair value less cost to sell and value in use. In respect of the value in use calculation, the Group use cash flow projections based on financial budgets prepared by management covering period for further development of currently ongoing projects and also 10 years with production and sales of the future products of these projects.

18A. FINANCIAL ASSETS AT FVTPL

	At December 31, 2025 RMB'000	2024 RMB'000
Non-current assets		
— Unlisted equity investments (a)	**337,279**	316,814
Current assets		
— Unlisted debt investments (b)	**—**	14,745
	337,279	331,559

18A. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unlisted equity investments

The Group invested preference shares of both overseas and the PRC unlisted investees, which are engaged in research and development, manufacturing and sales of medical devices but at different business stages. The Group has preferential rights and redemption options compared with the ordinary shareholders of the unlisted investees, which significantly differentiate the risks and rewards undertaken, these investments are therefore accounted as financial assets at fair value through profit or loss.

(i) Overseas unlisted equity investments

The equity interest percentage owned by the Group over five overseas unlisted entities are as follows:

	At December 31, 2025 %	2024 %
Unlisted entity A	**44.67**	44.86
Unlisted entity B	**33.54**	50.00
Unlisted entity C	**2.20**	2.50
Unlisted entity D	**10.49**	—
Unlisted entity E	**2.20**	—

Pursuant to the articles of association of the unlisted entity A and unlisted entity B, the Group is able to exercise significant influence arising from its existing power to appoint at least one director of the investees.

The movements in the carrying value of the overseas unlisted equity investments for the years are as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Opening balance	**288,973**	270,558
Additions *(Note 18A(b)(i))*	**14,709**	14,208
Fair value change	**3,480**	—
Exchange (losses) gains	**(6,707)**	4,207
Closing balance	**300,455**	288,973

For the year ended December 31, 2025, the convertible note was converted into the preference shares, which has been disclosed in Note 18A(b)(i).

18A. FINANCIAL ASSETS AT FVTPL (CONT'D)

(a) Unlisted equity investments (cont'd)

(i) Overseas unlisted equity investments (cont'd)

For the year ended December 31, 2024, the Group further subscribed the preference shares issued by one overseas unlisted investee with cash consideration of USD2,000,000 (equivalent to RMB14,208,000), which was initially acquired in 2021.

(ii) The PRC unlisted equity investments

The equity interest percentage owned by the Group over five (2024: five) PRC unlisted entities are between 3% to 19% (2024: between 3% to 19%). Pursuant to the articles of association of these unlisted entities, the Group is able to exercise significant influence arising from its existing power of 3 entities (2024: 3 entities by appointing at least one director over the investees' board.

The movements in the carrying value of the unlisted equity investments for the years are as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Opening balance	**27,841**	16,500
Additions	**3,000**	8,903
Fair value change	**5,983**	2,438
Closing balance	**36,824**	27,841

(b) Unlisted debt investments

	At December 31, 2025 RMB'000	2024 RMB'000
Convertible note *(i)*	**—**	14,745

(i) For the year ended December 31, 2025, the outstanding balance USD2,054,706 was converted into the 2,054,706 preference shares of the investee and reclassified as unlisted equity investments in financial assets at FVTPL. For the year ended December 31, 2024, the Group invested in a convertible note issued by an unlisted investee, with principal of USD2,000,000 and interest rate of 5.12% per annum.

18B. DEBT INSTRUMENTS AT FVTOCI

	At December 31, 2025 RMB'000	2024 RMB'000
Bills receivables	**12,000**	—

The balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. Bills receivables held by the Group as at December 31, 2025 will mature within 6 months (2024: Nil).

19. INVENTORIES

	At December 31, 2025 RMB'000	2024 RMB'000
Raw materials	**78,994**	97,116
Materials in transit	**370**	4,894
Work in progress	**29,370**	23,242
Finished goods	**38,888**	21,387
	147,622	146,639
Write-down of inventories	**(1,713)**	(5,860)
	145,909	140,779

Inventories recognized as costs or expenses during the year ended December 31, 2025 amounting to RMB211,188,000 (2024: RMB204,791,000). These were included in cost of sales, research and development expenses and selling and distribution expenses.

During the year ended December 31, 2025, RMB4,147,000 reversal (2024: RMB5,209,000 write-downs) of inventories to net realizable value was recognized as an expense arising for those long-aged inventories and included in cost of sales in the consolidated statement of profit or loss and other comprehensive income.

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

Trade and other receivables

	At December 31, 2025 RMB'000	2024 RMB'000
Trade receivables *(a)*	**15,276**	22,336
Loans to employees *(b)*	**10,325**	11,186
Value-added tax recoverable	**19,109**	8,463
Income tax recoverable	**1,119**	—
Deposits	**6,433**	4,634
Interest receivables	**32**	722
Other receivables	**775**	57,621
	53,069	104,962
Disclosed in the consolidated statement of financial position as:		
— Non-current assets, included in other non-current assets	**6,878**	3,924
— Current assets	**46,191**	101,038
	53,069	104,962

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Trade and other receivables (cont'd)

(a) At December 31, 2025 and 2024, the ageing analysis of the trade receivables based on invoice date were as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Within 60 days	**14,494**	22,336
3 months–6 months	**782**	—
	15,276	22,336

The credit period granted to the customers is usually around 60 days and the credit quality of these customers is assessed, which takes into account their available financial information, past experience and other factors.

(b) During the year ended December 31, 2025, the loans to certain key management personnel with nominal value of HKD12,035,000 provided by the Group has been extended, which were unsecured, interest-free and will be repayable from March 2026 to January 2027.

As at December 31, 2025 and 2024, loans to key management personnel were measured at amortized cost and presented as other receivables and other non-current assets following the scheduled repayment dates.

(c) Transferred financial assets that are derecognized in their entirety

As of December 31, 2025, the Group had derecognized bills discounted to banks, but not expired on a full recourse basis amounting to RMB129,239,000 (2024: RMB20,000,000). These bills were issued or guaranteed by reputable PRC banks with high credit ratings, therefore the directors of the Company considered that the substantial risks in relation to these bills were interest risk as the credit risk arising from these bills were minimal, the Group had transferred substantially all the risks of these bills to relevant banks or suppliers. However, if the bills cannot be accepted at maturity, the banks or suppliers have the right to require the Group pay off the outstanding balance. Therefore, the Group continued the involvement in them, but the amount arising from continuing involvement is insignificant.

20. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONT'D)

Prepayments

	At December 31, 2025 RMB'000	2024 RMB'000
Prepayments for:		
— inventories	**7,607**	16,024
— services	**9,443**	12,030
— property, plant and equipment	**2,000**	19,217
— others	**2,381**	4,605
	21,431	51,876
Disclosed in the consolidated statement of financial position as:		
— Non-current asset, included in other non-current assets	**2,000**	19,217
— Current asset	**19,431**	32,659
	21,431	51,876

21. TERM DEPOSITS, RESTRICTED CASH AND BANK BALANCES AND CASH

As at December 31, 2025, the Group's bank balances carry market prevailing interest rates ranging from 0.01% to 0.45% (2024: from 0.01% to 4.55%).

As at December 31, 2025, the Group's term deposits amounting to RMB11,529,000 (2024: RMB41,039,000) were at fixed interest rates with range of 0.30% to 1.00% (2024: 0.92% to 2.35%), Nil (2024: RMB10,000,000) out of which are with maturity over one year and therefore presented as non-current asset.

As at December 31, 2025, term deposit amounting to RMB10,000,000 (2024: Nil) were pledged for issuing bills payables.

As at December 31, 2025, the Group's restricted cash amounting to RMB50,000,000 (2024: Nil) have been pledged to secure short-term bank loans of the Company and are therefore classified as restricted cash within current assets.

Term deposits and bank balances and cash denominated in group entities' foreign currency as below:

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
— USD	**86,111**	291,304
— HKD	**38,229**	67,806

22. TRADE AND OTHER PAYABLES

	As at December 31,	
	2025	2024
	RMB'000	RMB'000
Trade payables	**68,144**	25,722
Other payables *(a)*	**175,512**	262,340
Other tax payables	**21,289**	13,170
Staff salaries and welfare payables	**42,927**	40,465
Liabilities arising from share-based payments with cash alternative	**10,208**	10,186
Bills payables *(c)*	**9,998**	—
	328,078	351,883
Disclosed in the consolidated statement of financial position as:		
— Non-current liabilities, as other payables *(b)*	**42,697**	2,320
— Current liabilities	**285,381**	349,563
	328,078	351,883

22. TRADE AND OTHER PAYABLES (CONT'D)

(a) As at December 31, 2024, included in other payables, RMB107,826,000 is the milestone payable related to an intellectual property under research and development acquired by the Company in prior years, detail of which is as Note 17(a), which has been repaid during the year ended December 31, 2025.

(b) During the year ended December 31, 2025, one independent investor (the "**Investor A**") entered into a share allotment agreement of a PRC-incorporated subsidiary of the Company to invest 10.72% shareholding of the subsidiary with the consideration of RMB60,000,000. Another independent investor (the "**Investor B**") entered into a share allotment agreement of another PRC-incorporated subsidiary of the Company to invest 7% shareholding of the subsidiary with the consideration of RMB14,000,000. As at December 31, 2025, RMB34,000,000 has been injected into the subsidiaries.

Upon the occurrence of certain events as stipulated in the relevant investments, any holder of the shares with preferential rights may require certain subsidiaries of the Group redeem any or all of the outstanding shares held by such holders at the redemption price which represent the investment amount, plus an interest at an annual rate of 6% calculating from the issuance date.

As at December 31, 2025, management accounted for the investor's investment on the subsidiary as non-current liabilities and measured at amortized cost.

(c) As of December 31, 2025, bills payables amounting to RMB9,998,000 was secured by certain term deposits, which has been disclosed in Note 21.

The following is an ageing analysis of the trade payables, presented based on the invoice date, at the end of each reporting period:

	At December 31, 2025 RMB'000	2024 RMB'000
0–3 months	**66,279**	24,697
3 months to 1 year	**1,696**	547
1 year to 2 years	**169**	478
	68,144	25,722

The average credit period on purchases of goods is 30 days.

23. BORROWINGS

	At December 31, 2025 RMB'000	2024 RMB'000
Bank borrowings		
— Secured *(a)*	**209,143**	248,087
— Unsecured *(b)*	**219,500**	—
	428,643	248,087
— Fixed-rate borrowings	**80,000**	—
— Floating-rate borrowings	**348,643**	248,087
	428,643	248,087
Analyzed for reporting purpose as,		
— Non-current liabilities	**37,984**	158,312
— Current liabilities	**390,659**	89,775
	428,643	248,087

(a) Bank borrowings — secured

In March 2022, the Group entered into a secured bank loan facility agreement, which is specific for financing the construction of the new headquarter and will be matured in May 2027. The maximum amount that the Group is able to draw down under such facility is RMB400,000,000, and any drawdown will bear an floating interest rate corresponding to one-year loan prime rate circulated by the People's Bank of China plus 15 basis points.

23. BORROWINGS (CONT'D)

(b) As at December 31, 2025, the effective interest rates of the Group's unsecured bank borrowings are from 2.30% to 3.00% and repayment within three years since draw down dates.

The ranges of the effective interest rates on the Group's borrowings are as follows:

	At December 31, 2025 %	2024 %
Fixed-rate borrowings	**2.15 to 3.00**	—
Floating-rate borrowings	**2.30 to 3.25**	3.25 to 3.60

As at December 31, 2025 and 2024, the Group's borrowings were repayable as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Within 1 year	**390,659**	89,775
Between 1 and 2 years	**10,984**	148,828
Between 2 and 5 years	**27,000**	9,484
	428,643	248,087

As at December 31, 2025, the secured bank borrowings are pledged by a land use right and property, plant and equipment amounting to RMB8,575,000 (2024: RMB8,918,000) and RMB341,166,000 (2024: RMB360,803,000), respectively.

24. DEFERRED INCOME

	At December 31, 2025 RMB'000	2024 RMB'000
Government grants		
— Assets-related government grants *(a)*	**20,107**	19,773
— Cost-related government grants *(b)*	**—**	1,000
	20,107	20,773

(a) The asset-related grants include subsidies received from the local government for the purpose of compensation for purchase of land use rights, with an estimated useful life of 50 years and property, plant and equipment with an estimated useful life of 5–20 years. The aforementioned grants are amortized or depreciation based on the remaining useful life of the related assets.

(b) The cost-related grants are subsidies received from the local government as compensation for expenses incurred and to incur for certain research and development projects. The subsidies are deferred and recognized in profit or loss till the projects fulfill the required criteria.

25. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and deferred tax liabilities for the years ended December 31, 2025 and 2024, without taking into consideration the offsetting of balanced within the same tax jurisdiction, are as follows:

Deferred tax assets/(liabilities)

	Tax losses RMB'000	Right-of-use assets RMB'000	Lease liabilities RMB'000	Property, plant and equipment acquired in business combination RMB'000	Land use rights acquired in business combination RMB'000	Intangible assets acquired in business combination RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2024	14,444	–	–	(1,592)	(469)	(32,703)	–	(20,320)
(Charge) credit to profit or loss	(426)	(968)	952	150	14	2,846	970	3,538
As at December 31, 2024	14,018	(968)	952	(1,442)	(455)	(29,857)	970	(16,782)
As at January 1, 2025	**14,018**	**(968)**	**952**	**(1,442)**	**(455)**	**(29,857)**	**970**	**(16,782)**
(Charge) credit to profit or loss	**(2,259)**	**(138)**	**147**	**150**	**14**	**2,846**	**(464)**	**296**
As at December 31, 2025	**11,759**	**(1,106)**	**1,099**	**(1,292)**	**(441)**	**(27,011)**	**506**	**(16,486)**

The net balances of deferred tax assets and liabilities after offsetting are as follows:

	At December 31, 2025 RMB'000	2024 RMB'000
Deferred tax liabilities, net	**16,486**	16,782
Deferred tax assets, net	**—**	—

26. SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Issued:				
As at January 1, 2024	679,326,808	479	6,358,649	6,359,128
Cancellation of issued shares *(a)*	(10,809,000)	(8)	(26,684)	(26,692)
Restricted share units vested under the trust	—	—	(8,619)	(8,619)
As at December 31, 2024	668,517,808	471	6,323,346	6,323,817
As at January 1, 2025	**668,517,808**	**471**	**6,323,346**	**6,323,817**
Exercise of share options *(b)*	**3,542,851**	**2**	**19,053**	**19,055**
Restricted share units vested under the trust	**—**	**—**	**(10,569)**	**(10,569)**
As at December 31, 2025	**672,060,659**	**473**	**6,331,830**	**6,332,303**

(a) In June 2024, the Company made on-market purchases of 10,809,000 shares. In subsequent months, the Company cancelled the acquired shares as presented as decrease in share capital and share premium amounting to RMB26,692,000.

(b) For the year ended December 31, 2025, certain employees exercised stock options granted to them in 2019 and 3,542,851 shares were issued to them.

27. TREASURY SHARES HELD IN A TRUST

	Number of treasury shares	Amount RMB'000
As at January 1, 2024	(3,817,254)	(53,730)
Acquisition of shares by the Company *(Note 26(a))*	(10,809,000)	(26,692)
Cancellation of issued shares *(Note 26(a))*	10,809,000	26,692
Restricted share units vested under the trust	490,693	10,712
As at December 31, 2024	(3,326,561)	(43,018)
As at January 1, 2025	**(3,326,561)**	**(43,018)**
Restricted share units vested under the trust	**777,855**	**13,634**
As at December 31, 2025	**(2,548,706)**	**(29,384)**

The Company and Trident Trust Company (HK) Limited (the "**Trident Trust**"), an independent third party, set up the Peijia Employee Benefit Trust which entered into a trust deed pursuant to which Trident Trust has agreed to act as the trustee to administer the Peijia Employee Benefit Trust and to hold the ordinary shares under the Peijia Employee Benefit Trust through the nominee, Best Achiever Management Limited (the "**Nominee**").

For the year ended December 31, 2025, 777,855 restricted share units were vested by selected persons (2024: 490,693 restricted share units were vested).

28. OTHER RESERVES

	Share-based compensation reserve RMB'000	Others RMB'000	Total RMB'000
As at January 1, 2024	74,297	(251)	74,046
Share-based compensation expenses	5,110	—	5,110
As at December 31, 2024	79,407	(251)	79,156
As at January 1, 2025	**79,407**	**(251)**	**79,156**
Exercise of share options	**(10,103)**	**—**	**(10,103)**
Transfer upon forfeited and cancellation of issued shares options	**(19,515)**	**—**	**(19,515)**
Share-based compensation expenses	**7,703**	**—**	**7,703**
As at December 31, 2025	**57,492**	**(251)**	**57,241**

29. SHARE-BASED PAYMENT

(a) Stock options

(i) Stock options granted to employees in 2017

In 2017, the Company granted 462,500 stock options to senior management members as rewards for their services and in exchange for their full-time devotion and professional expertise. The exercise price of granted options is USD5.00 or USD7.8084 per ordinary share. All options shall expire in ten years from the respective grant dates.

(ii) Stock options granted to employees in 2019

In 2019, the Company granted 2,473,941 stock options to certain directors, senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise. The weighted average exercise price of granted options is USD8.7630 per ordinary share. All options shall expire in ten years from the respective grant dates.

On May 15, 2020, pursuant to the resolution passed by the shareholders on April 28, 2020, a capitalization issue of 434,654,450 shares were allotted without payment and as fully paid shares to existing shareholders. The weighted average exercise price has been changed to USD0.4382 per ordinary share correspondingly.

(iii) Stock Option Scheme

The Group's Stock Option Scheme was conditionally adopted on April 28, 2020. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. All options granted under the Stock Option Scheme shall expire in ten years from the grant dates. Under the Stock Option Scheme, the Company granted below share options.

Stock options granted to employees in 2021

On December 7, 2021, the Company granted 7,801,386 stock options to senior management members and employees of the Group as rewards for their services and in exchange for their fulltime devotion and professional expertise. The exercise price of granted options is HKD15.97 per ordinary share. The vesting term of the stock options includes different vesting schedule, which varies from one year to six years with different performance conditions respectively. All options shall expire in ten years from the grant dates.

Stock options granted to employees in 2023

On January 19, 2023, the Company granted 2,113,900 stock options to employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise. The exercise price of granted options is HKD11.44 per ordinary share. The vesting term of the stock options includes different vesting schedule, which varies from one year to four years with different performance conditions respectively. All options shall expire in ten years from the grant dates.

29. SHARE-BASED PAYMENT (CONT'D)

(a) Stock options (cont'd)

(iii) Stock Option Scheme (cont'd)

Stock options granted to employees in 2025

On May 13, 2025, the Company granted 1,439,400 stock options to senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise. The exercise price of granted options is HKD5.70 per ordinary share. 30%, 30% and 40% of the issued stock options are to be vested on the first, second and third anniversary of the respective issue dates with different performance conditions respectively. All options shall expire in ten years from the grant dates.

Fair value of options granted in 2025

The fair value at grant date is independently determined using binomial model, the significant inputs were listed as below:

Expected price volatility	45.18%
Expected option life (years)	10
Risk free interest rate	3.10%
Fair value of granted options (HKD)	2.57–3.08

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period close to the valuation date.

(iv) The financial impact of stock options is as follows:

Movements in the number of stock options are as follows:

	Year ended December 31, 2025	2024
At the beginning of year	**39,760,640**	40,764,360
Granted	**1,439,400**	—
Exercised	**(3,542,851)**	—
Forfeited	**(732,571)**	(1,003,720)
Cancellation *(Note)*	**(2,924,536)**	—
At the end of year	**34,000,082**	39,760,640

Note: During the year ended December 31, 2025, certain senior management members and employees cancelled their vested but not yet exercised stock options and/or stock options not yet vested, which were granted to them in 2021 and/or 2023. 675,440 new stock options were granted to these senior management members and employees during the year ended 2025.

29. SHARE-BASED PAYMENT (CONT'D)

(a) Stock options (cont'd)

(iv) The financial impact of stock options is as follows: (cont'd)

As at December 31, 2025, 31,632,883 outstanding options were exercisable (2024: 34,192,334).

For the year ended December 31, 2025, certain employees exercised stock options granted to them in 2019 and 3,542,851 shares were issued to them (2024: no employees exercised stock options).

No options expired for the year ended December 31, 2025 and 2024.

The total expense recognized in the consolidated statement of profit or loss and total comprehensive loss for the above stock options granted are RMB7,703,000 for the year ended December 31, 2025 (2024: RMB5,110,000).

(b) Restricted share units

A restricted share award (the "**RSU**") scheme (the "**RSU Scheme**") was approved and adopted pursuant to a resolution passed on April 28, 2020. The directors of the Company may, from time to time, at its absolute discretion, grant restricted share units to selected person in accordance with the RSU Scheme. The overall limit on the number of restricted share units under the RSU Scheme is 6,100,420 shares and the maximum number of shares which may be awarded to any selected person under the RSU Scheme shall not exceed 1% of the issued share capital of the Company as at April 28, 2020.

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units (cont'd)

(i) RSU issued to directors

Each of certain directors has been granted RSUs of the Company representing an aggregate total amount of USD100,000 per year in the three years commencing from the grant date in 2020 and 2023 respectively. The RSUs are issued to the directors on a quarterly basis. The number of RSUs to be issued at the end of each quarter is calculated based on the higher of the closing price of the shares of the Company on the issue date, and the average closing price of the shares of the Company for the five business days immediately preceding the issue date.

The RSUs issued is subject to a vesting schedule at an exercise price of nil, 40% of the RSUs issued are vested immediately on the issue date, 20%, 20% and 20% of the RSUs issued are vested on the first, second and third anniversary of the respective issue date, respectively.

Since 2023, the directors have been granted a choice to settle above remunerations by issuance of RSUs or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is no profit or loss impact from the modification.

(ii) RSU issued to a consultant

The consultant has been granted RSUs of the Company representing an aggregate total amount of USD150,000 per year in the two years commencing from the grant date in 2022. The RSUs are issued to the consultant on a quarterly basis. The number of RSUs to be issued at the end of each quarter is calculated based on the higher of the closing price of the shares of the Company on the issue date, and the average closing price of the shares of the Company for the five business days immediately preceding the issue date. The RSU issued are vested immediately on the issue date.

Since 2023, the consultant was granted a choice to settle above remunerations by ordinary shares or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is no profit or loss impact from the modification.

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units (cont'd)

(iii) RSU issued to employees

The Company granted RSUs of the Company to senior management members and employees of the Group as rewards for their services and in exchange for their full-time devotion and professional expertise. The RSUs granted representing a fixed aggregated amount for each year in the vesting period commencing from the grant date. The RSUs are issued to the targets on an annual basis and subject to the targets remaining as the employee of the Group on the issue date, and all of the other vesting conditions being satisfied. The number of RSUs to be issued on each anniversary of the grant date in each year in the vesting period is based on the closing price of the shares of the Company on the respective issue date. The RSU issued can be vested immediately on the issue date.

Since 2022, the employees was granted a choice to settle above awards by issuance of RSUs or by an equivalent value in cash. Since both the equity and cash alternatives have the same value and there is no incremental fair value at the modification date, there is no profit or loss impact from the modification.

As at December 31, 2025, the restricted share units issued to directors, a consultant and employees of the Group are as follows:

RSU remuneration to	Vesting period	Issue date	Number of RSU issued
Directors	0–6 years	End of each quarter	261,592
Consultant	Nil	End of each quarter	—
Employees	1–5 years	Various dates in 2025	499,261
			760,853

29. SHARE-BASED PAYMENT (CONT'D)

(b) Restricted share units (cont'd)

As at December 31, 2024, the restricted share units issued to directors, a consultant and employees of the Group are as follows:

RSU remuneration to	Vesting period	Issue date	Number of RSU issued
Directors	0–6 years	End of each quarter	453,556
Consultant	Nil	End of each quarter	—
Employees	1–5 years	Various dates in 2024	211,262
			664,818

The total expense recognized in the consolidated statement of profit or loss and total comprehensive loss for the year ended December 31, 2025 for the RSUs granted is RMB3,947,000 (2024: RMB5,013,000).

The following table summarized the Group's restricted share units and movement for the year ended December 31, 2025 and 2024:

	Year ended December 31, 2025	2024
At the beginning of year	**397,624**	223,499
Issued during the year	**760,853**	664,818
Vested during the year	**(777,855)**	(490,693)
At the end of year	**380,622**	397,624

As at December 31, 2025, 380,622 restricted share units remained unvested (2024: 397,624).

29. SHARE-BASED PAYMENT (CONT'D)

(c) Expense for the share-based payments has been charged to profit or loss as follows:

	Year ended December 31, 2025 RMB'000	2024 RMB'000
Stock options		
Selling and distribution expenses	**3,430**	3,612
Research and development expenses	**1,991**	760
Administrative expenses	**1,195**	96
Cost of sales	**1,087**	746
	7,703	5,214
Restricted share units		
Selling and distribution expenses	**1,641**	1,335
Research and development expenses	**867**	3,057
Administrative expenses	**1,439**	514
	3,947	4,906
Total	**11,650**	10,120

30. CAPITAL COMMITMENTS

The following is the details of capital expenditure contracted for but not effective or provided in the consolidated financial statements.

	At December 31, 2025 RMB'000	2024 RMB'000
Property, plant and equipment	**4,478**	89,292

31. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash. Liabilities arising financing activities are those for which cash flows were or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	Trade and other payables RMB'000	Total RMB'000
At January 1, 2024	217,422	3,713	—	221,135
Financing cash flows — net	21,934	(3,367)	—	18,567
Non-cash changes				
New leases	—	4,764	—	4,764
Interest capitalized in construction in progress	4,196	—	—	4,196
Interest expense	4,535	201	—	4,736
At December 31, 2024	**248,087**	**5,311**	**—**	**253,398**
Financing cash flows — net	**170,440**	**(3,142)**	**—**	**167,298**
Non-cash changes				
New leases	**—**	**2,954**	**—**	**2,954**
Effect of put option granted to a non-controlling interest	**—**	**—**	**34,000**	**34,000**
Interest expense	**10,116**	**268**	**813**	**11,197**
At December 31, 2025	**428,643**	**5,391**	**34,813**	**468,847**

32. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the year ended December 31, 2025 and 2024 respectively, and balances arising from related party transactions as at December 31, 2025 and 2024 respectively.

32. RELATED PARTY TRANSACTIONS (CONT'D)

(a) Name and relationship with related parties

Name of related parties	Nature of relationships
Key management personnel	Key management personnel
Unlisted entity A, with at least one director appointed by the Group	Associate
Other unlisted equity investments with at least one director appointed by the Group	Associate

Associates represented those unlisted entity investments by the Group, with at least one director appointed by the Group, and are accounted for as the Group's financial assets at FVTPL.

(b) Transactions with related parties

Other than the transaction disclosed in Note 20, the Group had following transactions with related parties.

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
(i) Purchased services from an associate	**6,176**	—
(ii) Milestone payment to an associate upon a licensed-in technology	**—**	107,826
(iii) Key management personnel compensation		
Salaries, wages and bonuses	**14,127**	37,108
Housing fund, medical insurance and other social insurance	**872**	866
Share-based compensation expenses	**2,973**	2,251
	17,972	40,225

32. RELATED PARTY TRANSACTIONS (CONT'D)

(c) Balances with related parties

	As at December 31, 2025 RMB'000	2024 RMB'000
(i) Other receivables		
— Key management personnels	**10,325**	11,186
(ii) Trade payables		
— An associate	**1,129**	—
(iii) Other payables		
— An associate	**—**	107,826

33. DIVIDEND

No dividend has been paid or declared by the Company or the companies now comprising the Group for the year ended December 31, 2025 (2024: Nil), nor has any dividend been proposed since the end of the reporting period (2024: Nil).

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the Company's principal subsidiaries as at the end of the reporting period are set out below.

Name of Subsidiaries	Principal activities	Place of incorporation and operation	Paid-in share capital/registered capital	Proportion of ownership interest and voting power held by the Group At December 31, 2025 %	2024 %
Directly held by the Company					
Marvel Finder Limited	Holding	Hong Kong	10,000 ordinary shares, USD389,893,978	**100**	100
Achieva Medical Limited	Holding	Cayman Islands	50,000,000 ordinary shares of USD0.0001 each, USD5,000	**100**	100
Indirectly held by the Company					
Peijia Suzhou (a)	Research and development, manufacturing and sales of transcatheter valve therapeutic devices	The PRC	RMB2,368,000,000	**100**	100
Peijia Shanghai (b)	Research and development of transcatheter valve therapeutic devices	The PRC	RMB15,500,000	**100**	100
Achieva Medical HK Limited	Holding	Hong Kong	1 ordinary share, USD71,873,000	**100**	100
Achieva Medical (Shanghai) Co., Ltd (a)	Research and development, manufacturing and sales of neurointerventional procedural medical device	The PRC	USD54,680,000	**100**	100
Achieva Medical (Suzhou) Co., Ltd. (b)	Research and development, manufacturing and sales of neurointerventional procedural medical devices	The PRC	RMB121,000,000	**100**	100
Peijia Medical HK Limited	Trading	Hong Kong	10,000 ordinary shares of HKD1 each, HKD10,000	**100**	100

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONT'D)

Name of Subsidiaries	Principal activities	Place of incorporation and operation	Paid-in share capital/registered capital	Proportion of ownership interest and voting power held by the Group At December 31, 2025 %	2024 %
Peijia Medical Holding Limited	Holding	Cayman Islands	50,000 ordinary shares of USD1 each, USD50,000	**100**	100
Peijia Medical US Limited	Holding	United States	10,000 ordinary shares of USD0.001 each, USD10	**100**	100
Suzhou Jiasheng Venture Capital Partnership (Limited Partnership) (b)	Investment	The PRC	RMB61,000,000	**98**	98
Peijia Medical (Haining) Co., Ltd. (a)	Trading	The PRC	USD60,000,000	**100**	100
Zhicheng Medical Technology (Jiaxing) Co., Ltd.	Research and development, manufacturing and sales of transcatheter valve therapeutic devices	The PRC	RMB12,196,078	**84**	90
SmartWave Medical (Changzhou) Co., Ltd.	Research and development, manufacturing of lithotripsy valvuloplasty system	The PRC	RMB11,304,348	**89**	92
Jialin Biotech (Suzhou) Co., Ltd (a)	Research and development, manufacturing of transcatheter valve therapeutic raw material	The PRC	RMB5,000,000	**51**	51

(a) Wholly foreign owned enterprises established in the PRC

(b) Domestic invested companies established in the PRC

None of the subsidiaries had issued any debt securities at the end of the year.

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At December 31	
	2025	2024
	RMB'000	RMB'000
Non-current assets		
Intangible assets	**373,762**	320,471
Investments in subsidiaries	**3,473,130**	3,521,183
Other non-current assets	**7,315**	3,950
	3,854,207	3,845,604
Current assets		
Other receivables	**44,483**	102,447
Term deposits	**—**	31,039
Bank balances and cash	**43,367**	119,936
	87,850	253,422
Current liabilities		
Other payables	**4,526**	282,591
Bank borrowings	**50,000**	—
	54,526	282,591
Net current assets (liabilities)	**33,324**	(29,169)
Total assets less current liabilities	**3,887,531**	3,816,435
Non-current liability		
Other non-current liability	**7,884**	2,320
Net assets	**3,879,647**	3,814,115
Capital and reserves		
Share capital and share premium	**6,332,303**	6,323,817
Reserves	**(2,452,656)**	(2,509,702)
Total equity	**3,879,647**	3,814,115

35. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONT'D)

Movement in reserves

	Other reserves RMB'000	Treasury shares held in a trust RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2024	74,297	(53,730)	(2,501,235)	(2,480,668)
Loss and total comprehensive expense for the year	—	—	(44,856)	(44,856)
Restricted share units vested	—	10,712	—	10,712
Share-based compensation expenses	5,110	—	—	5,110
Acquisition of shares by the Company	—	(26,692)	—	(26,692)
Cancellation of issued shares	—	26,692	—	26,692
At December 31, 2024	**79,407**	**(43,018)**	**(2,546,091)**	**(2,509,702)**
Exercise of share options	**(10,103)**	**—**	**—**	**(10,103)**
Profit and total comprehensive income for the year	**—**	**—**	**47,997**	**47,997**
Restricted share units vested	**—**	**13,634**	**—**	**13,634**
Share-based compensation expenses	**5,518**	**—**	**—**	**5,518**
At December 31, 2025	**74,822**	**(29,384)**	**(2,498,094)**	**(2,452,656)**

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

	For the year ended December 31,				
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Operating Results					
Revenue	**712,870**	615,483	441,126	250,833	136,534
Gross profit	**486,050**	433,621	325,370	176,201	95,654
Operating loss	**(198,670)**	(239,345)	(430,760)	(442,548)	(598,801)
Loss before income tax	**(202,599)**	(221,601)	(391,501)	(398,235)	(574,216)
Loss for the year and attributable to owners of the parent company	**(203,287)**	(226,576)	(392,525)	(407,809)	(574,216)
Total comprehensive loss for the year and attributable to owners of the parent company	**(203,287)**	(226,576)	(392,525)	(407,809)	(574,216)
Loss per share					
Basic and diluted loss per share (RMB)	**(0.31)**	(0.34)	(0.58)	(0.61)	(0.86)

	As at December 31,				
	2025 (RMB'000)	2024 (RMB'000)	2023 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)
Financial Position					
Non-current assets	**1,834,997**	1,701,708	1,434,472	1,309,026	737,307
Cash and cash equivalents	**536,733**	666,736	795,768	1,669,665	2,296,112
Other current assets	**285,060**	320,260	441,724	337,783	130,249
Total assets	**2,656,790**	2,688,704	2,671,964	3,316,474	3,163,668
Non-current liabilities	**119,976**	201,408	243,635	100,836	25,776
Current liabilities	**678,729**	442,697	154,249	578,023	118,707
Total liabilities	**798,705**	644,105	397,884	678,859	144,483
Total equity	**1,858,085**	2,044,599	2,274,080	2,637,615	3,019,185

DEFINITIONS

In this annual report, the following expressions shall have the meanings set out below, unless the context otherwise requires:

"Achieva" or "Achieva Group"	includes Achieva Medical and its subsidiaries, i.e., Achieva HK, Achieva Shanghai, Achieva Suzhou and Jiangxi Zhisheng
"Achieva Medical"	Achieva Medical Limited, an exempt limited liability company incorporated under the laws of the Cayman Islands on November 2, 2005, being a wholly-owned subsidiary of our Company
"AIS"	acute ischemic stroke, a disease occurs when the blood flow through the cerebral arteries is blocked by a clot (i.e., a large amount of thickened blood)
"ANSWER"	**AN**eury**S**m **W**ith stenosis treatment using fastunn**E**l delive**R**ing balloon dilatation catheter, one of our innovative techniques for neurointerventional procedures
"aortic stenosis" or "AS"	the narrowing of the aortic valve that obstructs blood flow from the left ventricle to the ascending aorta during systole
"aortic valve"	a valve in the human heart between the left ventricle and the aorta
"aortic valve" or "AR"	a condition where the aortic valve is not able to close completely, causing a backflow of blood from the aorta into the left ventricle during diastole
"ATTACH"	**A** **T**rans-radial technique using looping **T**ethys intermediate catheter with two lo**ACH** guide wires, one of our innovative techniques for neurointerventional procedures
"Audit Committee"	the audit committee of the Board
"BASIS"	**B**alloon **A**ngiopla**S**ty with the d**I**stal protection of **S**tent retriever, one of our innovative techniques for neurointerventional procedures
"Board of Directors" or "Board"	the board of Directors
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual report and for geographical reference only, Hong Kong, Macau and Taiwan
"CODM"	chief operating decision-maker
"Company" or "our Company"	Peijia Medical Limited (沛嘉醫療有限公司), an exempt limited liability company incorporated under the laws of the Cayman Islands on May 30, 2012

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Core Product"	has the meaning ascribed thereto in Chapter 18A of the Listing Rules, which, for purposes of this annual report, refers to TaurusOne®
"COSIS"	Chronic artery OccluSion recanalization with the Intracranial protection of Stent Retriever, one of our innovative techniques for neurointerventional procedures
"delivery catheter system"	an integral delivery catheter with a tip, a sheath tube, a catheter and a handle system used to deliver and release the PAV to the target position
"Director(s)"	the director(s) of the Company
"Dr. ZHANG"	Dr. Yi ZHANG, one of our Founders, and our chairman, Chief Executive Officer, an executive Director of our Company and our substantial shareholder upon Listing
"EFS"	Early Feasibility Study, an FDA Early Feasibility Study is a structured, exploratory clinical investigation performed under an IDE that enables the early clinical evaluation of a medical device in a small cohort of human subjects. It is designed to generate preliminary safety and functional data, refine device design or procedural methodologies, and assess the feasibility of advancing the device to more comprehensive clinical trials. These studies are particularly critical for novel devices with limited predicate data, allowing developers to address uncertainties and mitigate risks early in the regulatory pathway
"EU MDR"	the European Union Medical Device Regulation, a legally binding framework governing the design, manufacture, clinical evaluation, and sale of medical devices within the EU
"FAST ICAS"	**FAST**unnel in thrombectomy for **ICAS** occlusion, one of our innovative techniques for neurointerventional procedures
"FDA"	U.S. Food and Drug Administration
"FIM"	First-in-man, a stage of clinical trial
"Future Technology Business"	the business segment spun off from the Transcatheter Valve Therapeutic Business in 2024, which is primarily operated by the Group's dedicated technology subsidiaries, focusing on delivering globally cutting edge therapeutic solutions for a comprehensive range of heart valve diseases
"Global Offering"	has the meaning as ascribed to it under the Prospectus

"Group," "our Group," "our," "we," or "us"	our Company and all of its subsidiaries (including but not limited to Achieva), or any one of them as the context may require or, where the context refers to any time prior to its incorporation or the Share Swap, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IAS"	International Accounting Standard
"IASB"	International Accounting Standards Board
"ICAD"	intracranial atherosclerotic disease
"IDE"	Investigational Device Exemption, a regulatory authorization from the FDA that permits the use of an unapproved medical device in a clinical study. It allows researchers to collect safety and effectiveness data on the device in human subjects, typically required for significant-risk device investigations before pursuing market approval
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of our Company under the Listing Rules
"JenaValve"	JenaValve Technology, Inc., a US-based medical device company
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, Friday, May 15, 2020, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"LVOT"	left ventricular outflow tract, the anatomic structure through which the left ventricular stroke volume passes towards the aorta
"mechanical thrombectomy"	a type of minimally-invasive therapy in which blood clot is removed from arteries using imaging techniques guiding medical devices through patients' arteries to the blood clot
"microstructure"	the design of a multi-layered micro-structured device made of multiple materials through precision manufacturing

"mitral annular calcification" or "MAC"	a condition where severe calcific deposition in the mitral annulus extends onto the leaflets, impairing their mobility and preventing them from opening completely
"mitral regurgitation" or "MR"	a condition where the mitral valve is not able to close completely, causing a backflow of blood from the left ventricle into the left atrium during ventricular systole
"mitral stenosis" or "MS"	a condition where the mitral valve is not able to open completely, obstructing the forward flow of blood from the left atrium into the left ventricle during ventricular diastole
"mitral valve"	the valve that lets blood flow from one chamber of the heart, the left atrium, to another called the left ventricle
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
"Neurointerventional Business"	the business of the Group in research and development of neurointerventional procedural medical devices
"neurointerventional procedural medical devices"	medical devices for treatment of neurovascular diseases using interventional endovascular technique
"neurovascular diseases"	also known as cerebrovascular diseases, including any abnormality of the blood vessels within the brain and spine or abnormality with supplying blood to such areas
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), formerly known as the China Food and Drug Administration or the CFDA
"Nomination Committee"	the nomination committee of the Board
"Over-allotment Option"	has the meaning as ascribed to it under the Prospectus
"PAV"	prosthetic aortic valve, the artificial valve of our TAVR Products
"PCR"	Paris Course on Revascularization, a major international congress in interventional cardiology, organized by the European Association of Percutaneous Cardiovascular Interventions, focusing on coronary and structural heart interventions
"Peijia Shanghai"	Peijia Medical Technology (Shanghai) Co., Ltd. (沛嘉醫療科技(上海)有限公司), a limited liability company incorporated under the laws of PRC on February 24, 2012, being an indirect wholly-owned subsidiary of our Company

"Peijia Suzhou"	Peijia Medical Technology (Suzhou) Co., Ltd. (沛嘉醫療科技(蘇州)有限公司), a limited liability company incorporated under the laws of PRC on March 4, 2013, being an indirect wholly-owned subsidiary of our Company
"Placee(s)"	any individuals, corporate, institutional or other investor(s) procured by Morgan Stanley & Co. International plc, being the placing agent of the Company, or their respective agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
"Placing"	the placing of 33,800,000 Placing Shares pursuant to the terms of the Placing Agreement
"Placing Agreement"	the conditional placing agreement entered into between the Company and Morgan Stanley & Co. International plc dated January 22, 2021 in relation to the Placing
"Placing Shares"	33,800,000 ordinary Shares to be placed pursuant to the Placing Agreement
"Preferred Shares"	has the meaning as ascribed to it under the Prospectus
"Prospectus"	the prospectus of the Company dated May 5, 2020, in relation to the Global Offering
"R&D"	research and development
"registration clinical trial"	a controlled clinical trial of a medical device product designed to demonstrate statistically significant clinical efficacy and safety of such product as used in human patients (in conjunction with the performance of a therapeutic procedure), for regulatory approval of such product
"Remuneration Committee"	the remuneration committee of the Board
"Reporting Period"	the year ended December 31, 2025
"REST"	Trans-**R**adial **E**stablish **S**imple access technique with **T**ethys intermediate catheter, one of our innovative techniques for neurointerventional procedures
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RSU Scheme"	the restricted share unit award scheme of the Company conditionally approved and adopted by our Shareholders on April 28, 2020, the principal terms of which are set out in Prospectus
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)

"Share Incentive Schemes"	the Share Option Plan, the RSU Scheme and the Share Option Scheme
"Share Option Plan"	the share option plan approved and adopted by the Company on December 27, 2019, a summary of the principal terms of which are set out in the section headed "D. Share Incentive Schemes — 1. Share Option Plan" in Appendix IV to the Prospectus
"Share Option Scheme"	the share option scheme conditionally adopted by the Company on April 28, 2020, a summary of the principal terms of which is set forth in the paragraph headed "Appendix IV — Statutory and General Information — D. Share Incentive Schemes" in the Prospectus
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) with nominal value of US$0.0001 each in the share capital of the Company
"SmartWave Medical"	SmartWave Medical (Changzhou) Co., Ltd. (智維心醫療科技(常州)有限公司), a limited liability company incorporated under the laws of PRC on June 5, 2024, being a subsidiary of our Company
"sq.m."	square meter, a unit of area
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"TAV"	transcatheter aortic valve
"TAVR"	transcatheter aortic valve replacement, a catheter-based technique to implant a new aortic valve in an interventional procedure that does not involve open-chest surgery
"TCT"	Transcatheter Cardiovascular Therapeutics, a leading annual international symposium focused on interventional cardiovascular medicine, covering advances in transcatheter therapies, structural heart disease and coronary interventions
"TEER"	transcatheter edge-to-edge repair
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"Transcatheter Valve Therapeutic Business"	the business of our Group in research and development of transcatheter valve therapeutic medical devices

"transcatheter valve therapeutic medical devices"	medical devices for the treatment of valvular heart diseases using cardiovascular interventional technique by implanting a prosthetic valve through an artery
"treasury shares(s)"	has the meaning ascribed thereto under the Listing Rules
"tricuspid regurgitation" or "TR"	a condition where the tricuspid valve is not able to close completely, causing a backflow of blood from the right ventricle to the right atrium during systole
"tricuspid valve"	the valve on the right dorsal side of the mammalian heart, between the right atrium and the right ventricle, the function of which is to prevent back flow of blood from the right ventricle into the right atriums
"TRUST"	**T**rans-**R**adial coaxial catheter technique **U**sing a short sheath, **S**immons catheter and **T**ethys intermediate catheter, one of our innovative techniques for neurointerventional procedures
"TSMVR"	transseptal mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery through transseptal puncture approach
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S." or "USA"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"valvular heart diseases"	the failure or dysfunction of one or more of the four heart valves, where the valves become too narrow and hardened to open fully, or are unable to close completely
"valvuloplasty"	a procedure using balloons to repair a heart valve with a narrowed opening and to improve blood flow through the valve
"VBP" or "volume-based procurement"	a program that enables local governments to procure medical devices in high volume and at low cost, thereby driving down medical expenses for patients
"Zhicheng Medical"	Zhicheng Medical (Jiaxing) Co., Ltd. (智程醫療科技(嘉興)有限公司), a limited liability company incorporated under the laws of PRC on May 31, 2023, being a subsidiary of our Company
"%"	per cent