Zylox-Tonbridge Medical Technology Co., Ltd.
歸創通橋醫療科技股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2190)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

The board (the "**Board**") of directors (the "**Directors**") of Zylox-Tonbridge Medical Technology Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**", "**we**" or "**our**") for the year ended December 31, 2022 (the "**Reporting Period**"), together with the audited comparative figures for the year ended December 31, 2021.

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2022 *RMB'000*	Year ended December 31, 2021 *RMB'000*	Year to year change
Revenue	**334,090**	177,912	87.8%
Gross profit	**252,669**	131,881	91.6%
Gross profit margin	**75.6%**	74.1%	2.0%
Loss before income tax	**(113,555)**	(199,689)	(43.1)%
Add:			
Share-based compensation	**87,678**	76,211	15.0%
Listing expenses	**—**	22,733	(100.0)%
Non-IFRS adjusted net loss for the year[(1)]	**(25,877)**	(100,745)	(74.3)%

(1) The Company presents adjusted net profit/loss for the year by reversing share-based compensation and listing expenses from loss before income tax. Such adjusted net profit/loss for the year is not a measure under IFRS. Please refer to section headed "Non-IFRS Measures" in this announcement for more details.

BUSINESS HIGHLIGHTS

We continued to maintain our fast growing trend in terms of product development and commercialization in 2022, despite the headwinds caused by the COVID-19 pandemic and the expanding coverage of the provincial volume-based procurement (VBP).

During the Reporting Period, we achieved a revenue of RMB334.1 million, representing an increase of 87.8% as compared to 2021, among which 69.9% was derived from the neurovascular interventional products business and 30.1% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was attributable to several factors, including (i) the sales revenue from products approved before December 31, 2021, including Thrombite® CRD, UltraFree® DCB, intracranial support catheter and neurovascular embolization coils, increased by 84.2% for the year ended December 31, 2022 due to the strong adoption of commercialized products by hospitals and physicians; (ii) a more effective and efficient sales, marketing and distribution network; and (iii) a continuously expanded product portfolio with five products launched in 2022, such as Carotid Rx PTA Balloon Catheter, Endovenous Radiofrequency Ablation (RFA) Catheter, Retrievable Inferior Vena Cava Filter, which contributed to more than 1.9% of total revenue for the year ended December 31, 2022.

1(a) We expanded our commercial footprints in China to increase the market penetration of the commercialized products and thus the sales.

We have strived to build an extensive sales network to improve our capability to serve physicians and patients across China. Leveraging our physician-oriented marketing capability, we launched various offline and online marketing campaigns to allow physicians across the country to share and promote comprehensive treatment solutions based on our large product portfolio. As at the date of this announcement, we have established an extensive distribution network covering over 3,300 hospitals across 31 provinces and municipalities in China.

Living a mission to provide patients with affordable and quality medical devices, we embraced the volume-based procurement (VBP) policy by participating in the VBP bidding strategically and actively. In 2022, our self-developed neurovascular embolization coils won the bids in several provincial VBPs. Even as a relatively late comer to the market, the product was still categorized in the Group A (the group with a larger procurement volume) of the Anhui provincial VBP and won the bids in Group A with a relatively advantageous ranking among the domestic companies. For the provincial VBPs in Jiangsu, Fujian and 21-province alliance, we won the bid as the first place in the competing group with relatively competitive prices. This gives us the opportunity to access every hospital covered by the provincial VBP, and we expect our products to serve tens of thousands of patients with intracranial aneurysms.

1(b) We continue to invest in the international market to accelerate the development of overseas business by building our local sales and marketing teams in overseas markets.

Considering the different market dynamics and the challenges of maintaining in-depth and close relationship with local partners and physicians, we started to build our own overseas sales network. In the second half of 2022, we appointed a new vice president of sales and marketing in Europe, the Middle East and Africa, who has more than twenty years of sales and marketing experience in vascular medical device industry and is fully responsible for our marketing endeavors in the above regions. With a sales growth of 125.2% for revenue from outside of the PRC compared to 2021, we continued to expand our local sales and marketing teams in overseas markets. By increasing local presence, we hope we will build a stronger partnership with local physicians and enhance our brand influence.

2. We strived to advance our R&D to enhanced our product offerings.

With our strong R&D capability and integrated technology platform, we continue to advance our product R&D progress while weathering COVID-19 pandemic impact in 2022, particularly in the fourth quarter of 2022. As at the date of this announcement, we have a total of 25 products approved by the NMPA and eight products with CE Marks, which makes us one of the leading companies with the most comprehensive product portfolios in the vascular interventional medical device industry in China.

During the Reporting Period, we obtained NMPA approvals for five products and completed patient enrollment for the clinical trials of five products. Since December 31, 2022 and up to the date of this announcement, we also obtained NMPA approvals for six products. In the meantime, 13 product candidates are at clinical stage and 11 product candidates are at the registrational stage.

3. We enhanced our in-house manufacturing capabilities by utilizing technology platforms and applying shared technologies across businesses segments and product lines.

The fundamental know-how in the manufacturing process (including both R&D and mass production stages) is a key differentiator for players in the interventional medical device industry. With continuous dedication to high product quality and manufacturing efficiency, we continue to improve our R&D and manufacturing platforms, such as the balloon forming and manufacturing platform, the braiding and coiling catheter development and manufacturing platform and the stent forming and processing center. Our integrated development and manufacturing process enables smooth collaborations and accelerates the development process during the full product life cycle and therefore helps us improve our quality and cost efficiency. Our current main manufacturing centers are located in Hangzhou and Zhuhai and both are expanding with larger scale, advanced manufacturing capability and efficiency. As a result, our gross profit margin increased from 74.1% in 2021 to 75.6% in 2022.

With increased revenue scale and operational efficiency, we were able to continue to reduce our net loss despite increased R&D expenses. Our net loss decreased from RMB199.7 million in 2021 to RMB113.6 million in 2022. Excluding the impact of share-based compensation, we generated a non-IFRS adjusted net loss of RMB25.9 million in 2022, as compared to a non-IFRS adjusted net loss of RMB100.7 million in 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	Year ended December 31, 2022 RMB'000	2021 RMB'000
Revenue	3	**334,090**	177,912
Cost of sales		**(81,421)**	(46,031)
Gross profit		**252,669**	131,881
Selling and distribution expenses		**(140,137)**	(95,269)
Administrative expenses		**(109,337)**	(100,599)
Research and development expenses		**(233,461)**	(168,100)
Other income		**12,165**	15,286
Other expenses		**(1,339)**	(712)
Other gains — net		**11,066**	5,058
Net impairment losses on financial assets		**(24)**	(21)
Operating loss		**(208,398)**	(212,476)
Finance income		**95,565**	13,094
Finance costs		**(722)**	(307)
Finance income — net		**94,843**	12,787
Loss before income tax		**(113,555)**	(199,689)
Income tax expense	4	**—**	—
Loss and total comprehensive loss for the year attributable to the equity holders of the Company		**(113,555)**	(199,689)
Loss per share attributable to the equity holders of the Company			
Basic and diluted loss per share *(in RMB per share)*	5	**(0.34)**	(0.68)

CONSOLIDATED BALANCE SHEET

AS AT DECEMBER 31, 2022

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**290,243**	178,270
Right-of-use assets		**48,136**	34,115
Intangible assets		**9,637**	4,889
Prepayments and other receivables	6	**10,645**	6,804
Financial assets at fair value through profit or loss		**43,361**	—
Term deposits		**789,075**	—
Total non-current assets		**1,191,097**	224,078
Current assets			
Inventories		**119,244**	57,272
Prepayments, other receivables and other current assets	6	**81,025**	37,616
Trade receivables	7	**1,014**	446
Financial assets at fair value through profit or loss		**110,229**	10,515
Term deposits		**545,140**	1,500,000
Cash and cash equivalents		**1,205,302**	1,418,359
Restricted cash		**645**	—
Total current assets		**2,062,599**	3,024,208
Total assets		**3,253,696**	3,248,286
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital/paid-in capital		**332,401**	332,401
Share premium		**2,270,033**	2,270,033
Other reserves		**928,685**	841,007
Treasury shares		**(33,793)**	(9,149)
Accumulated losses		**(403,173)**	(289,618)
Total equity		**3,094,153**	3,144,674

	Note	As at December 31, 2022 RMB'000	2021 RMB'000
Liabilities			
Non-current liabilities			
Lease liabilities		**7,459**	6,509
Total non-current liabilities		**7,459**	6,509
Current liabilities			
Trade and other payables	8	**126,652**	86,307
Contract liabilities	3	**9,601**	3,420
Lease liabilities		**6,543**	2,896
Investment in forward foreign exchange contract		**278**	—
Other current liabilities		**9,010**	4,480
Total current liabilities		**152,084**	97,103
Total liabilities		**159,543**	103,612
Total equity and liabilities		**3,253,696**	3,248,286

1 General information

Zylox-Tonbridge Medical Technology Co., Ltd. (the "**Company**", or "**Zylox-Tonbridge Medical**") was incorporated in Hangzhou, Zhejiang Province of the People's Republic of China (the "**PRC**") on November 6, 2012 as a limited liability company. On March 2, 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and changed its registered name from "Zhejiang Zylox Medical Device Co., Ltd." to "Zylox-Tonbridge Medical Technology Co., Ltd."

The Company and its subsidiaries (together, the "**Group**") are providing solutions to patients and physicians with the product portfolio covering peripheral-vascular interventional devices and neurovascular interventional devices in the PRC and other countries.

The Company's shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on July 5, 2021.

These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

These consolidated financial statements have been approved for issue by the Board of Directors on March 29, 2023.

2 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and interpretations issued by International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(a) Amended standards adopted by the Group

The following amended standards or annual improvements have been adopted by the Group for the first time to financial reporting period commencing on or after January 1, 2022:

- Property, Plant and Equipment: Proceeds before Intended Use — Amendments to IAS 16
- Onerous Contracts — Cost of Fulfilling a Contract — Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018–2020, and
- Reference to the Conceptual Framework — Amendments to IFRS 3.
- Covid-19 Related Rent Concessions beyond 30 June 2021 — Amendment to IFRS 16 (March 2021) (the "**IFRS 16 Amendment (March 2021)**")

The amendments listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

(b) New Standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group for the reporting period are as follows:

	New standards, amendments	**Effective for annual periods beginning on or after**
IFRS 17	Insurance contracts	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Amendment to IFRS 16	Leases on sale and leaseback	January 1, 2024
Amendment to IAS 1	Non-current liabilities with covenants	January 1, 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group's operation. There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

3 Segment and revenue information

(a) Description of segments and principal activities

The management of the Company has determined the operating segment based on the reports reviewed by chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. On this basis, the Group has determined that it only has one operating segment which is the sales of neurovascular and peripheral-vascular interventional devices during the year.

(b) The amount of each category of revenue is as follows:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue from sales of goods		
— at a point in time	**334,090**	177,912

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue from sales of goods		
— Neurovascular interventional devices	**233,398**	112,271
— Peripheral-vascular interventional devices	**100,692**	65,641
	334,090	177,912

(c) The Group recognized the following liabilities related to the contracts with customers:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Contract liabilities	**9,601**	3,420

Contract liabilities represent advance from customers and are recognized when payments are received before the transfer of goods.

(d) Revenue recognized that was included in the balance of contract liabilities at the beginning of the year:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Revenue from sales of goods	**3,420**	134

(e) Geographical information

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
The PRC	**326,294**	174,450
Others	**7,796**	3,462
	334,090	177,912

The geographical information above is based on the locations of the customers. All of the non-current assets of the Group are physically located in the PRC.

4 Income tax expense

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Current income tax expense	**—**	—
Deferred income tax expense	**—**	—
	—	—

The Group's principal applicable taxes and tax rates are as follows:

(a) Mainland China

Pursuant to the PRC Corporate Income Tax Law and the respective regulations (the "**CIT Law**"), the Group is subject to enterprise income tax at a rate of 25% on the taxable income other than the Company and its subsidiary, Zhuhai Tonbridge Medical Technology Co., Ltd. ("**Zhuhai Tonbridge**"). The Company and Zhuhai Tonbridge were accredited as "High and New Technology Enterprise" ("**High-New Tech Enterprise**") with a valid period within 3 years since 2022 and 2021 respectively. They are eligible for a corporate income tax rate of 15% for the year ended December 31, 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2021 onwards, manufacturing enterprises are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses.

The tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extending the expiry date of tax losses of High-New Tech Enterprise, the expiry date of the unused tax losses of the Company and Zhuhai Tonbridge extended from 5 years to 10 years.

(b) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the year ended December 31, 2022.

According to the Hong Kong tax laws and regulations, the tax losses would be carried forward and deducted for income tax purposes, without expiry date.

No deferred tax asset has been recognized in respect of the tax losses and temporary differences due to the unpredictability of future profit streams.

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,	
	2022	2021
	RMB'000	*RMB'000*
Loss before income tax	**(113,555)**	(199,689)
Tax calculated at statutory tax rates applicable to each Group entity	**(22,005)**	(49,657)
Tax effect of:		
Expenses not deductible for tax purpose	**1,779**	689
Extra deduction for research and development expenses	**(32,961)**	(31,439)
Temporary differences not recognized as deferred tax assets	**8,907**	11,784
Tax losses not recognized as deferred tax assets	**44,280**	68,623
Income tax expense	**—**	—

(c) Unrecognized tax losses and temporary differences

The Group has not recognized any deferred tax assets in respect of the following items:

	Year ended December 31,	
	2022	2021
	RMB'000	*RMB'000*
Deductible losses (i)	**230,602**	275,552
Deductible temporary differences	**61,751**	47,136
	292,353	322,688

(i) As at December 31, 2022 and 2021, the Group had unused tax losses of approximately RMB941,392,000 and RMB710,790,000 that can be carried forward against future taxable income, respectively. No deferred income tax asset has been recognized in respect of such tax losses due to the unpredictability of future taxable income. Except for the Company's subsidiary Zylox Tonbridge Medical Limited, whose tax losses will be carried forward indefinitely, the Group's tax losses carried forward will expire between 2023 and 2032.

5 Loss per share

In March 2021, the Company was converted to a joint stock limited liability company and total 263,401,001 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective equity holders of the Company according to the paid-in capital registered under these equity holders on that day. The conversion to ordinary shares with par value of RMB1.00 each issued after the conversion is applied for the years ended December 31, 2022 and 2021 for the purpose of computation of basic loss per share.

Basic loss per share is calculated by dividing the loss of the Group attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the financial year excluding treasury shares.

For the years ended December 31, 2022 and 2021, the Group has potential dilutive shares related to the shares held for Pre-IPO Share Option Scheme. Due to the Group's losses, the potential ordinary shares are not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is the same as basic loss per share.

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,	
	2022	2021
Loss attributable to equity holders of the Company *(RMB'000)*	**(113,555)**	(199,689)
Weighted average number of ordinary shares in issue during the year *(thousand)*	**330,388**	294,595
Basic and diluted loss per share *(RMB)*	**(0.34)**	(0.68)

6 Prepayments, other receivables and other current assets

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Included in non-current assets		
Prepayments:		
Prepayments for purchase of property, plant and equipment	**7,474**	5,790
Prepayments for purchase of intangible assets	**1,242**	—
Other receivables:		
Deposits for leases	**1,929**	1,014
Total	**10,645**	6,804
Included in current assets		
Prepayments:		
Prepayments for purchase of goods	**43,807**	23,636
Prepayments for purchase of service	**22,603**	5,764
Other receivables:		
Deposits for industrial land project performance guarantee and leases	**3,196**	3,147
Others	**1,711**	1,966
Less: loss allowance	**(27)**	(9)
Others:		
Value-added tax recoverable	**9,735**	3,112
Total	**81,025**	37,616

7 Trade receivables

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Trade receivables from contracts with customers (a)	**1,032**	458
Less: loss allowance	**(18)**	(12)
	1,014	446

(a) As at December 31, 2022 and 2021, trade receivables of the Group were mainly from overseas customers.

The Group applies the IFRS 9 simplified approach to measure expected credit losses which use a life time expected loss allowance for all trade receivables.

As at December 31, 2022 and 2021, the ageing analysis of the trade receivables based on invoice date were as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Up to 3 months	**956**	458
Over 6 months	**76**	—
	1,032	458

The carrying amounts of the Group's trade receivables are denominated in RMB and approximate their fair values. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables mentioned above.

As at December 31, 2022, a provision of RMB18,000 was made against the gross amounts of trade receivables.

8 Trade and other payables

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Trade payables (a)	**10,735**	14,114
Staff salaries and welfare payables	**61,227**	35,396
Payables for purchase of property, plant and equipment	**36,742**	22,450
Accrued taxes other than income tax	**8,933**	4,468
Payables to suppliers of service	**7,520**	7,463
Accrued listing expenses	**—**	1,762
Others	**1,495**	654
	126,652	86,307

(a) The ageing analysis of trade payables based on invoice date at the respective balance sheet dates is as follows:

	As at December 31,	
	2022	2021
	RMB'000	*RMB'000*
Within 1 year	**10,735**	14,114

9 Dividend

No dividend has been paid or declared by the Company during each of the years ended December 31, 2022 and 2021 respectively.

I. BUSINESS REVIEW

Overview

We are a leading player in the neuro-and peripheral-vascular interventional devices market in China. As an integrated medical device company supported by our in-house R&D and manufacturing capabilities, proprietary technological platforms and commercialization capabilities, we provide physicians and patients in China and overseas with medical devices to treat and manage neuro-and peripheral-vascular diseases. We strive to provide all patients, regardless of their ethnicity, age and economic conditions, with accessible medical devices and services.

Business Highlight

We continued to maintain our fast growing trend in terms of product development and commercialization in 2022, despite the headwinds caused by the COVID-19 pandemic and the expanding coverage of the provincial volume-based procurement (VBP).

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1(a) We expanded our commercial footprints in China to increase the market penetration of the commercialized products and thus the sales.

We have strived to build an extensive sales network to improve our capability to serve physicians and patients across China. Leveraging our physician-oriented marketing capability, we launched various offline and online marketing campaigns to allow physicians across the country to share and promote comprehensive treatment solutions based on our large product portfolio. As at the date of this announcement, we have established an extensive distribution network covering over 3,300 hospitals across 31 provinces and municipalities in China.

Living a mission to provide patients with affordable and quality medical devices, we embraced the volume-based procurement (VBP) policy by participating in the VBP bidding strategically and actively. In 2022, our self-developed neurovascular embolization coils won the bids in several provincial VBPs. Even as a relatively late comer to the market, the product was still categorized in the Group A (the group with a larger procurement volume) of the Anhui provincial VBP and won the bids in Group A with a relatively advantageous ranking among the domestic companies. For the provincial VBPs in Jiangsu, Fujian and 21-province alliance, we won the bid as the first place in the competing group with relatively competitive prices. This gives us the opportunity to access every hospital covered by the provincial VBP, and we expect our products to serve tens of thousands of patients with intracranial aneurysms.

1(b) We continue to invest in the international market to accelerate the development of overseas business by building our local sales and marketing teams in overseas markets.

Considering the different market dynamics and the challenges of maintaining in-depth and close relationship with local partners and physicians, we started to build our own overseas sales network. In the second half of 2022, we appointed a new vice president of sales and marketing in Europe, the Middle East and Africa, who has more than twenty years of sales and marketing experience in vascular medical device industry and is fully responsible for our marketing endeavors in the above regions. With a sales growth of 125.2% for revenue from outside of the PRC compared to 2021, we continued to expand our local sales and marketing teams in overseas markets. By increasing local presence, we hope we will build a stronger partnership with local physicians and enhance our brand influence.

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During the Reporting Period, we obtained NMPA approvals for five products and completed patient enrollment for the clinical trials of five products. Since December 31, 2022 and up to the date of this announcement, we also obtained NMPA approvals for six products. In the meantime, 13 product candidates are at clinical stage and 11 product candidates are at the registrational stage.

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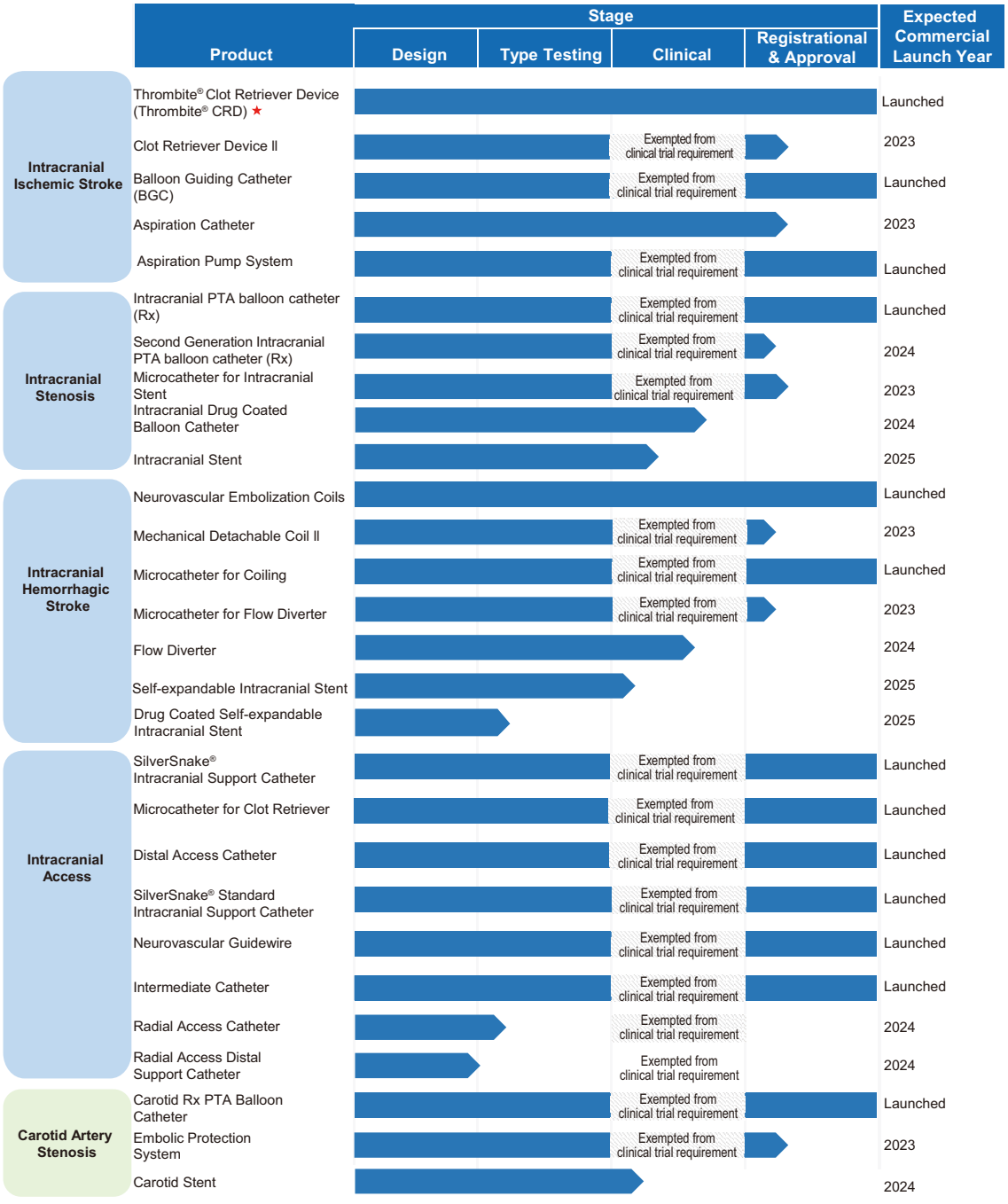
With increased revenue scale and operational efficiency, we were able to continue to reduce our net loss despite increased R&D expenses. Our net loss decreased from RMB199.7 million in 2021 to RMB113.6 million in 2022. Excluding the impact of share-based compensation, we generated a non-IFRS adjusted net loss of RMB25.9 million in 2022, as compared to a non-IFRS adjusted net loss of RMB100.7 million in 2021.

Our Products and Product Pipeline

As China's leading interventional medical device company in developing minimally invasive vascular interventional medical devices, we have built a comprehensive product portfolio including neurovascular and peripheral-vascular interventional devices. As at the date of this announcement, we have strategically developed a total of 57 products and product candidates, including 25 products approved in China and eight products approved in Europe.

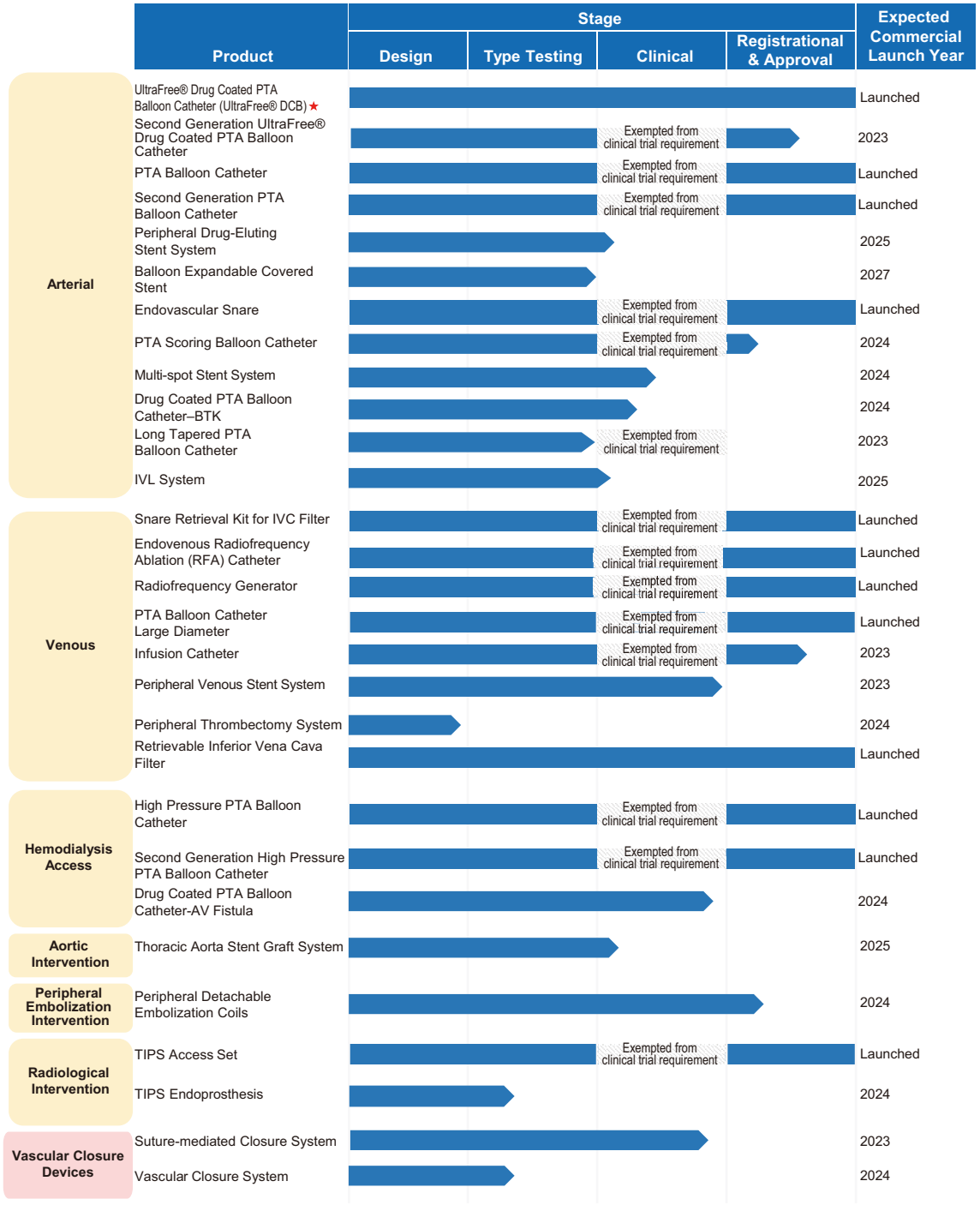
The following chart summarizes the development status of our products and product candidates as at the date of this announcement:

Product Portfolio for Neurovascular Interventional Devices in China Market:



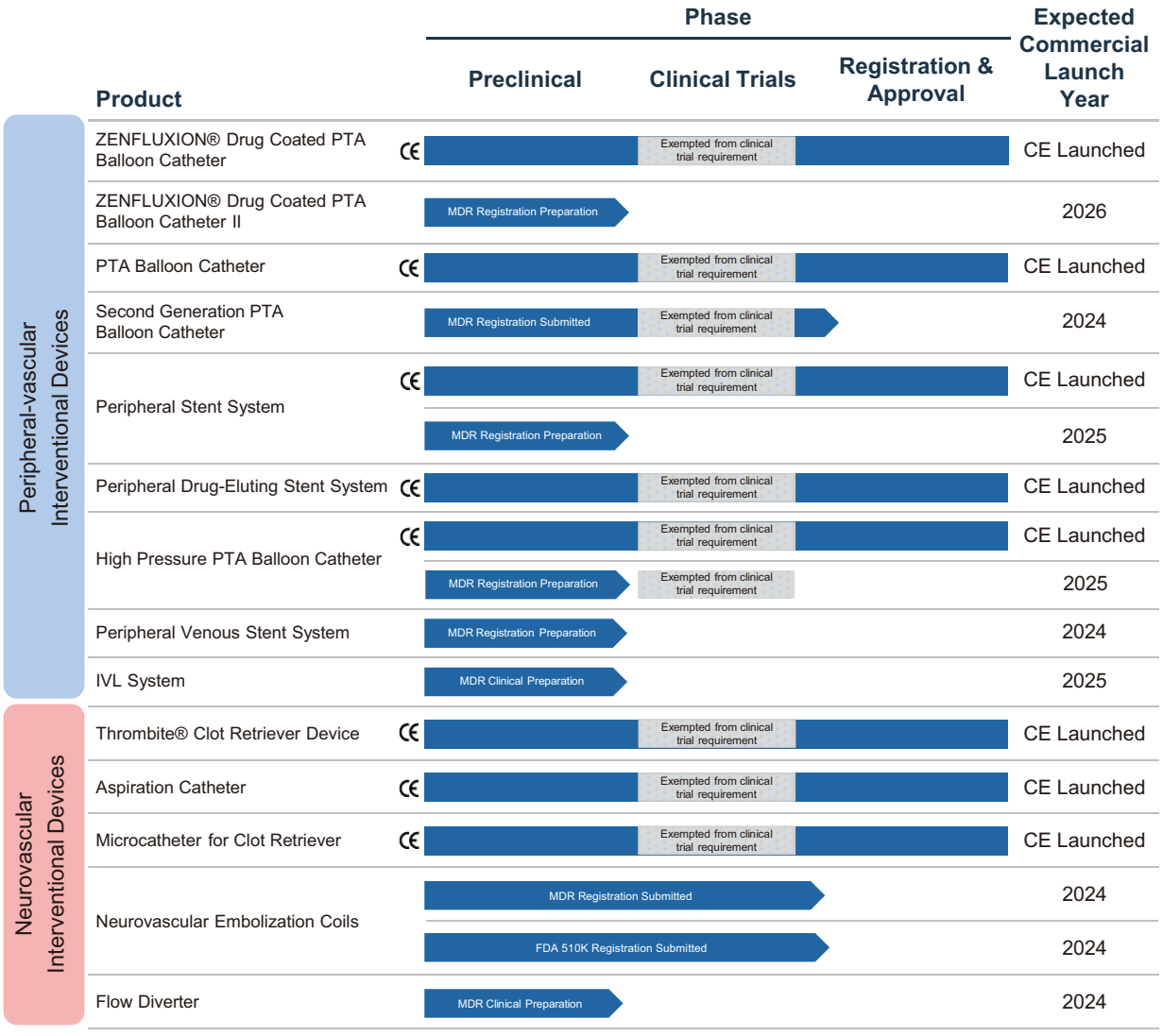
★ Core Product; further R&D includes post-approval study, product improvement and indication expansion

Product Portfolio for Peripheral-Vascular Interventional Devices and Vascular Closure Devices in China Market



★ Core Product; further R&D includes post-approval study, product improvement and indication expansion

Product Portfolio for Overseas Market



CE Considering that clinical evaluation has been provided, under the EU MDD directive, the product has obtained CE marking without clinical trials

Our Neurovascular Products

Our current neurovascular product portfolio covers a full suite of products for five major categories, namely ischemic stroke, hemorrhagic stroke, intracranial stenosis, carotid artery stenosis and intracranial access devices. As at the date of this announcement, we have obtained NMPA registration certificates for 13 neurovascular interventional products and five product candidates are at clinical stage. We expect to have 15 more neurovascular interventional products approved by the NMPA by the end of 2025.

Intracranial Ischemic Stroke Treatment

In the field of ischemic neurovascular diseases, in particular intracranial ischemic stroke, we have five product offerings, among which we have launched Thrombite® CRD, intracranial support catheter and balloon guiding catheter (BGC) successfully as a complete three-piece solution to physicians. We have strategically developed a suite of products covering the full procedure cycle for major vascular diseases, offering seamless treatment solutions with better prognosis. We are actively promoting our BADDASS (i.e. Balloon guide with large bore Distal access catheter with Dual Aspiration with Stent-retriever as Standard approach) clot-retrieval modality. We believe our BADDASS approach with the three-piece suite of Thrombite® CRD, intracranial support catheter and BGC will result in higher first-time recanalization rate of intracranial blood vessels, shorter recanalization time and lower escape rate at the distal end of the thrombus, which can effectively improve the procedure success rate, reduce operation time and occurrence of post procedure complications. We are one of the few domestic interventional device companies that can provide a complete three-piece solution.

Thrombite® Clot Retriever Device (Thrombite® CRD)

We are improving the adoption of Thrombite® CRD by introducing the holistic three-piece treatment package and the BADDASS clot-retrieval modality.

Clot Retriever Device II (Thrombite® CRD II)

This second-generation Clot Retriever Device is designed with more specifications, offering physicians more choices when dealing with occluded blood vessels of different diameters and thrombus of different sizes.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CLOT RETRIEVER DEVICE II SUCCESSFULLY.

Intracranial Hemorrhagic Stroke Treatment

In the field of intracranial hemorrhagic stroke, we have two launched products and are developing five product candidates, including five treatment products and two microcatheters.

Neurovascular Embolization Coils

Our neurovascular embolization coil is extra soft and imposes minimal pressure to the aneurysm wall, thus reducing the risk of aneurysm rupture or other injury and is also easier to be detached from the delivery system with our unique mechanical detachment mechanism. We received the NMPA approval in the fourth quarter of 2021 as expected and have started commercialization in China subsequently. We also submitted applications for the CE Mark and FDA 510K registration in the first half of 2022.

Mechanical Detachable Coil II (Second Generation Neurovascular Embolization Coils)

We have upgraded our neurovascular embolization coils to improve their basket-forming performance. Expected to be launched in 2023, the second-generation neurovascular embolization coils come in more specifications and sizes, offering more options for physicians when dealing with different size of intracranial aneurysms.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR MECHANICAL DETACHABLE COIL II SUCCESSFULLY.

Flow Diverter

We have completed the patient enrollment for two clinical trials for the flow diverter for two indications in China, namely giant unruptured intracranial aneurysms and small unruptured intracranial aneurysms. Both studies have achieved significant progress in less than one year despite the negative impact of the COVID-19 pandemic, showing our strong capability in R&D and clinical trial execution. We will use domestic clinical trial data, supplemented by European clinical data, to apply for the CE Mark and support further commercialization of our flow diverter in European market in the future.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR FLOW DIVERTER SUCCESSFULLY.

Our Peripheral-Vascular Products

With 12 NMPA approved products and 15 product candidates in China, we have a comprehensive peripheral-vascular interventional product portfolio covering a full spectrum of arterial and venous products including stents, balloons, catheters and filters. We have four products at the registration stage and eight at the clinical trial stage as at the date of this announcement. We expect to have 14 more peripheral-vascular interventional products approved by the NMPA by the end of 2025.

Peripheral Arterial Vascular Diseases Treatment

Our peripheral arterial vascular diseases treatment pipeline includes a total of 12 products.

UltraFree® Drug-coated PTA Balloon Catheter (UltraFree® DCB)

Since UltraFree® DCB's launch in November 2020, we have mainly focused our commercialization effort in China. We also obtained CE Mark in October 2020 and commercialized UltraFree® DCB in Europe in the second half of 2021.

The indication expansion of UltraFree® DCB includes the following:

- Drug Coated PTA Balloon Catheter — BTK: We initiated the clinical trial preparation in the second half of 2021 and are in the process of patient enrollment.

- Drug Coated PTA Balloon Catheter — Dialysis Access: We finished the patient enrollment in 2022 and are in the process of patient follow-up.

Second Generation UltraFree® DCB

We have been continuously improving the performance of our UltraFree® DCB, by increasing its flexibility for better crossing, navigation and dilatation performance. For the second generation of UltraFree® DCB, we have improved the materials of the balloon and optimized the structural design of the catheter, strengthening the support of the catheter lumen and enhancing the pushability and bending resistance of the catheter. We have filed for the NMPA registration for the second generation UltraFree® DCB.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR SECOND GENERATION ULTRAFREE® DCB SUCCESSFULLY.

Balloon Expandable Covered Stent

The product integrates a number of innovative technologies accumulated by us in the key areas of balloon, stent and ePTFE membrane, which can better meet the clinical treatment needs in China. Balloon expandable covered stent is characterized by various clinical advantages, such as reliable delivery, precise positioning, stable release and variable diameter, which is an ideal device for the treatment of difficult diseases such as aortoiliac occlusive disease and subclavian artery occlusion. Currently, only imported products are available in China. We have submitted type testing in early 2023 and expect to launch the product in the market in China in 2027.

Long Tapered PTA Balloon Catheter

The product has the longest balloon length of 300mm in its class and a diameter gradient of 0.5–1.5mm at both ends of the balloon, making it suitable for single, precise, easy, effective and safe interventional treatment of lower extremity atherosclerosis diseases. The product is expected to outperform imported brands in terms of specifications, together with the product performance to meet physicians' needs for the treatment of more complex diseases. We expect to launch the product line in the market in China by the end of 2023.

Peripheral Venous Vascular Diseases Treatment

Our peripheral venous vascular diseases treatment pipeline includes a total of eight products and product candidates, including our retrievable inferior vena cava filter (ZYLOX Octoplus®) and peripheral venous stent system.

Inferior Vena Cava Filter (ZYLOX Octoplus®)

ZYLOX Octoplus® features innovative design, instant and excellent adherent performance and self-balancing ability, which enables a more accurate release of the product and more efficient thrombus interception over the long-term. Meanwhile ZYLOX Octoplus® is expected to reduce the risk of pulmonary embolism (PE) in patients, providing a longer treatment window for thrombolytic therapy and improving the success rate of deep vein thrombosis (DVT) treatment. ZYLOX Octoplus® was approved by the NMPA in December 2022.

Peripheral Venous Stent System

We completed patient enrollment for the clinical trial of peripheral venous stent system in July 2021. We expect to receive NMPA approval in 2023. We are preparing for the CE MDR registration and expect to launch this product in Europe in 2024.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL VENOUS STENT SYSTEM SUCCESSFULLY.

Our Vascular Closure Product

In addition, our product portfolio also includes two vascular closure device candidates which makes us the first domestic medical device company that has developed suture-mediated vascular closure device candidate.

Suture-mediated Closure System

Our suture-mediated closure system is used to suture the femoral artery access site after diagnostic/therapeutic interventional procedures and is applicable to procedures with bore sizes ranging between 5F and 29F. We are in the process of patient enrollment.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR SUTURE-MEDIATED CLOSURE SYSTEM SUCCESSFULLY.

Our Platform

As we build our pipeline, we have developed an integrated platform for the discovery, development, manufacture and commercialization of interventional medical devices for neurovascular and peripheral-vascular diseases.

Sales, Marketing and Distribution

To mitigate the impact of the COVID-19 pandemic, we timely adjusted our sales and marketing strategies, such as organizing more educational programs and meetings online and at local levels, even at hospital levels, to reduce the impact of travel restrictions. In the meantime, we accelerated our penetration into hospitals in lower-tier cities, which we have been focusing on since the early stage of our product commercialization in 2021. We also proactively work with our national and regional distributors to adjust our distribution strategies to accommodate restrictions and inconvenience caused by the COVID-19 pandemic.

Revenue from both business units experienced significant growth. The revenue from sales of neurovascular interventional products increased by 107.9% as compared to 2021, primarily because (i) our products had extensive market penetration and our sales recovered rapidly as the COVID-19 pandemic gradually alleviated in most parts of China after the first half of 2022. Most of the revenue from sales of neurovascular interventional products was derived from products that had penetrated almost all provinces and regions and that had entered into a large number of hospitals; and (ii) a significant portion of revenue came from products for ischemic stroke. The sales of ischemic stroke products grew substantially because of our substantial effort in adjusting our business strategy to accommodate the rapidly changing market condition.

Revenue from sales of peripheral-vascular interventional products increased by 53.4% as compared to 2021 because of our continuous efforts in gaining market access, increasing hospital penetration and expanding distribution network.

With a proven track record of commercializing 25 products domestically and eight products in Europe, we had established an extensive distribution network covering over 3,300 hospitals across 31 provinces and municipalities in China as at December 31, 2022. Over the years, we have developed strong collaborations with and established a well-recognized brand among KOLs, leading physicians and hospitals in China in the field of neuro-and peripheral-vascular intervention. With a combination of increased sales and marketing efficiency and increased scale of sales along with increasing number of newly launched products, the selling and distribution expenses as a percentage of total revenue has significantly decreased from 53.5% for the year ended December 31, 2021, to 41.9% for the year ended December 31, 2022.

R&D

We have established leading in-house R&D technology platforms to facilitate continuous innovation and technological breakthroughs. Our expertise in fundamental technology know-how cross different disciplines enables rapid prototyping and expedites the transformation of prototypes to ready-to-commercialize products. We have an integrated product innovation process, covering product design to mass production, and have successfully leveraged our internal platforms to deliver quality products. For example, we launched the self-developed carotid Rx PTA balloon catheter and PTA balloon catheter — large diameter in China in April 2022. The two products are developed and manufactured on our balloon forming and manufacturing platform on which we have produced all our balloon catheter products with consistent high quality and efficiency. Benefitting from our continuous efforts in building an advanced program in developing various balloon catheters to meet the needs in neurovascular and peripheral-vascular intervention, we have witnessed that the newly launched products continue the excellent performance of our earlier commercialized products, which we believe will facilitate our products' adoption among physicians.

With our extensive clinical and registration experience and established strong collaboration with leading physicians and hospitals, despite the headwinds of the COVID-19 pandemic, we are conducting clinical trials at a steady pace. In 2022, we completed patient enrollment for the clinical trials of five products. As at the date of this announcement, we have 13 products candidates at the clinical trial stage.

Manufacturing

The manufacturing process of vascular interventional products is complex and technologically challenging. Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. Our manufacturing expertise and know-how combined with advanced technologies applied during our manufacturing process ensure the quality and efficiency of our production. We are in expanding our production capacity with an additional area of approximately 13,000 sq.m. in Hangzhou and are constructing a new innovation center in Zhuhai with an area of approximately 58,000 sq.m. The Zhuhai center integrates functions of manufacturing, R&D and administration, and is expected to have various production lines for products such as intracranial stent and neurovascular embolization coils.

Impact of the COVID-19 Pandemic

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. Despite the foregoing, we achieved a revenue of RMB334.1 million in 2022, representing an increase of 87.8% as compared to 2021. The pandemic did not have material adverse effect on the Group's commercialization in China and Europe in 2022. We do not expect our planned commercialization in China or Europe will be adversely affected by COVID-19.

II. FINANCIAL REVIEW

Overview

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

Revenue

The Group's revenue for the year ended December 31, 2022 was RMB334.1 million, representing an increase of 87.8% compared to RMB177.9 million for the year ended December 31, 2021. The increase was primarily attributable to (i) the sales revenue from products approved before December 31, 2021, including Thrombite® CRD, UltraFree® DCB, SilverSnake intracranial support catheter, neurovascular embolization coils, Intracranial balloon catheter and PTA balloon catheter, increased by 84.2% for the year ended December 31, 2022 due to the strong adoption of commercialized products by hospitals and physicians; (ii) a continuously expanded product portfolio with five products launched in 2022, such as Carotid Rx PTA Balloon Catheter, Endovenous Radiofrequency Ablation (RFA) Catheter, Retrievable Inferior Vena Cava Filter, which contributed to more than 1.9% of our total revenue for the year ended December 31, 2022; and (iii) revenue from our international business increased by over 125.2% as compared to 2021 as a result of our continuous investment in overseas markets, including, for example, setting up local sales and marketing team.

The following table sets forth a breakdown of our revenue by product category:

Revenue	Year ended December 31, 2022 RMB'000	Year ended December 31, 2022 Proportion	Year ended December 31, 2021 RMB'000	Year ended December 31, 2021 Proportion	Year to year change %
Neurovascular interventional devices	**233,398**	**69.9%**	112,271	63.1%	107.9%
Peripheral-vascular interventional devices	**100,692**	**30.1%**	65,641	36.9%	53.4%
Total	**334,090**	**100.0%**	177,912	100.0%	87.8%

The following table sets forth a breakdown of our revenue by geographic regions:

Revenue	Year ended December 31, 2022 RMB'000	Year ended December 31, 2022 Proportion	Year ended December 31, 2021 RMB'000	Year ended December 31, 2021 Proportion	Year to year change %
The PRC	**326,294**	**97.7%**	174,450	98.1%	87.0%
Others	**7,796**	**2.3%**	3,462	1.9%	125.2%
Total	**334,090**	**100.0%**	177,912	100.0%	87.8%

Cost of Sales

Our cost of sales primarily consists of raw materials and consumables used, employee benefits expenses, depreciation of right-of-use assets, depreciation of property, plant and equipment, utilities and office expenses and others.

The Group's cost of sales for the year ended December 31, 2022 was RMB81.4 million, representing an increase of 76.9% compared to RMB46.0 million for the year ended December 31, 2021. The increase was primarily attributable to increase in raw materials and consumables used for sales of our products in line with increased commercialization of our marketed products in 2022, and the increase in employee benefits expenses as a result of increase in the number of our employees for expanded production and operation.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 91.6% from RMB131.9 million for the year ended December 31, 2021 to RMB252.7 million for the year ended December 31, 2022. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group increased from 74.1% for the year ended December 31, 2021 to 75.6% for the year ended December 31, 2022, mainly attributable to (i) a decreased cost of raw materials due to increased purchase quantity; and (ii) continuously improved manufacturing efficiency and higher yield rate, which was partially offset by an increase in depreciation of buildings and equipments due to increased manufacturing capacity.

R&D Expenses

The Group's R&D expenses for the year ended December 31, 2022 was RMB233.5 million, representing an increase of 38.9% compared to RMB168.1 million for the year ended December 31, 2021. The increase was primarily attributable to (i) increased number of R&D personnel and increased share-based compensation from RMB39.5 million for the year ended December 31, 2021 to RMB47.7 million for the year ended December 31, 2022; and (ii) testing and clinical trial fees, professional services fees and raw materials and consumables used from RMB73.4 million for the year ended December 31, 2021 to RMB88.6 million for the year ended December 31, 2022, primarily due to more research and development projects and advances of these projects.

	Year ended December 31, 2022		Year ended December 31, 2021		Year to year change
Research and development expenses	***RMB'000***	***Proportion***	*RMB'000*	*Proportion*	*%*
Employee benefits expenses	**130,191**	**55.8%**	85,262	50.7%	52.7%
Testing and clinical trial fees	**50,967**	**21.8%**	41,386	24.6%	23.2%
Raw materials and consumables used	**31,594**	**13.5%**	24,897	14.8%	26.9%
Depreciation and amortization	**10,405**	**4.5%**	6,549	3.9%	58.9%
Professional services	**6,077**	**2.6%**	7,120	4.2%	-14.6%
Others	**4,227**	**1.8%**	2,886	1.8%	46.5%
Total	**233,461**	**100.0%**	168,100	100.0%	38.9%

Selling and Distribution Expenses

The Group's selling and distribution expenses for the year ended December 31, 2022 was RMB140.1 million, representing an increase of 47.1% compared to RMB95.3 million for the year ended December 31, 2021. Selling and distribution expenses as a percentage of total revenue has significantly decreased from 53.5% for the year ended December 31, 2021, to 41.9% for the year ended December 31, 2022. The decrease was primarily attributable to (i) increased sales and marketing efficiency due to a more established sales network and more experienced sales and marketing team; and (ii) increased scale of sales along with increasing number of newly launched products.

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2022 was RMB109.3 million, which is in line with RMB100.6 million for the year ended December 31, 2021. The increase was primarily attributable to the increase in our employee benefits expenses, utilities and office expenses due to our business growth.

Other Expenses

The Group's other expenses for the year ended December 31, 2022 was RMB1.3 million, representing an increase of 88.1% compared to RMB0.7 million for the year ended December 31, 2021. The increase was primarily attributable to the increase of leased area and thus the allocated depreciation in relation to the leased area.

Other Income

The Group's other income for the year ended December 31, 2022 was RMB12.2 million, representing a decrease of 20.4% compared to RMB15.3 million for the year ended December 31, 2021. The decrease was primarily attributable to the decrease of government grants in 2022.

Other Gains

The Group's other gains for the year ended December 31, 2022 was a net gain of RMB11.1 million, representing an increase of 118.8% compared to a net gain of RMB5.1 million for the year ended December 31, 2021. The increase was primarily attributable to the foreign exchange gains.

Finance Income — net

The Group's finance income — net for the year ended December 31, 2022 was RMB94.8 million, representing an increase of 641.7% from RMB12.8 million for the year ended December 31, 2021. The increase in finance income — net was primarily attributable to an increase in bank interest income in 2022.

Income Tax Expense

The Group did not incur income tax expense for the year ended December 31, 2022 and 2021 as our Group had no assessable profit.

Non-IFRS Measures

To supplement our consolidated statement of comprehensive income which is presented in accordance with IFRS, we also use adjusted net loss as non-IFRS measures, which are not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measures when shown in conjunction with the corresponding IFRS measures facilitates a comparison of our operating performance from period to period by eliminating potential impacts of items that our management does not consider to be indicative of our operating performance. Such non-IFRS measures allow investors to consider metrics used by our management in evaluating our performance. From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

The following table shows its reconciliation to loss for the periods indicated:

	Year ended December 31, 2022 *(RMB'000)*	Year ended December 31, 2021 *(RMB'000)*
Loss for the period	**(113,555)**	(199,689)
Add:		
Share-based compensation[(1)]	**87,678**	76,211
Listing expenses[(2)]	**—**	22,733
Non-IFRS adjusted net loss for the period[(3)]	**(25,877)**	(100,745)

Notes:

(1) Share-based compensation is non-operational expenses arising from granting shares through the Employee Incentive Schemes and Pre-IPO Share Option Scheme to eligible employees of the Group, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities.

(2) Listing expenses are one-off expenses in relation to the IPO and the Global Offering.

(3) We consider the share-based compensation and listing expenses as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net loss as adjusted by eliminating potential impacts of the share-based compensation and listing expenses provides useful information to investors in facilitating a comparison of our operating performance from period to period.

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, and makes timely adjustments to it in light of changes in economic conditions.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at December 31, 2022 were RMB1,205.3 million, compared to RMB1,418.4 million as at December 31, 2021. The cash and cash equivalents were denominated in RMB, US dollars, Hong Kong dollars and European dollars. Term deposits as at December 31, 2022 were RMB1,334.2 million as compared to RMB1,500.0 million as at December 31, 2021. Financial assets measured at fair value were RMB153.6 million as at December 31, 2022 as compared to RMB10.5 million as at December 31, 2021. The management is confident that the Group's financial resource is sufficient for our daily operations.

We rely on capital contributions by our shareholders as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

Borrowings and Gearing Ratio

As at December 31, 2022, we do not have any borrowings.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group increased from 0.3% for the year ended December 31, 2021 to 0.45% for the year ended December 31, 2022.

Net Current Assets

The Group's net current assets, as at December 31, 2022 were RMB1,910.5 million, representing a decrease of 34.7% compared to net current assets of RMB2,927.1 million as at December 31, 2021. The decrease was primarily due to the purchase of RMB789.1 million of term deposits with maturity period over 1 year.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, trade receivables, other financial assets, other payables and other financial liabilities are dominated in foreign currencies and are exposed to foreign currency risk. Our management monitors foreign exchange exposures and consider appropriate hedging measures when the need arises.

Pledge of Shares

We do not have any pledging of shares by our Single Largest Group of Shareholders.

Significant Investments, Material Acquisitions and Disposals

As at December 31, 2022, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Charge on Assets

As at December 31, 2022, there was no charge on assets of the Group.

Contingent Liabilities

As at December 31, 2022, we did not have any contingent liabilities.

Events after the Reporting Period

There is no subsequent event after the reporting period which has material impact to the consolidated financial statements of the Group.

Employees and Remuneration Policies

As at December 31, 2022, we had 715 employees in total. In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years. Compensation for employees of the Group is made with reference to the market as well as individual performance and contributions.

To remain competitive in the labor market, we provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, projects and stock incentive plans to our employees especially key employees.

Future Investment Plans and Expected Funding

During the Reporting Period, the Group had no specific plan for material investment or acquisition of major capital assets or other businesses. The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans.

III. PROSPECTS

Continue to gain market share

With a total of 25 products launched in China, we will continue to enhance our commercialization capabilities to increase our market share in the neurovascular and peripheral-vascular interventional devices industry. Our continuously growing product portfolio allows us to provide physicians and patients with more comprehensive solutions, and we will continuously bring new products to market through our established sales and distribution network. Our sales and marketing resources will be strategically allocated between upper-tier markets and lower-tier markets. We plan to further solidify our position as a top player in our focused medical device segments while navigating changes of the regulatory environment, such as the increasing implementation of volume-based procurement.

Constantly diversify our product offering and accelerate innovation

With a comprehensive portfolio of 57 products and product candidates, we have been expanding our diversified product portfolio and increasing capital deployment efficiency. We will continue our in-depth interactions with KOLs. Leveraging our internal R&D capabilities, we aim to respond accurately and quickly to unmet medical needs and to develop innovative products with new technologies. We expect to see a changing industry landscape over the next three to five years given the factors such as volume-based procurement is reshaping the industry. Thus we will develop products with large market potentials and short development cycles (e.g., vascular access products) by leveraging our internal technology platforms.

Further leverage our commercialization capabilities to fuel growth driven by M&A and licensing efforts

We expect to fully leverage our strength in sales and marketing to meet the unmet needs by licensing in advanced technologies, product candidates or approved products from external parties. We have been searching for advanced technologies in adjacent therapeutic areas in both domestic and international markets. As we have a robust financial position, we expect to leverage our resources to partner with developers with unique technologies to further expand our innovative medical device portfolio.

Continue to invest in the international markets

In overseas markets, we have made progress in both sales and R&D, and plan to continue the efforts. We will further expand the European team and strengthen partnerships with local physicians and distributors, so that we can be more responsive in addressing market needs and feedback locally. We will allocate more resources to sales and marketing to enhance product recognition in the local market. Besides, we plan to establish a European warehousing and logistics center to improve the efficiency of logistics and distribution in local market.

Attract, retain and motivate talented personnel and enhance management efficiency

Medical device innovation is primarily driven by talent, and it involves capabilities in different aspects, such as clinical trials, materials science and manufacturing. Thus, we have been strengthening our team by recruiting talent with diverse professional background and experience. We expect to capture opportunities brought by evolvements of the medical device industry and the capital markets to effectively attract R&D and management talent. As the scale of our business grows, we plan to enhance our management efficiency by implementing management digitalization initiatives. We will continue to offer diversified training programs tailored for employees of different functions and seniority. We will focus on improving our internal promotion channel and building a strong mid-to-senior-level core management team.

CORPORATE GOVERNANCE RELATED INFORMATION

Compliance with the Corporate Governance Code

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 corporate governance practices based on the principles and code provisions as set out in the Corporate Governance Code as contained in Appendix 14 to the Listing Rules as its own code of corporate governance practices. The Board is of the view that during the Reporting Period, the Company has applied the principles of good corporate governance and complied with the code provisions as set out in Part 2 of the Corporate Governance Code, except for the code provision C.2.1 as explained below.

Pursuant to code provision C.2.1 of Part 2 of the Corporate Governance Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. Up to the date of this announcement, the roles of chairman and chief executive officer were performed by Dr. Jonathon Zhong Zhao, which may be inconsistent with code provision C.2.1. Nevertheless, the Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing another individual as the chief executive officer when it thinks appropriate.

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

Compliance with the Model Code

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's employees who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

Specific enquiries have been made to all Directors and Supervisors and the Directors and the Supervisors have confirmed that they have complied with the Model Code throughout the Reporting Period.

No incident of non-compliance of the Model Code by the employees was noted by the Company for the Reporting Period.

Purchase, Sale or Redemption of the Company's Securities

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

Audit Committee

The Audit Committee has three members comprising all independent non-executive Directors, being Ms. Yun Qiu (chairlady of the Audit Committee), Dr. Jian Ji and Mr. Hongze Liang, with terms of reference in compliance with the Listing Rules. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Company and the Group and discussed matters in relation to internal control, risk management and financial reporting with the management. The Audit Committee has reviewed the annual financial results for the year ended December 31, 2022 and considers that the annual financial results are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of Work of the Company's Auditors

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31,2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2022 (2021: Nil).

2022 AGM

An announcement containing information in relation to the latest registration date and the period of closure of share register for attending 2022 AGM of the Company will be published separately when the date of 2022 AGM of the Company is fixed.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.zyloxtb.com).

The annual report of the Company for the year ended December 31, 2022 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

DEFINITIONS

"2022 AGM"	the 2022 annual general meeting of the Company
"Audit Committee"	the audit committee of the Board
"AIS — acute ischemic stroke"	one subtype of ischemic intracranial vascular diseases, which is caused by thrombotic or embolic occlusion of an intracranial artery
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"BGC — balloon guiding catheter"	a large lumen catheter with a compliance balloon at the distal tip of the catheter. Intending to facilitate the insertion and guidance of an intravascular catheter
"Board"	the board of Directors
"CE Mark"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"Corporate Governance Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"CODM"	chief operating decision-maker

"Company", "Group", "our Group", "We" "our" or "us"	Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a limited liability company incorporated in the PRC on November 6, 2012 and converted into a joint stock limited liability company incorporated in the PRC on March 2, 2021, whose predecessor was Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) and the H Shares of which are listed on the Stock Exchange (stock code: 2190) and which includes its subsidiaries (from time to time) as required by the context
"Core Products"	Thrombite® CRD and UltraFree® DCB, the designated "core products" as defined under Chapter 18A of the Listing Rules
"CRD — clot retriever device"	a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke
"DCB — drug-coated balloon"	angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent
"Director(s)"	the director(s) of the Company or any one of them
"Domestic Share(s)"	the ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are held by domestic investors and currently not listed or traded in any stock exchange
"DVT — deep vain thrombosis"	occurring when a blood clot forms in one or more of the deep veins in the body, usually in the leg
"Employee Incentive Platforms"	Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)) and Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業 (有限合夥))

"Global Offering"	the Hong Kong Public Offering and the International Offering (each as defined in the Prospectus)
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HKD" or "HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"ischemic stroke"	a stroke caused by a blockage in an artery that supplies blood to the brain
"IVC — inferior vena cava"	a large vein that carries the deoxygenated blood from the lower and middle body into the right atrium of the heart
"IVCS — iliac vein compression syndrome"	a syndrome in which the iliac vein is compressed by the iliac artery that spans from its front, resulting in changes such as intraluminal adhesion, luminal stenosis, or occlusion of the vein, which in turn causes obstruction of the iliac vein flow, producing a range of clinical symptoms
"KOL(s)"	key opinion leader(s)
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on July 5, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the main board of the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"non-inferiority clinical trial"	a clinical trial that tests whether a new treatment is not worse than an active treatment it is being compared to
"PE — pulmonary embolism"	a blockage in one of the pulmonary arteries in the lungs. Caused by blood clots that travel to the lungs from deep veins in the legs or, rarely, from veins in other parts of the body
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme of the Company approved and adopted by the Board on January 18, 2021, as amended from time to time
"Prospectus"	the prospectus issued by the Company dated June 22, 2021
"PTA — percutaneous transluminal angioplasty"	a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
"R&D"	research and development
"Reporting Period"	the year ended December 31, 2022
"RMB"	Renminbi, the lawful currency of the PRC
"Shareholder(s)"	shareholder(s) of the Company
"Single Largest Group of Shareholders"	refers to Dr. Jonathon Zhong Zhao (趙中), Dr. Shengping Sam Zhong (鍾生平), Dr. Zheng Li (李崢), Ms. Na Wei (衛娜), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), WEA Enterprises, LLC and Huzhou Yuyihui Investment Partnership (Limited Partnership) (湖州語意慧投資合夥企業(有限合夥) (formerly known as Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)))

"sq.m."	square meters
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD"	United States dollars, the lawful currency of the United States
"vascular intima"	the inner layer of the blood vessel that is in contact with blood flow
"VCD — vascular closure device"	a medical device used to achieve hemostasis of the small hole in the artery after a cardiovascular procedure of endovascular surgery requiring a catheterization
"%"	percent

By order of the Board
Zylox-Tonbridge Medical Technology Co., Ltd.
Dr. Jonathon Zhong Zhao
Chairman and Executive Director

Hong Kong, March 29, 2023

As of the date of this announcement, the Board comprises Dr. Jonathon Zhong Zhao, Mr. Yang Xie and Dr. Zheng Li as executive Directors, Mr. Stephen Hui Wang, Dr. Steven Dasong Wang and Mr. Dongfang Li as non-executive Directors, and Dr. Jian Ji, Mr. Hongze Liang and Ms. Yun Qiu as independent non-executive Directors.