Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

MicroPort NeuroTech Limited
微創腦科學有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2172)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2022	2021	**Percentage of change**
	RMB'000	*RMB'000*	
Revenue	**547,350**	382,799	43.0%
Gross profit	**393,000**	298,354	31.7%
Net (loss)/profit	**(24,678)**	24,170	N/A
(Loss)/gain per share	**(0.04)**	0.05	N/A
Non-HKFRS adjusted net profit for the year	**130,696**	94,084	38.9%

For the year ended 31 December 2022 ("**FY2022**"), the Group's revenue was mainly derived from hemorrhagic stroke products, cerebral atherosclerotic stenosis products, acute ischemic stroke products and access products. The Group recorded a revenue of RMB547.4 million in FY2022, representing an increase of 43.0% from RMB382.8 million for the year ended 31 December 2021 ("**FY2021**" or the "**previous year**").

The increase was mainly due to：(1) major new products launched in recent years (including NUMEN® Coil Embolization System and Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, etc.) advanced the hospital tendering process, with the revenue increasing rapidly; (2) leading products in market share (including Tubridge® Flow-diverting Stent and Asahi® Neurovascular Guidewires, etc.) maintained a good growth momentum through the integration of channel resources and sustained development of low-tier markets; (3) overseas business achieved a breakthrough in revenue growth, exceeding RMB20 million; and (4) multiple newly approved products (including Neurohawk® Stent Thrombectomy Device, Diveer® Intracranial Balloon Dilatation Catheter, etc.) began commercialization, contributing to the Group's revenue growth.

In FY2022, the Group recorded a non-HKFRS adjusted net profit (the "**adjusted net profit**") of RMB130.7 million, representing an increase of RMB36.6 million as compared to the adjusted net profit for FY2021. The increase was mainly due to an increase in gross profit of RMB94.6 million for FY2022 as compared to that of the previous year in line with the increase in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

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

[1] Estimated Burden of Stroke in China in 2020, JAMA Network Open. 2023;6(3):e231455

Currently, the neuro-interventional medical device industry in China is still at an early stage of development, with a relatively low market penetration especially in the vast grassroots areas represented by low-tier cities and counties. In recent years, benefiting from driving factors such as constant advancement of cerebral vessel disease screening, continuous increase in the acceptance of neuro-interventional procedures, the construction of stroke centers and increasing supply of Chinese-developed neuro-interventional medical devices, the volume of neuro-interventional procedures has shown a rapid growth trend.

Given a strong time dependence on the treatment effect of cerebral vessel diseases, in order to further improve the prevention and treatment of the stroke and reduce the disability rate and mortality rate due to new stroke cases, China has actively promoted the construction of stroke centers in recent years, and launched "Identification and Hierarchical Diagnosis and Treatment Action for the Stroke in China's Thousands of Counties and Ten Thousands of Towns (中國千縣萬鎮卒中識別與分級診療行動)". The hierarchical diagnosis and treatment model for stroke as a specific disease has been established and improved, which has facilitated the "green channels" treatment for stroke and in turn has further improved the stroke prevention and treatment system. According to the National Health Commission of the PRC ("**NHC**"), as at the end of November 2022, 602 stroke centers in tertiary hospitals and 1,125 stroke centers in secondary hospitals have been established nationwide; 208 cities in 28 provinces (municipalities and autonomous regions) have released stroke first-aid maps, and 2,770 medical institutions have become the units of stroke first-aid maps. With the rapid growth of the number of stroke centers and the continuous improvement of the stroke first-aid maps, the capacity and the coverage rate of diagnosis and treatment in grassroots areas have been further improved.

In 2022, a number of policies have been promulgated by the Chinese government to support the development of innovative medical devices, which has become an important driving force for increasing the penetration rate of innovative neuro-interventional procedures. In July 2022, the Notice on Printing of CHS-DRG Payment Management Measures for New Drugs and New Technology Exclusions (《關於印發CHS-DRG付費新藥新技術除外支付管理辦法的通知》) was implemented for the first time in Beijing, specifying that eligible new drugs, new devices and new technologies can be declared for CHS-DRG "Exclusions". Immediately afterwards, regarding the issues surrounding the centralized volume-based procurement ("**VBP**") and medical insurance payment for innovative products, the National Healthcare Security Administration ("**NHSA**") clearly stated that innovative medical devices can be excluded from the centralized VBP, which means that a certain market space outside the centralized VBP should be reserved to allow innovative products to explore. In addition, the Chinese government is gradually improving relevant policies to guide local regions to include eligible innovative medical consumables in the scope of medical insurance payment in a timely manner.

In March 2023, the NHSA clearly supported local medical insurance departments in their pilot work to explore and establish mechanisms for "CHS-DRG payment to support new medical technologies" in their public answers, and expressed that they would further

support innovative medical devices to be excluded in CHS-DRG payment management. With the support of the above policies, the hospital admission and clinical use of innovative neuro-interventional devices will embrace great opportunities, driving the high-quality development of the industry.

Company's Business

As a pioneer and the largest Chinese company in the neuro-interventional medical device industry in China, the Group is committed to providing innovative and accessible solutions for cerebral vessel diseases to patients and physicians around the world. The Group has a comprehensive portfolio of commercialized products covering three major areas of cerebral vessel diseases, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. According to Frost & Sullivan, the Group is the only Chinese company among the top five players in China's neuro-interventional medical device market, with a market share of approximately 8% in terms of the sales in 2022, nearly double that of 2020 while ranking first among all the domestic brands for a long time.

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

Business Review

In 2022, in the face of challenges from market conditions and the pandemic, the Group took all measures to protect production and operations. By adhering to the sinking strategy of sales channel, the Group strengthened online and offline medical education and training, and accelerated our global business layout, which enabled us to achieve a sustained and rapid revenue growth.

In FY2022, the Group achieved the revenue of RMB547.4 million, representing an increase of 43.0% over the previous year, of which international (non-China) operations recorded the revenue of RMB21.9 million, representing an increase of 3,492% over the previous year. The adjusted net profit for the year of 2022 was RMB130.7 million, representing an increase of 38.9% over the previous year.

The above growth in revenue was mainly due to: (1) major new products launched in recent years (including NUMEN® Coil Embolization System ("**NUMEN® Coil**"), Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ("**Bridge® DES for Vertebral Artery**"), etc.) advanced the hospital tendering process, with the revenue increasing rapidly; (2) leading products in market share (including Tubridge® Flow-diverting Stent ("**Tubridge® Flow-diverting Stent**"), Asahi® Neurovascular Guidewires ("**Asahi® Guidewires**"), etc.) maintained a good growth momentum through the integration of channel resources and sustained development of low-tier markets; (3) overseas business achieved a breakthrough in revenue growth; and (4) multiple newly approved products (including Neurohawk® Stent Thrombectomy Device ("**Neurohawk® Thrombectomy Device**"), Diveer® Intracranial Balloon Dilatation Catheter ("**Diveer® Balloon Catheter**") Balloon catheter"), etc.) began commercialization, contributing to the Group's revenue growth.

Commercialization Capabilities

The Group has established a team for the promotion of medical solutions with the professional medical background and extensive experiences. The team continues to export innovative neuro-interventional treatment concepts to the market, and provides patients and physicians with an integrated solution to treat cerebral vascular diseases, including the promotion and education regarding the surgical methods and products, recommendations for treatment options, training on surgery and surgical devices, clinical support and postoperative follow-ups, so as to continuously improve our penetration in hospitals and strengthen our leading position as a domestic brand. As of the end of 2022, our team for the promotion of medical solutions consisted of nearly a hundred employees with an average industry experience of over 8 years. In addition, the Group has established cooperative relationships with more than 200 distributors and sub-distributors, and our sales channels cover 31 provinces, municipalities and autonomous regions across the PRC.

As at the end of 2022, our products have been clinically used in approximately 2,600 hospitals nationwide, covering more than 1,400 tertiary hospitals and all of the top 100 hospitals in China's National Stroke Center, cumulatively supporting approximately 125,000 neuro-interventional procedures. In 2022, the Group's products were newly admitted by approximately 500 hospitals, among which more than 250 were county-level hospitals, indicating that we are gradually consolidating the grassroots market.

As an innovative product approved in recent years, benefiting from its distinctive clinical value, Bridge® Vertebral Stent was newly admitted by over 380 hospitals in 2022, with a total coverage of more than 590 hospitals in total and representing a rapid increase in clinical usage; NUMEN® Coil was newly admitted by approximately 280 hospitals, with a total coverage of around 580 hospitals. We have also realized the first commercial implantation for NUMEN® Coil in Hong Kong. Meanwhile, with the further increased market penetration, APOLLO™ Intracranial Stent System ("**APOLLO™ Stent**") and Tubridge® Stent were newly admitted by more than 360 and 210 hospitals respectively in 2022, with a total coverage of approximately 1,900 and 790 hospitals, respectively.

For the grassroots market, the Group actively responded to the national call for establishment of primary stroke centers through the Eagle & Swallows (神雕飛燕) program. The Group has been introducing the knowledge about neuro-intervention to physicians and patients in hospitals in low-tier cities and counties, and providing the clinical training, follow-up consulting and routine guidance to grassroots doctors, thereby helping patients to access standardized stroke diagnosis and treatment services in their local areas. In 2022, the Group's Eagle & Swallows team expanded its network by newly covering more than 250 new grassroots hospitals, with a total coverage of approximately 600 hospitals in over 200 lower-tier cities and counties. In addition, the Group promoted the high-quality medical resources to those local areas through the special fund of "Brain Power" (「**百腦神通**」) for cultivating young neuro-interventional physicians, so as to enhance the ability of grassroots physicians to identify stroke at an early stage and take early intervention measures, allowing more local patients with cerebral vessel diseases to benefit from the initiatives. As at the end of 2022, the Group has signed and launched a total of six clinical education bases for the Brain Power program, sponsored 10 young physicians for their further study and provided technical trainings to around 60 surgeons.

The Group is committed to improving the global stroke clinical diagnosis and treatment technology and continues to provide professional training to doctors on clinical techniques and standardized diagnosis and treatment processes, gradually building up a customised, systematic and multi-level clinical training system. With the focus on the promotion of our innovative products, namely Tubridge® Stent, NUMEN® Coil and Bridge® Vertebral Stent, we have offered a series of innovative clinical therapies through the combination of several product portfolios such as the "AND procedure" (APOLLO™ Stent + Neurohawk® Thrombectomy Device + Diveer® Balloon Catheter) for the treatment of large vessel occlusions associated with intracranial atherosclerotic stenosis (ICAS-LVO) and the "NEXT procedure" (Neurohawk® Thrombectomy Device + X-track™ Distal Catheter) for the acute thrombectomy surgeries. In 2022, we cumulatively organized more than 30 academic exchange activities in the form of academic sharing and case studies, which attracted more than 40,000 physicians to participate in, thus promoting the communication of cutting-edge academic research and clinical practice experience. Meanwhile, the Group released the new edition of Tubridge® Stent clinical operation manual, which could provide more precise technical guidance to clinical surgeons.

The Group's NUMEN® Coil has been winning the biddings in the VBPs for coils oragnized by multiple provinces across the PRC. Leveraging on the opportunity of winning the bidding for centralized VBPs, the time for our products to be admitted by hospitals was significantly shortened with a breakthrough in market development. In 2022, the domestic clinical usage of NUMEN® Coil more than doubled as compared with that of the previous year. According to Frost & Sullivan, the market share of the Group's coil product has rapidly climbed to more than 5% in terms of the number of surgical procedures performed in 2022 since its launch in 2021.

International Business

In FY2022, the Group achieved a breakthrough in its international business with the overseas revenue of RMB21.9 million, representing an increase of 3,492% over the previous year.

In 2022, the Group set up four overseas subsidiaries in the United States, the United Kingdom, the Netherlands and Brazil respectively, and established regional sales headquarters in Europe, the Middle East and Africa (collectively known as the "**EMEA**"), North America, Latin America and Asia Pacific. Led by team leaders with rich experience in the promotion of neuro-interventional medical devices, equipped with in-depth knowledge of local markets to build global sales channels. In addition, we have also conducted in-depth cooperation with leading international companies to expand our product portfolios and sales network, in order to build an international platform for innovation.

As at the end of 2022, the Group's products have been commercialized in a total of seven overseas countries, including South Korea, the United States, Brazil, Poland, Spain, Portugal and Chile, covering half of the countries ranking top 10 worldwide in terms of the number of neuro-interventional procedures. In South Korea, as NUMEN® Coil has entered the national medical insurance reimbursement list, its clinical usage continues to increase with over 1,000 surgeries performed in 2022, which has been highly recognized by local doctors for their excellent flexibility and support. In the United States, the Group's NUMEN® Coil has been rapidly promoted through the existing sales channels of its associate, Rapid Medical. Meanwhile, NUMEN® Coil can be used in conjunction with Rapid Medical's self-owned Comaneci® Embolization Assist Device ("**Comaneci® Assist Device**") to form a complementary product portfolio in the field of coil embolization procedures — "Numenaneci" (NUMEN® Coil + Comaneci® Embolization Assist Device). In the future, both parties will leverage their complementary strengths in terms of sales channels and product distribution to promote the application of innovative neurovascular disease solutions in the Chinese and global markets. In addition, we have completed the first batch of sales for APOLLO™ Stent in Brazil, adding new momentum to our overseas business.

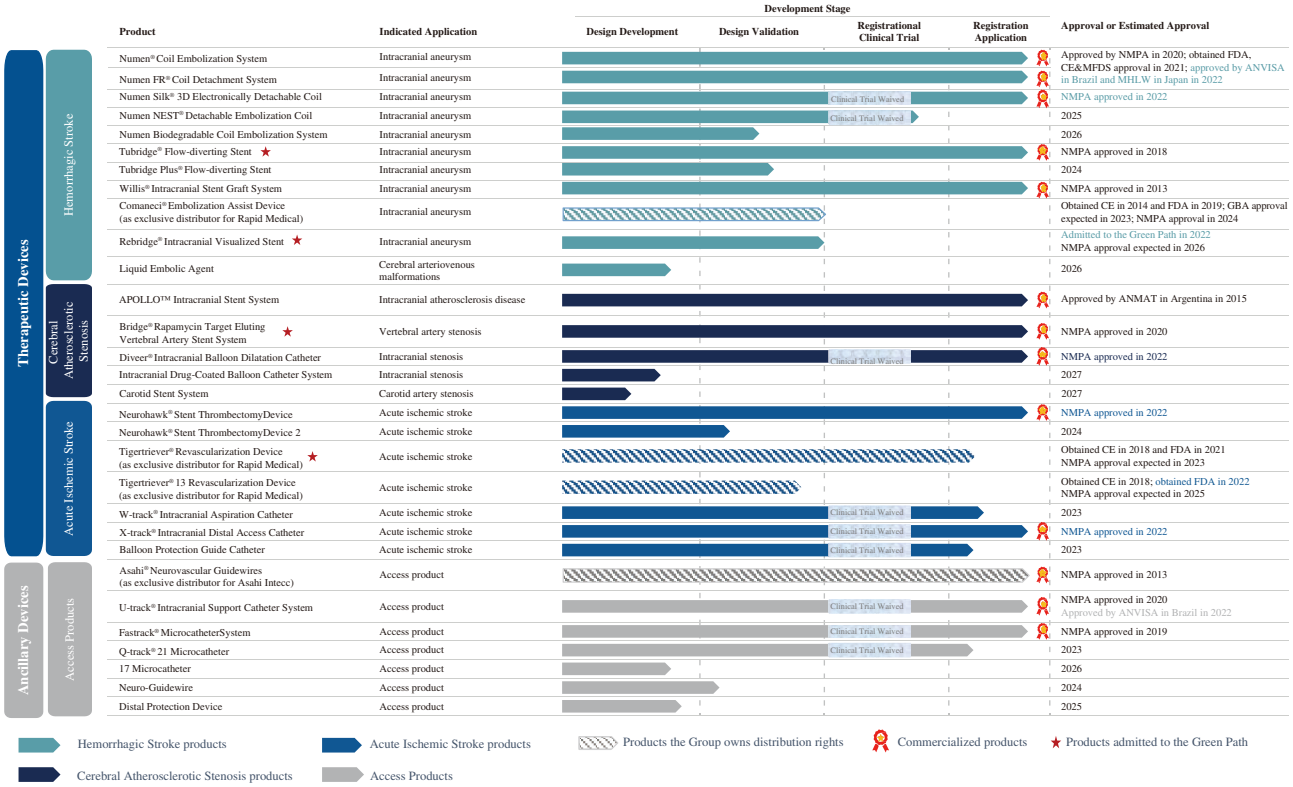
In 2022, a total of three products of the Group were approved for marketing in two overseas countries or regions. In particular, NUMEN® Coil and NUMEN FR® Coil Detachment System ("**NUMEN FR® Detachment**") have been approved for marketing in Brazil and Japan successively, and U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**") has also been approved for marketing in Brazil. In terms of overseas market promotion, the Group carried out a total of 18 surgical training and academic exchange activities, covering NUMEN® Coil, APOLLO™ Stents, U-track® Support Catheters and other innovative products in 2022. In addition, the Group made its first appearance at the 2022 annual conference of the Interventional Neuroradiology and Neurosurgery Conference (LINNC) in Paris, and participated in the European Society of Minimally Invasive Neurological Therapy (ESMINT) while obtaining the exclusive broadcast right. Bridge® Stent was presented at the BRAIN international conference in the United Kingdom. The above-mentioned meetings have attracted more than 13,000 clinical experts in total, further enhancing the global influence of the Group's brands.

Product Pipeline

Since the first approval for marketing for the Group's product in 2004, leveraging the Group's excellent R&D capability and efficient physician-engineer collaboration (醫工結合) model, the Group has built up a diversified portfolio of neuro-interventional products. As of the end of 2022, the Group had a total of 30 products, including 10 therapeutic products and 3 access products approved and commercialized in China and 17 pipeline products under different development stages.

In 2022, a total of 4 self-developed products of the Group were approved by the NMPA, including Diveer® Balloon Catheter, a new generation of NUMEN Silk® 3D Electronically Detachable Coil ("**NUMEN Silk® Coil**"), Neurohawk® Stent Thrombectomy Device and X-track® Intracranial Distal Access Catheter ("**X-track® Distal Catheter**"), bringing new impetus to business growth; Rebridge® Intracranial Visualized Stent was admitted to the NMPA's Green Path, becoming the Group's fourth Green Path product.

The following chart summarizes product portfolio of the Group and development status as of 31 December 2022.



Product	Indicated Application	Approval or Estimated Approval
Numen® Coil Embolization System	Intracranial aneurysm	Approved by NMPA in 2020; obtained FDA, CE&MFDS approval in 2021; approved by ANVISA in Brazil and MHLW in Japan in 2022
Numen FR® Coil Detachment System	Intracranial aneurysm	
Numen Silk® 3D Electronically Detachable Coil	Intracranial aneurysm	NMPA approved in 2022
Numen NEST® Detachable Embolization Coil	Intracranial aneurysm	2025
Numen Biodegradable Coil Embolization System	Intracranial aneurysm	2026
Tubridge® Flow-diverting Stent ★	Intracranial aneurysm	NMPA approved in 2018
Tubridge Plus® Flow-diverting Stent	Intracranial aneurysm	2024
Willis® Intracranial Stent Graft System	Intracranial aneurysm	NMPA approved in 2013
Comaneci® Embolization Assist Device (as exclusive distributor for Rapid Medical)	Intracranial aneurysm	Obtained CE in 2014 and FDA in 2019; GBA approval expected in 2023; NMPA approval in 2024
Rebridge® Intracranial Visualized Stent ★	Intracranial aneurysm	Admitted to the Green Path in 2022 NMPA approval expected in 2026
Liquid Embolic Agent	Cerebral arteriovenous malformations	2026
APOLLO™ Intracranial Stent System	Intracranial atherosclerosis disease	Approved by ANMAT in Argentina in 2015
Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ★	Vertebral artery stenosis	NMPA approved in 2020
Diveer® Intracranial Balloon Dilatation Catheter	Intracranial stenosis	NMPA approved in 2022
Intracranial Drug-Coated Balloon Catheter System	Intracranial stenosis	2027
Carotid Stent System	Carotid artery stenosis	2027
Neurohawk® Stent ThrombectomyDevice	Acute ischemic stroke	NMPA approved in 2022
Neurohawk® Stent ThrombectomyDevice 2	Acute ischemic stroke	2024
Tigertriever® Revascularization Device (as exclusive distributor for Rapid Medical) ★	Acute ischemic stroke	Obtained CE in 2018 and FDA in 2021 NMPA approval expected in 2023
Tigertriever® 13 Revascularization Device (as exclusive distributor for Rapid Medical)	Acute ischemic stroke	Obtained CE in 2018; obtained FDA in 2022 NMPA approval expected in 2025
W-track® Intracranial Aspiration Catheter	Acute ischemic stroke	2023
X-track® Intracranial Distal Access Catheter	Acute ischemic stroke	NMPA approved in 2022
Balloon Protection Guide Catheter	Acute ischemic stroke	2023
Asahi® Neurovascular Guidewires (as exclusive distributor for Asahi Intecc)	Access product	NMPA approved in 2013
U-track® Intracranial Support Catheter System	Access product	NMPA approved in 2020 Approved by ANVISA in Brazil in 2022
Fastrack® MicrocatheterSystem	Access product	NMPA approved in 2019
Q-track® 21 Microcatheter	Access product	2023
17 Microcatheter	Access product	2026
Neuro-Guidewire	Access product	2024
Distal Protection Device	Access product	2025

Hemorrhagic Stroke Products

Intracranial aneurysm is one of the main causes of hemorrhagic stroke. According to Frost & Sullivan, hemorrhagic stroke products represent the largest segment in terms of sales of neuro-interventional medical devices in China. The Group has a portfolio of 10 products for the treatment of hemorrhagic stroke, of which five commercialized products have covered key therapeutic areas of hemorrhagic stroke, including embolization coils, flow-diverting stents and stent grafts. According to Frost & Sullivan, the market share of the Group's Tubridge® Flow-diverting Stent was more than 45%, ranking top two in the domestic market share and the first among domestic brands in terms of the number of procedures performed in 2022. In FY2022, the Group recorded the revenue for hemorrhagic stroke products of RMB299.6 million, representing an increase of 40.0% over the previous year. The increase was mainly due to an increase in sales revenue of NUMEN® coils in both domestic and overseas markets as well as an increase in clinical usage of Tubridge® flow-diverting stent.

NUMEN® Coil

NUMEN® coil is a coil embolization system used to treat intracranial aneurysm. It was approved by the NMPA in September 2020, and was subsequently approved for marketing in the European Union, South Korea, the United States, Brazil and Japan, and has been commercialized in seven overseas countries or regions, including South Korea, the United States, Brazil, Poland, Spain, Portugal and Chile. NUMEN® coil permits stable framing, smooth filling and finishing, with superb conformability to shapes of aneurysms. Its three models, MicroFrame, MicroFill and MicroFinish, have a total of 177 specifications, providing physicians with a full range of embolization options.

NUMEN Silk® Coil

NUMEN Silk® coil is an iterative product developed based on NUMEN® coils, and was approved by the NMPA in February 2022. As a new generation of ultra-soft electronically detachable coil, NUMEN Silk® coil features a greater smoothness in the filling stage and finishing stage. The smoothness of the distal-end of its delivery wire improves the microcatheter's stability, to minimize the chance of the kick-back of the microcatheter in the finishing stage, therefore reducing the risk of aneurysm rupture. In 2022, NUMEN Silk® Coil was selected into the 2022 Second Batch of Recommended Catalogue of Shanghai Innovative Products (《2022年度第二批上海市創新產品推薦目錄》), bringing new impetus to accelerate the transformation of innovative achievement.

Tubridge® Flow-diverting Stent

Tubridge® flow-diverting stent was the first neuro-interventional medical device that entered the Green Path, and was also the first Chinese-developed flow-diverting stent approved by the NMPA. Leveraging the principle of haemodynamics, Tubridge® flow-diverting stent can alter the blood flow state of the aneurysm to reduce the impact of blood flow on the aneurysm, which allows the endothelial cells to grow along the stent skeleton, gradually

repairing the aneurysm neck and curing the aneurysm. Since its launching in 2018, the product has been widely recognized by surgeons in the industry by virtue of its excellent clinical effects, and has been implanted in more than 10,000 cases. In December 2022, the prospective, multicenter, post-marketing IMPACT study results on the treatment of intracranial aneurysms for Tubridge® flow-diverting stent were officially released, further verifying its characteristics of high occlusion rate, good safety and low recurrence rate in the treatment of unruptured internal carotid artery and vertebral artery aneurysms of various sizes.

The Group are currently developing the next-generation product, Tubridge Plus® Flow-diverting Stent, which aims to improve the smoothness in delivery and stent visibility under angiography. Such upgrades could facilitate the accurate placement of the stent and are expected to enhance the safety of procedures. The product is in the design validation stage.

Willis® Stent Graft

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

Comaneci® Assist Device

Comaneci® assist device is an adjustable temporary coil embolization assisting stent developed by Rapid Medical. It has received CE Marking in 2014 and FDA approval in 2019, and received FDA Breakthrough Device designation in February 2022 for the treatment of cerebral vasospasm after hemorrhagic stroke. The product is used in the coil embolization of wide-neck or unusually shaped aneurysms to prevent the coil from falling and inadvertently blocking the artery. We are the exclusive distributor in Greater China for Comaneci® assist device. The product is expected to be approved by the NMPA in 2024.

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

The Rebridge® stent is the first Chinese-developed full-visualized coil embolization assisting stent to enter clinical trials. The whole body of the stent is densely braided from radiopaque alloy wires, and thus, when compared with other stents that only have several radiopaque wires, Rebridge® stent allows physicians to position more precisely for optimal adherent effect after stent expansion. In 2022, Rebridge® Stent was admitted to the Green Path, becoming the Group's fourth Green Path product.

Intracranial Atherosclerotic Stenosis Products

The Group has developed a comprehensive product portfolio to treat cerebral atherosclerotic stenosis, consisting of five self-developed products, which specifically cover solutions for the three major disease segments including intracranial stenosis, vertebral artery stenosis and carotid artery stenosis. According to Frost & Sullivan, the Group's intracranial stents ranked the first in China, with the market share of over 60% in terms of the volume of procedures performed in 2022. In FY2022, the Group recorded the revenue for cerebral atherosclerotic stenosis products of RMB148.7 million, representing an increase of 31.6% over the previous year. The increase was mainly due to the acceleration of marketing of Bridge® vertebral artery stents which brought a year-on-year increase of approximately 400% in terms of the clinical usage.

APOLLO™ Intracranial Stent

APOLLO™ intracranial stent is a balloon-expandable stent system, and was approved by the NMPA in 2004. It is the first stent system in the world to treat intracranial atherosclerotic disease (ICAD), and was approved for marketing in Argentina in 2015. With its excellent safety and efficacy, APOLLO™ intracranial stent has maintained the first place in its market share for many years. In recent years, benefiting from the application of stenosis cases in emergency clot retrieval procedure in grassroots hospitals, the market demand for APOLLO™ intracranial stent has maintained a stable growth trend. In 2022, we realized the first commercial implantation for APOLLO™ intracranial stent in Brazil.

Bridge® Vertebral Artery Stent

Bridge® vertebral artery stent is the first vertebral artery DES admitted to the Green Path and approved by the NMPA. Bridge® stent is designed with single-sided grooved drug-coated stent, and the drug is accurately targeted to release, which can effectively reduce the incidence of in-stent stenosis and avoid the negative impact of drugs on the endothelialization of the stent. In 2022, Bridge® vertebral artery stent appeared at the BRAIN International Conference in the UK to enhance international influence of the product.

Diveer® Balloon Catheter

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

Acute Ischemic Stroke Products

In the field of acute ischemic stroke, the Group has a portfolio of seven products, covering stent thrombectomy devices and aspiration thrombectomy devices. We are the only Chinese company with stent thrombectomy devices compatible with different sizes of blood vessels. In 2022, Neurohawk® thrombectomy device and X-track™ distal catheter were approved for marketing. During the same period, the Group recorded the sales revenue for acute ischemic stroke products of RMB5.2 million.

Neurohawk® Thrombectomy Device

Neurohawk® thrombectomy device is the Group's self-developed stent retriever with full visualization, which was approved by the NMPA in February 2022. It features a composite mesh design consisting of two meshes with different opening sizes arranged in a staggered spiral pattern, which allows it to better capture large, tough or fragile clots and improves its wall apposition. In December 2022, the pre-marketing clinical trials of Neurohawk® thrombectomy device CAPTURE was published in Frontiers in Neurology, an authoritative journal in the neuro-interventional field, signifying its safety and efficacy have been authoritatively recognized.

X-track® Distal Access Catheter

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

Tigertriever® Revascularization Device ("Tigertriever® Stent")

Tigertriever® Stent is the world's first adjustable stent retriever with full visualization, indicated for procedures performed in blood vessels of varying diameters. The product obtained CE Marking in the European Union in May 2018 and obtained FDA approval in the United States in March 2021. We were engaged by Rapid Medical as the exclusive distributor in Greater China for Tigertriever® Stent, Tigertriever® 13 stent and all iterations of Tigertriever®. Tigertriever® Stent was admitted to the NMPA's Green Path in May 2020, for which we have submitted the registration application to the NMPA. Tigertriever® 13 stent is the smallest stent embolectomy device for the treatment of distal vascular occlusion in the world, which was approved by the FDA in July 2022.

W-track® Intracranial Aspiration Catheter ("W-track® Aspiration Catheter")

W-track® Aspiration Catheter is an intracranial aspiration catheter used for clot aspiration. It has a multi-segment transition design to allow its smooth delivery, and its double-wire braided structure with stainless steel enhances the elongation resistance of the catheter while maintaining flexibility. W-track® Aspiration Catheter can reach the target occlusion quickly and smoothly, in particular in tortuous intracranial vessels. We have submitted the registration application for this product to the NMPA.

Balloon Protection Guide Catheter

Balloon protection guide catheter is a large lumen catheter with a compliant balloon at the distal tip of the catheter, which is designated to facilitate the insertion and guidance of an intravascular catheter while causing temporary distal flow arrest in the artery. We have submitted the registration application for this product to the NMPA.

Access Products

The Group has a product portfolio of seven auxiliary access devices, among which the commercialized products include Asahi® Neurovascular Guidewires ("**Asahi® Guidewires**"), U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**") and Fastrack® Microcatheter System, and the pipeline products include various models of microcatheter products, self-developed neuro-guidewire products and distal protection device products. In FY2022, the Group recorded the sales revenue for access products of RMB92.4 million, representing an increase of 69.7% over the previous year, which was contributed by the sales growth of Asahi® Guidewires and the new product U-track® Support Catheter.

Asahi® Neurovascular Guidewires

Asahi® guidewires are one of the global leading neurovascular guidewires. Asahi® guidewires feature a unique multi-stranded coil design at the tip, effectively enhancing torque response, elongation resistance and flexibility. The product was approved by the NMPA in August 2013. The Group has been engaged by Asahi Intecc as the exclusive distributor of Asahi® guidewires in China since 2016.

U-track® Support Catheter

U-track® support catheter can reach remote lesions in neurovascular surgery and support the precise delivery of various neurovascular interventional devices. The product was approved by the NMPA in December 2020 and was approved for marketing in Brazil in September 2022.

Research and Development

The Group has always adhered to the purpose of addressing clinical needs and continued on innovation. After years of accumulation, we have mastered the core design and manufacturing technology platforms for the R&D and manufacturing of neuro-interventional medical devices, including braiding and coiling technology, stent forming and processing technology, balloon technology and catheter technology. We have also established a core R&D team with significant technical expertise in these fields. As of the end of 2022, the Group had a total of 167 R&D personnel, approximately 50% of which have master's degrees or above.

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

Intellectual Property Rights

The Group insists on R&D and innovation with independent intellectual property rights. As of the end of 2022, the Group had 166 authorized patents, including 37 overseas patents. A total of 48 authorized patents were newly granted in 2022, including 9 overseas patents. In addition, the Group has 262 patents under application. According to the branding, marketing and compliance protection strategies, we have completed the layout of domestic and foreign trademarks with 200 registered trademarks and completed 32 new trademark applications in 2022.

In 2022, the Group was awarded the "2022 National Intellectual Property Advantage Enterprise" by virtue of our outstanding performance in technology capability, patent cultivation, application performance, transformation and efficiency enhancement, and intellectual property construction and management. After being awarded as Shanghai Patent Demonstration Enterprise in 2021, the Group was further recognized as a national intellectual property advantage enterprise, marking that our intellectual property work has reached a new height.

Quality Management and Manufacturing

In 2022, the production facilities of the Group in Zhangjiang, Shanghai were officially put into operation with a GFA of 7,000 sq.m. The planned annual production has increased from 110,000 products to 180,000 products, or by a year-on-year increase of nearly 40%, and is expected to further increase to 350,000 products in 2025, which is expected to meet the development needs for the next five years. In addition, in 2022, the Group completed more than 70 supply chain improvement and upgrading projects, further accelerating the layout of localization of raw materials and improving the stability of the supply chain. As of the end of the Reporting Period, the localization rate of raw materials for our products has already reached over 90%. On the manufacturing side, we continued to strengthen the construction of lean system, so that the production qualification rate and the efficiency have steadily increased, resulting in a significant optimization in the comprehensive product costs.

The Group upholds the product quality as its core value. We have established a digital product quality control system covering the entire production process, allowing us to trace the whole life cycle of product design, development, manufacturing and after-sale service. As of the date of this announcement, the Group has obtained MDSAP (Medical Device Single Audit Program), a quality system certification accepted in 5 countries, marking that it complies with the ISO13485:2016 standard as well as it is recognized by national agencies in 5 countries including FDA in the United States, TGA in Australia, ANVISA in Brazil, HC in Canada and MHLW in Japan, effectively reducing the audit cost of products entering overseas markets.

In 2022, based on the affirmation of the Group's quality and technology innovation and the full recognition of the effectiveness of our efforts on quality management, the "Establishment and Practice of Quality and Health Evaluation of 'One Core and Three Links'" (『一核三環』質量健康度評價的建立與實踐) project of the Group was awarded the "2022 Shanghai Enterprise Management Modernization Innovation Achievement" (2022年上海市企業管理現代化創新成果), allowing us to become the only medical device company to receive the award this year. It is also the third consecutive year that the Group has won this award, following the third prize in 2020 for the "Management, Operation and Practice of Brand Cultivation in Medical Device Enterprises" (醫療器械企業品牌培育的管理運營實踐) and the first prize in 2021 for the "Establishment and Practice of '3+3+3 Integrated Physician-Engineer Collaboration' Technology and Innovation Management Method" (『3+3+3一體化醫工結合』科創管理方法的創建和實踐). In addition, the Group has been awarded Grade A certificate of Shanghai Medical Equipment Production Quality Credit for 6 consecutive years.

Human Resources

After a decade of development, the Group has built a mature neuro-interventional industrialization team in China, with a full-cycle operational capabilities in the neuro-interventional medical device industry covering R&D, clinical trials and registration, supply chain management and commercialization. As of the end of 2022, the Group had a total of 580 employees, approximately 50% of which had bachelor's degrees or above.

Prospect

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

1. **Continue to enhance innovation capabilities to offer a comprehensive solution for cerebral vessel diseases**

   We will continue to expand the depth and breadth of our product portfolio to achieve full product coverage of the cerebrovascular therapeutic area. Through independent development and external cooperation, we will continue with development, innovation and iteration, aligning every step of product improvement with clinical needs to offer stroke patients with a top-quality total solution.

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

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

3. **Expand the strategic global layout**

   We will actively expand our global presence and gradually enter the top ten countries and regions in terms of the volume of neuro-interventional procedures. We plan to advance the registration of our innovative products overseas and expand our international team to provide physicians and patients from all over the world with advanced therapeutic products and treatment options. We also plan to establish overseas R&D and production centers to expand our brand visibility and attract talents and resources in the neuro-interventional field worldwide. In addition, we will continue to have in-depth cooperation with leading international companies to enlarge our product portfolio and sales network, so as to build an international innovation platform.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022
(Expressed in Renminbi)

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*2*	**547,350**	382,799
Cost of sales		**(154,350)**	(84,445)
Gross profit		**393,000**	298,354
Other net income	*3*	**32,921**	25,299
Research and development costs		**(123,270)**	(94,133)
Distribution costs		**(86,801)**	(69,228)
Administrative expenses		**(67,654)**	(47,243)
Other operating costs	*4(c)*	**(26,481)**	(28,320)
Profit from operations		**121,715**	84,729
Finance costs	*4(a)*	**(99,422)**	(45,309)
Share of losses of an associate		**(26,619)**	(7,517)
(Loss)/profit before taxation	*4*	**(4,326)**	31,903
Income tax	*5(a)*	**(20,352)**	(7,733)
(Loss)/profit for the year		**(24,678)**	24,170
Attributable to:			
Equity shareholders of the Company		**(21,765)**	24,170
Non-controlling interests		**(2,913)**	—
(Loss)/profit for the year		**(24,678)**	24,170
(Loss)/earnings per share *(RMB)*	*6*		
Basic and diluted		**(0.04)**	0.05

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022
(Expressed in Renminbi)

	2022	2021
	RMB'000	*RMB'000*
(Loss)/profit for the year	**(24,678)**	24,170
Other comprehensive income for the year, net of nil tax		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**30,285**	(3,182)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(42,060)**	7,438
Other comprehensive income for the year	**(11,775)**	4,256
Total comprehensive income for the year	**(36,453)**	28,426
Attributable to:		
Equity shareholders of the Company	**(33,540)**	28,426
Non-controlling interests	**(2,913)**	—
Total comprehensive income for the year	**(36,453)**	28,426

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current assets			
Property, plant and equipment		**193,566**	212,238
Investment property		**13,268**	13,611
		206,834	225,849
Intangible assets		**131,650**	127,385
Interest in an associate		**155,501**	168,211
Deferred tax assets		**11,642**	7,398
Other non-current assets		**26,688**	27,345
		532,315	556,188
Current assets			
Financial assets measured at fair value through profit or loss		**266,053**	—
Inventories		**114,726**	87,959
Trade and other receivables	*7*	**35,256**	102,908
Time deposit		**40,721**	—
Cash and cash equivalents		**827,929**	593,287
		1,284,685	784,154
Current liabilities			
Trade and other payables	*8*	**188,703**	129,666
Contract liabilities		**11,632**	12,403
Lease liabilities		**24,725**	27,993
Derivative financial instruments		**272**	—
Income tax payables		**18,468**	4,148
		243,800	174,210
Net current assets		**1,040,885**	609,944
Total assets less current liabilities		**1,573,200**	1,166,132

	Note	At 31 December 2022 RMB'000	At 31 December 2021 RMB'000
Non-current liabilities			
Lease liabilities		**60,519**	81,705
Deferred income		**19,136**	18,124
Other financial liabilities		**—**	1,237,990
Other non-current liabilities		**7,894**	3,253
		87,549	1,341,072
NET ASSETS/(LIABILITIES)		**1,485,651**	(174,940)
CAPITAL AND RESERVES	*9*		
Share capital		**76**	60
Reserves		**1,472,727**	(175,000)
Non-controlling interest		**12,848**	—
TOTAL EQUITY/(DEFICIT)		**1,485,651**	(174,940)

1 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of MicroPort NeuroTech Limited ("**the Company**") and its subsidiaries ("**the Group**"). Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The Company was incorporated in the Cayman Islands on 30 September 2020 as an exempted company with limited liability under the Companies Act (As Revised) of the Cayman Islands.

The Company has not carried out any business since the date of its incorporation save for the Group's reorganisation below. The Group are principally engaged in the research and development, manufacturing and sale of neuro-interventional medical devices.

During the years ended 31 December 2021 and 2022, the Group's business was primarily conducted through MicroPort NeuroTech (Shanghai) Co., Ltd. ("**MP NeuroTech Shanghai**"). As part of the Group restructuring (the "**Restructuring**"), the Group obtained control of MP NeuroTech Shanghai in 2021.

Upon the completion of the Restructuring in August 2021, the Company became the holding company of the Group. The Restructuring principally involved inserting certain investment holding companies with no substantive operations as the new holding companies of MP NeuroTech Shanghai. There were no changes in the economic substance of the ownership and the business of the Group before and after the Restructuring. Accordingly, the consolidated financial statements has been prepared and presented as a continuation of the financial information of the business with the assets and liabilities recognised and measured at their historical carrying amounts prior to the Restructuring. Intra-group balances, transactions and unrealised gain/loss on intra-group transactions are eliminated in full in preparing the consolidated financial statements.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated cash flow statement of the Group for the years ended 31 December 2021 as set out in this report include the financial performance and cash flows of the companies now comprising the Group as if the current group structure had been in existence and unchanged throughout the Reporting Period.

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries and the Group's interest in associates and a joint venture.

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

— investments in debt and equity securities.

— Derivative financial instruments.

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

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

(c) Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 16, *Property, plant and equipment: Proceeds before intended use*

- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 Revenue and segment reporting

(a) Revenue

The Group sells medical devices through appointed distributors.

For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and the timing of revenue recognition is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**545,867**	381,425
Revenue from other sources		
Gross rentals	**1,483**	1,374
	547,350	382,799

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year ended 2021 and 2022 is set out below:

	2022	2021
	RMB'000	*RMB'000*
Customer A	**147,508**	110,542
Customer B	**137,452**	101,120
Customer C	**108,067**	86,769
Customer D	**67,624**	41,049

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts of medical devices such that the Group does not include information about revenue that the Group will be entitled to when it satisfied the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

(b) Geographical information

The following table sets out information about the geographical location of (i) the Group's revenue from customers and (ii) the Group's property, plant and equipment, investment property, intangible assets and interest in an associate ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and investment property, the location of the operation to which they are allocated, in the case of intangible assets and other non-current financial assets, and the location of operations, in the case of interest in an associate.

Revenue from customers

	2022	2021
	RMB'000	*RMB'000*
The PRC (place of domicile)	**525,440**	382,189
Outside the PRC	**21,910**	610
	547,350	382,799

Specified non-current assets

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
The PRC (place of domicile)	**338,484**	353,234
Israel	**155,501**	168,211
	493,985	521,445

3 Other net income

	Year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
Fair value changes in financial instruments	**—**	12,098
Fair value changes in financial assets measured at fair value	**1,695**	—
Government grants *(i)*	**21,657**	6,106
Interest income on financial assets measured at amortised cost	**9,970**	3,957
Net foreign exchange loss	**(540)**	(160)
Net (loss)/gain on disposal of property, plant and equipment	**(30)**	394
Fair value change of derivative financial instruments	**(272)**	—
Others	**441**	2,904
	32,921	25,299

Note:

(i) Majority of the government grants are subsidies received from government for encouragement of research and development projects and overseas markets developments.

4 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2022	2021
	RMB'000	*RMB'000*
Interest on convertible bonds	**—**	22,875
Interest on other financial liabilities	**94,782**	19,660
Interest on lease liabilities	**4,495**	2,665
Total interest expenses on financial liabilities not at fair value through profit or loss	**99,277**	45,200
Others	**145**	109
	99,422	45,309

(b) Staff costs#

	2022	2021
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plans *(Note)*	**12,955**	8,745
Equity-settled share-based payment expenses	**12,141**	6,753
Salaries, wages and other benefits	**135,332**	104,029
	160,428	119,527

Note: As stipulated by the labour regulations of the PRC, the Group also participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a specified percentage of the eligible employees' salaries during the year.

(c) Other operating costs

	2022	2021
	RMB'000	*RMB'000*
Restructuring related expenses	**—**	982
Listing expenses	**22,659**	26,338
Donations	**3,822**	1,000
	26,481	28,320

(d) Other items

	2022	2021
	RMB'000	*RMB'000*
Amortisation of intangible assets[#]	**14,517**	11,114
Depreciation charge[#]		
— owned property, plant and equipment and investment property	**16,248**	6,235
— right-of-use assets	**27,067**	15,573
	43,315	21,808
Less: Capitalised into intangible assets	**(1,131)**	(1,199)
	42,184	20,609
Research and development expenditure	**141,532**	102,911
Less: Development costs capitalised into intangible assets	**(18,262)**	(8,778)
	123,270	94,133
Cost of inventories[#]	**191,353**	115,969
Auditors' remuneration		
— audit services	**5,031**	4,225
— non-audit services	**143**	1,482
	5,174	5,707

[#] Cost of inventories includes RMB52,318,000 (2021: RMB27,434,000), relating to depreciation and amortisation expenses and staff costs, which is also included in the respective total amounts disclosed separately above or in Note 5(b) for each of these types of expenses.

5 Income tax in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2022	2021
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("CIT")		
Provision for the year	**24,596**	10,785
Deferred tax		
Origination and reversal of temporary differences	**(4,244)**	(3,052)
	20,352	7,733

(i) Cayman Islands and British Virgin Islands tax

Pursuant to the current rules and regulations of Cayman Islands and British Virgin Islands, the Company and its subsidiaries located in the Cayman Islands and British Virgin Islands are not subject to any income tax in these jurisdictions.

(ii) Hong Kong Profits Tax

The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax at 16.5% of the estimated assessable profits. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2022 and 2021 as there are no assessable profits during the year.

(iii) PRC CIT

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25%, except for MicroPort NeuroTech (Shanghai) Co., Ltd. ("**MP NeuroTech Shanghai**"), which is entitled to a preferential income tax rate of 15% as it is certified as a "High and New Technology Enterprise" ("**HNTE**") during the year ended 31 December 2022 and 2021. According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

According to a new tax incentives policy promulgated by the State Tax Bureau of the PRC, an additional 100% of qualified research and development expenses incurred from 1 January 2021 onwards is allowed to be deducted.

The CIT law and its relevant regulations also impose a withholding tax at 10% on the foreign investors with respect to dividend distributions made out of the PRC entities from earnings accumulated from 1 January 2008, unless the foreign investors meet certain requirements specified in the relevant tax regulations in the PRC and accordingly are entitled to a preferential rate of 5%.

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

	2022	2021
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(4,326)**	31,903
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	**32,015**	23,335
Effect of the preferential income tax rate *(Note 5(a)(iii))*	**(12,381)**	(5,156)
Effect of other non-deductible expenses	**12,014**	5,346
Effect of additional deduction on research and development expenses *(Note 5(a)(iii))*	**(15,854)**	(16,901)
Effect of tax losses not recognised	**4,558**	1,109
Actual tax expenses	**20,352**	7,733

6 (Loss)/earnings per share

The calculation of the basic (loss)/earnings per share during the year is based on the loss for the year attributable to ordinary equity shareholders of the Company divided by the weighted average number of ordinary shares in issue and on the assumption that the share subdivision as disclosed in Note 9(b) had been in effective on 1 January 2021, calculated as follows:

(i) (Loss)/earnings of the year attributable to ordinary equity shareholders of the Company

	2022	2021
	RMB'000	*RMB'000*
(Loss)/earnings of the year attributable to ordinary equity shareholders of the Company	**(21,765)**	24,170

(ii) Weighted average number of ordinary shares

	2022	2021
	RMB'000	*RMB'000*
Issued ordinary shares at 1 January for the purpose of basic (loss)/earnings per share	**461,398**	500,000
Issuance of ordinary shares	**6,343**	—
Conversion of preferred shares into ordinary shares	**49,802**	—
Effect of re-classification and re-designation to the Series A-2 Preferred Shares	**—**	(4,548)
Weighted average number of ordinary shares at 31 December for the purpose of basic (loss)/earnings per share	**517,543**	495,452

The calculation of diluted earnings per share amounts for the year ended 31 December 2021 had not included the convertible bonds issued and the preferred shares issued by the Company, as they had an anti-dilutive effect on the basic earnings per share amounts.

The calculation of diluted loss per share amounts for the year ended 31 December 2022 had not included the preferred shares issued by the Company, as they had an anti-dilutive effect on the basic earnings per share amounts.

7 Trade and other receivables

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Trade receivables	**10,071**	1,066
Other debtors	**3,283**	3,925
Deposits and prepayments	**21,902**	31,248
Amounts due from related parties in connection with the Restructuring *(Note 9(b)(ii))*	**—**	66,669
	35,256	102,908

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the Reporting Period, the ageing analysis of trade receivables based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Within 1 month	**5,622**	971
1 to 3 months	**4,155**	—
3 to 12 months	**294**	95
	10,071	1,066

Trade receivables are generally due within 30 to 90 days from the date of billing.

8 Trade and other payables

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Trade payables due to		
— third party suppliers	**31,748**	28,482
— related parties	**8,468**	6,466
	40,216	34,948
Accrued expenses	**22,583**	33,751
Accrued payroll	**42,333**	29,290
Other payables	**83,571**	31,677
	188,703	129,666

As of the end of the Reporting Period, the ageing analysis of the trade payables based on invoice date is as follows:

	31 December 2022	31 December 2021
	RMB'000	*RMB'000*
Within 1 month	**35,093**	33,112
Over 1 month but within 3 months	**2,560**	1,408
Over 3 months but within 6 months	**368**	187
Over 6 months but within 1 year	**1,306**	65
Over 1 year	**889**	176
	40,216	34,948

All of the above balances are expected to be settled within one year.

9 Capital and reserves

(a) Dividends

The Board of the Company did not propose the payment of any dividend during the year ended 31 December 2022.

(b) Share capital

Authorised

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 September 2020 with authorised share capital of US$50,000 divided into 500,000,000 ordinary shares with par value of US$0.0001 each.

Issued and fully paid

		Ordinary share	
		No. of share	
	Note	*'000*	*RMB'000*
Balance at 31 December 2020 and 1 January 2021		—*	—*
Issuance of ordinary shares	*9(b)(ii)*	100,000	65
Re-classification and re-designation to the Series A-2 Preferred Shares		(7,720)	(5)
Balance at 31 December 2021 and 1 January 2022		92,280	60
Effect of the share subdivision	*9(b)(iv)*	369,118	—
Issuance of ordinary shares	*9(b)(ii)*	13,700	2
Conversion of preferred shares into ordinary shares		107,560	14
Balance at 31 December 2022		582,658	76

* The amount is less than 1,000.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 30 September 2020.

Upon the completion of the Restructuring, the Company became the holding company of the Group. Share capital as at 31 December 2021 represented the issued share capital of the Company.

(i) In July 2020, MP NeuroTech Shanghai entered into a capital subscription agreement with several investors, among which, Shanghai Wangdaotong Biotechnology Co., Ltd. (wholly-owned by Dr. Chang Zhaohua, the chairman and director of MPSC) contributed RMB115,000,000. Pursuant to the capital subscription agreement, these investors subscribed for newly issued paid-in capital of MP NeuroTech Shanghai at a total consideration of RMB150,000,000.

(ii) At the date of the incorporation and 31 December 2020, the Company issued 1 ordinary share at a consideration of US$1.

In 2021, the Company issued 99,999,999 ordinary shares at a cash consideration of RMB277,028,000 to the existing shareholders of MP NeuroTech Shanghai ("**Existing Shareholders**").

In March 2021 and August 2021, Shanghai Shenjing, a wholly-owned subsidiary of the Group, entered into the equity purchase agreements with Existing Shareholders to acquire the 100% of the equity interests in MP NeuroTech Shanghai with an aggregated consideration of RMB344,002,000. The above transactions which were part of the Restructuring, were treated as a deemed distribution to the shareholders. Accordingly, the difference between (i) the consideration paid by Shanghai Shenjing of RMB344,002,000; and (ii) the deemed capital contribution from related parties in connection with the Restructuring of RMB66,998,000 and related tax impact, was debited to capital reserve of the Group.

(iii) MicroPort Scientific Investment LTD. transferred 7,720,432 ordinary shares to the 2021 Pre-IPO Investors, whereby the transferred ordinary shares were reclassified and redesignated as the Series A-2 Preferred Shares. The difference between (i) the initial carrying amount of the related Series A-2 Preferred Shares in amount of US$118,740,000 (equivalent to RMB757,853,000) and (ii) the carrying amount of ordinary share capital transferred of US$772 (equivalent to RMB5,000) has been debited to the share premium and capital reserve of the Company.

(iv) On 22 June 2022, a share subdivision was approved by the shareholders of the Company, pursuant to which, each issued and unissued share capital was subdivided to five shares of the corresponding class with par value of US$0.00002 each. Consequently, the issued share capital of the Company consisted of 461,397,840 ordinary shares.

(v) On 15 July 2022, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Listing**"). The Company issued 13,700,000 ordinary shares at the price of HK$24.64 per share and received the net proceeds of HK$314,586,000 (equivalent to approximately RMB276,140,000), after deducting all capitalised listing expenses. Out of the net proceeds from the listing, RMB2,000 and RMB276,138,000 were credited to the Company's share capital and share premium account, respectively.

(vi) Upon the completion of the Listing, 58,795,625 series A-1 Preferred Shares and 48,764,635 series A-2 Preferred Shares issued by the Group were automatically converted into 107,560,260 ordinary shares of the Company in aggregate, resulting in a transfer of the carrying amount of other financial liabilities of RMB1,408,788,000 to ordinary share capital of RMB14,000, share premium of RMB1,101,653,000, capital reserve of RMB290,286,000 and exchange reserve of RMB16,835,000 (included in other comprehensive income), respectively.

FINANCIAL REVIEW

Revenue

In FY2022, the Group's revenue was mainly derived from hemorrhagic stroke products, cerebral atherosclerotic stenosis products, acute ischemic stroke products and access products. The Group's revenue increased by 43.0% from RMB382.8 million in FY2021 to RMB547.4 million in FY2022. This increase was mainly due to: (1) major new products launched in recent years (including NUMEN® Coil Embolization System, Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, etc.) advanced the hospital tendering process, with the revenue increasing rapidly; (2) leading products in market share (including Tubridge® Flow-diverting Stent, Asahi® Neurovascular Guidewires, etc.) maintained a good growth momentum through the integration of channel resources and sustained development of subdivided markets; (3) overseas business achieved a breakthrough in revenue growth in FY2022, exceeding RMB20 million; and (4) multiple newly approved products (including Neurohawk® Stent Thrombectomy Device, Diveer® Intracranial Balloon Dilatation Catheter, etc.) began commercialization, contributing to the Group's revenue growth.

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

	For the year ended 31 December		
	2022	2021	**Percentage of change**
	RMB'000	*RMB'000*	
Hemorrhagic stroke products	**299,555**	213,937	40.0%
Cerebral atherosclerotic stenosis products	**148,696**	113,018	31.6%
Acute ischemic stroke products	**5,197**	—	N/A
Access products	**92,419**	54,470	69.7%
Other business revenue	**1,483**	1,374	7.9%
Operating income	**547,350**	382,799	43.0%

Cost of Sales

Our cost of sales increased by 82.8% from RMB84.4 million in FY2021 to RMB154.3 million in FY2022, primarily due to (1) the increases in raw material, staff costs and manufacturing expenses as a result of an increase in sales volume of various types of products; and (2) the increase in depreciation and other costs as a result of the Company's production and logistics capabilities to be restricted caused by the pandemic.

Gross Profit and Gross Profit Margin

Our gross profit increased by 31.7% from RMB298.4 million in FY2021 to RMB393.0 million in FY2022, primarily due to an increase in sales volume of various types of products.

In FY2022, the Group's gross profit margin was 71.8%, with the gross margin of 77.1% for in-house produced products. The decrease in the gross profit margin in FY2022 compared to the previous year was mainly due to the restricted production and logistics capabilities caused by the pandemic, which resulted in (1) a decrease in the proportion of in-house produced products in the product sales mix; and (2) an increase in the related cost of sales.

Research and Development Costs

Our research and development costs increased by 31.0% from RMB94.1 million in FY2021 to RMB123.3 million in FY2022, primarily due to the expansion of the team for ongoing and newly developed R&D projects.

Distribution Costs

Our distribution costs increased by 25.4% from RMB69.2 million in FY2021 to RMB86.8 million in FY2022, primarily due to the expansion of the sales team.

Administrative Expenses

Our administrative expenses increased by 43.2% from RMB47.2 million in FY2021 to RMB67.7 million in FY2022, primarily due to (1) rental cost for the non-operational portion of new production and office premises, and the increase in depreciation and amortization of fixed assets; and (2) the expansion of personnel pool.

Other Net Income

Our other net income increased by 30.1% from RMB25.3 million in FY2021 to RMB32.9 million in FY2022, primarily due to: (1) an increase of RMB15.6 million in gains from government grants in FY2022 compared to the previous year; (2) a gain on fair value changes in financial instruments of RMB12.1 million in the previous year and no such gain in FY2022; and (3) an increase in interest income of RMB6.0 million.

Other Operating Costs

Our other operating costs decreased by 6.5% from RMB28.3 million in FY2021 to RMB26.5 million in FY2022, primarily due to the decrease in listing expenses.

Finance Costs

Our finance costs increased by 119.4% from RMB45.3 million in FY2021 to RMB99.4 million in FY2022, primarily due to: (1) as disclosed in the Prospectus, an increase of RMB75.1 million in interest on other financial liabilities as a result of preferred shares issued under the series A financing, such interest expense required no payment in cash and no further accrued from the Listing Date of the Group; and (2) partially offset by the interest on convertible bonds in 2021 amounting to RMB22.9 million. Such interest on convertible bonds was accrued from the issuance of convertible bonds in November 2020 and January 2021, and was no further accrued from the date of the convertible bonds' exchange into preferred shares in November 2021.

Share of Losses of an Associate

In FY2022, the Group's share of the losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from accounting perspective since May 2021.

Income Tax Expenses

Our income tax expenses increased by 163.2% from RMB7.7 million in FY2021 to RMB20.4 million in FY2022, primarily due to an increase in operating profit before tax.

Non-HKFRS Measures

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

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

The following table sets out the reconciliation to net (loss)/profit for the years indicated:

	For the year ended 31 December		
	2022	2021	**Percentage of change**
	RMB'000	*RMB'000*	
Net (loss)/profit	**(24,678)**	24,170	N/A
Add/(less):			
— Listing expenses[(1)]	**22,659**	26,338	(14.0%)
— Interest on other financial liabilities[(2)]	**94,782**	19,660	382.1%
— Equity-settled share-based payment expenses[(3)]	**12,141**	6,753	79.8%
— Interest on convertible bonds[(4)]	**—**	22,875	(100.0%)
— Fair value changes in financial instruments[(5)]	**—**	(12,098)	(100.0%)
— Share of losses of an associate[(6)]	**26,619**	7,517	254.1%
— Income tax effect	**(827)**	(1,131)	(26.9%)
Non-HKFRS adjusted net profit for the period	**130,696**	94,084	38.9%

Note:

(1) Listing expenses are one-off expenses in relation to the Initial Public Offering;

(2) Interest on other financial liabilities represents interest accrued for the current period on the series A preferred shares issued under the Group's series A financing and presented in other financial liabilities. Such preferred shares were fully converted into ordinary shares and presented in equity as at the Listing Date of the Group and then the interest on other financial liabilities was no further accrued, such interest required no payment in cash;

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

(4) Interest on convertible bonds represents the interest accrued in 2021 on the convertible bonds issued under the Group's series A financing. Such convertible bonds were exchanged into preferred shares in November 2021 and then the interest on convertible bonds was not further accrued;

(5) Fair value changes in financial instruments represents the gain on fair value changes of the Group's series C investment in Rapid Medical (as financial assets measured at fair value through profit or loss) realized upon the Group's series D investment in Rapid Medical in May 2021 (which commenced to have a significant impact on Rapid Medical). The Group measured the fair value of the series C investment upon the date of series D investment in Rapid Medical as the part of the investment cost in Rapid Medical as an associate;

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

Inventories

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

Our inventory increased from RMB88.0 million as of 31 December 2021 to RMB114.7 million as of 31 December 2022, primarily due to an increase in reserves of raw materials and finished goods as a result of the increase in the Group's business scale.

Current Trade and Other Receivables

Our current trade and other receivables primarily consist of: (1) trade receivables; (2) prepayments and deposits; and (3) amounts in connection with the Restructuring (for 31 December 2021 only).

Our current trade and other receivables decreased from RMB102.9 million as of 31 December 2021 to RMB35.3 million as of 31 December 2022, primarily due to: (1) the settlement of the amounts due from related parties in connection with the Restructuring; and partially offset by (2) an increase in trade receivables as a result of the growth of the business.

Trade and Other Payables

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

Our trade and other payables increased from RMB129.7 million as of 31 December 2021 to RMB188.7 million as of 31 December 2022, primarily due to: (1) an increase in trade payables due to the increase in procurement of raw materials; and (2) an increase in accrued payroll and other payables as a result of the growth of the business.

Other Financial Liabilities

Our other financial liabilities decreased from RMB1,238.0 million as of 31 December 2021 to RMBnil as of 31 December 2022. Other financial liabilities arised from the redemption obligation on the perferred shares issued under the Group's series A financing. In FY2022, other financial liabilities were derecognised with the preferred shares fully converted into ordinary shares and presented in equity as at the Listing Date of the Group, and no payment in cash required.

Lease Liabilities

As of 31 December 2022, the Group recorded lease liabilities of RMB85.2 million, which were primarily in relation to the properties the Group leased for our office premises, manufacturing and R&D facilities. The Group recognizes lease liabilities with respect to all leases, except for short-term leases and leases of low value assets.

Capital Expenditure

In FY2022, the capital expenditure of the Group amounted to RMB47.9 million, representing an addition of intangible assets and property, plant and equipment. In particular, the intangible assets of the Group primarily represent the capitalized development costs.

Foreign Exchange Exposure

In 2022, the Group mainly operated in China and a majority of its transactions were settled in Renminbi, the functional currency of the Company's primary subsidiaries. As of 31 December 2022, certain portion of the Group's bank balances was denominated in U.S. dollars. The Group currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade receivables, trade and other payables, and other amounts denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of 31 December 2022.

Significant Investment

As of 31 December 2022, the Group's significant investment was an investment in an associate Rapid Medical at a cost of US$27.5 million (equivalent to RMB191.9 million). The issued and fully paid share capital of Rapid Medical is 22.1 million shares, 22.3% of which are held by the Group, and its principal business is the development, manufacture and sale of innovative devices for neuro-interventional procedures. As at 31 December 2022, the Group's interests in associates was all derived from Rapid Medical, amounting to RMB155.5 million, which accounted for 8.5% of the Group's total assets. For the year ended 31 December 2022, Rapid Medical recorded a loss of US$17.0 million (equivalent to RMB114.9 million), which was mainly due to the increase in R&D and sales activities expenses of Rapid Medical, and the Group recorded a share of losses of an associate of RMB26.6 million. For details, please refer to the section headed "Acquisition of certain interests in Rapid Medical" in the Prospectus. The Group have been approved to use trademarks of Rapid Medical and became the exclusive agent of Rapid Medical's related products in Greater China, and the Group have leveraged Rapid Medical's sales network in the United States to facilitate our overseas business. As a strategic investor, the Group will hold our investment in Rapid Medical for the long term.

Contingent Liabilities

As of 31 December 2022, the Group did not have any contingent liabilities.

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents increased from RMB593.3 million as of 31 December 2021 to RMB827.9 million as of 31 December 2022, primarily due to the net cash inflow from operating activities was RMB223.8 million, net cash outflow from investing activities was RMB344.5 million, net cash inflow from financing activities was RMB329.5 million in FY2022. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowing as of 31 December 2022 and 31 December 2021 were nil. As of 31 December 2022, the gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as of the same date) decreased to 5.7%, as compared to 10.3% as of 31 December 2021.

Net Current Assets/Liabilities

The Group's net current assets as of 31 December 2022 were RMB1,040.9 million, as compared to net current assets of RMB609.9 million as of 31 December 2021. Such increase was mainly attributable to the profit from operating activities during the Reporting Period.

Charge on Assets

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the period from the Listing Date up to 31 December 2022, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As of 31 December 2022, the Group did not have any plans for material investments and capital assets.

OTHER INFORMATION

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

During the period from the Listing Date up to 31 December 2022, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

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

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

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

Use of proceeds	Approximate percentage of total amount *(%)*	Amount of net proceeds allocated upon listing *(HK$ million)*	Utilized amount as at 31 December 2022 *(HK$ million)*	Unutilized amount as at 31 December 2022 *(HK$ million)*	Expected timeline of full utilization
Research and development of therapeutic and access products for hermorrhagic stroke, cerebral atherosclerotic stenosis and AIS	30.0%	93.4	38.0	55.4	By the year ended 31 December 2023
Commercialization of the Company's products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	20.0%	55.6	34.6	21.0	By the year ended 31 December 2023
Expansion of the Company's manufacturing facility to increase the scale of the Company's production	15.0%	41.7	—	41.7	By the year ended 31 December 2023
Expansion of the Company's global presence	20.0%	55.6	6.8	48.8	By the year ended 31 December 2023
Advancing the Company's product portfolio through strategic acquisitions, investment, cooperation or a combination of these tactics	10.0%	27.8	—	27.8	By the year ended 31 December 2023
Working capital and other general corporate purposes	5.0%	13.9	3.4	10.5	By the year ended 31 December 2023

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

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other 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 the auditor.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of the Shareholders. To accomplish this, the Company has adopted the CG Code and the associated Listing Rules after the Listing.

The Board reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all applicable code provisions as set out in the CG Code during the period from the Listing Date and up to 31 December 2022.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code during the period from the Listing Date up to 31 December 2022.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, Mr. Siu Chi Hung (Chairman), Dr. Xu Yi and Dr. Zhang Haixiao.

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Company and the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

FINAL DIVIDEND

The Board resolved not to declare the payment of any final dividend for the year ended 31 December 2022.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (http://www.medneurotech.com), and the annual report of the Group will be dispatched to shareholders in due course and will also be available at the websites above.

ANNUAL GENERAL MEETING

The AGM of the Company will be held on Wednesday, June 28, 2023. Shareholders of the Company should refer to the details regarding the AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

EMPLOYEES AND REMUNERATION POLICIES

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

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 21 June 2023 (Hong Kong time), being the last registration date.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

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

"Asahi Intecc"	Asahi Intecc Co., Ltd., a medical devices company incorporated under the laws of Japan with limited liability on 8 July 1976, and all of its subsidiaries
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the corporate governance code as contained in Appendix 14 to Listing Rules
"Company" or "we" or "us" or "our"	MicroPort NeuroTech Limited, an exempted company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2172)
"Director(s)"	director(s) of the Company
"FDA"	the United States Food and Drug Administration

"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., our industry consultant
"Global Offering"	the global offering of the shares, details of which are set forth in the Prospectus
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"KPMG"	KPMG, Certified Public Accountants
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	15 July 2022, the date on which dealings in the shares on the Main Board of the Stock Exchange first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MFDS"	the Ministry of Food and Drug Safety in South Korea
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"NHSA"	National Healthcare Security Administration
"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)
"PRC"	the People's Republic of China, for the purpose of this announcement, shall not include Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus of the Company dated 29 June 2022

"Rapid Medical"	Rapid Medical Ltd., a company incorporated in the State of Israel with limited liability on 12 August 2008, which is primarily engaged in the development, manufacturing and sales of innovative devices for neuro-interventional procedures and is indirectly owned as to 22.28% by the Company
"Reporting Period"	for the year ended 31 December 2022
"RMB"	Renminbi, the lawful currency of the PRC
"share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of the shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

By Order of the Board
MicroPort NeuroTech Limited
Mr. Peng Bo
Chairman

Hong Kong, 29 March 2023

As at the date of this announcement, the Board comprises Mr. Xie Zhiyong and Mr. Wang Yiqun Bruce as the executive directors; Mr. Peng Bo, Mr. Wang Lin and Ms. Wu Xia as the non-executive directors; and Dr. Xu Yi, Dr. Zhang Haixiao and Mr. Siu Chi Hung as the independent non-executive directors.