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

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

(Stock Code: 2190)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2023

The board (the "**Board**") of directors (the "**Directors**") of Zylox-Tonbridge Medical Technology Co., Ltd. (the "**Company**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended June 30, 2023, together with comparative figures for the six months ended June 30, 2022.

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Period to
	2023	2022	period change
	RMB'000	*RMB'000*	
	(Unaudited)	(Unaudited)	
Revenue	**230,131**	152,743	50.7%
Gross profit	**170,646**	115,477	47.8%
Gross profit margin	**74.2%**	75.6%	(1.9)%
Loss for the period	**(35,514)**	(25,504)	39.2%
Add:			
Share-based compensation	**29,992**	34,145	(12.2)%
Non-IFRS adjusted net profit/(loss) for the period[(1)]	**(5,522)**	8,641	N/A

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

BUSINESS HIGHLIGHTS

We continued to maintain our fast-growing trend in terms of product development and commercialization in the first half of 2023.

During the Reporting Period, we achieved a revenue of RMB230.1 million, representing an increase of 50.7% as compared to the first half of 2022. 72.1% of our revenue was derived from the neurovascular interventional products business and 27.9% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was primarily attributable to the high sales growth of both neurovascular and peripheral-vascular interventional devices segments.

The revenue from sales of neurovascular interventional products for the Reporting Period increased by 48.7% as compared to the first half of 2022, primarily because of (i) the continued revenue growth from our key products, such as SilverSnake® Intracranial Support Catheter, Intracranial PTA balloon catheter (Rx) and Thrombite® Clot Retriever Device (Thrombite® CRD) attributable to increasing quality and clinical performance recognition from physicians and our effort in increasing marketing penetration; and (ii) the increased revenue from the Neurovascular Embolization Coils as we expanded our hospital access through the VBPs of most provinces.

The revenue from sales of peripheral-vascular interventional products for the Reporting Period increased by 55.9% as compared to the first half of 2022 because the sales revenue of our UltraFree® Drug Coated PTA Balloon Catheter (UltraFree® DCB), PTA Balloon Catheter and High Pressure PTA Balloon Catheter grew rapidly because of our continuous efforts in gaining market access, increasing hospital penetration and expanding distribution network.

We have strived to build an extensive sales network to improve our capability to serve physicians and patients across China. With a proven track record of commercializing 28 products domestically and eight products in Europe, we had established an extensive distribution network covering over 3,300 hospitals across 31 provinces and municipalities in China as at June 30, 2023.

1. We continued to grow our business and increase our market share by leveraging a differentiated product portfolio and strong academic marketing capability in the domestic market.

We appreciate that medical devices shall be designed and upgraded to continuously meet physicians' evolving needs to provide more convenient and safer treatment to patients. With this in mind, leveraging our R&D capabilities, we continuously provide new, high-quality products with unique technical features. Our unique product positioning lays the foundation for us to gain market share with our strong academic marketing capability.

The successful commercialization of SilverSnake® product family is a good illustration of the combination of our clinical demand-focused R&D capabilities and strong academic marketing capabilities. We launched SilverSnake® Intracranial Support Catheter in September 2020. As an access product, it was designed for use in mechanical thrombectomy procedures adopting the trans-femoral approach (TFA) in the treatment of a treat acute ischemic stroke (AIS). Leveraging the success of SilverSnake® Intracranial Support Catheter, we launched SilverSnake® Plus Intermediate Catheter in February 2023, which is an upgraded version compatible with both trans-femoral approach and trans-radial approach (TRA). TRA is a well-established approach in interventional cardiology while it has gradually gained attention in the field of neurointervention. It benefits patients with increased surgical safety and reduced recovery time. SilverSnake® Plus Intermediate Catheter is the first NMPA-approved access catheter indicated for the introduction of interventional and diagnostic devices into the vasculature under trans-radial approach. To bring the TRA to more physicians and patients, we started to engage in academic activities related to the TRA. In July 2022, we first summarized and proposed the R-DAS (trans-Radial telescoping catheter technique with a Distal Access catheter and Simmons catheter) approach, which is a further upgraded approach on the basis of TRA. We also provided support to leading physicians and scholars for the publication of *Clinical Consensus of Trans-Radial Approach for the Diagnosis and Treatment of Neuro-Intervention* in October 2022. To provide physicians with hands-on experience and enhance their understanding of the R-DAS approach, we have held onsite meetings and training sessions to provide them with opportunities of simulation operation and operation livestream. The SilverSnake® catheter product family is expected to have a market share of 20% in China based on our estimate.

2. Our high efficiency in R&D and commercialization activities allows us to act proactively in response to changing industry dynamics.

We strive to be a total-solution provider in both neuro- and peripheral-vascular interventional devices markets. We have developed an integrated platform for the discovery, development, manufacture and commercialization of interventional medical devices for neurovascular and peripheral-vascular diseases. With the implementation of policies such as volume-based procurement (VBP) and diagnostic-related group (DRG) payment, the efficiency to bring products with better clinical performance and consistently high quality to market at relatively attractive prices is one of the key decisive factors to maintain a competitive position in the long run. It calls for not only the efficiency in R&D but also the efficiency in commercialization for a medical device company to thrive.

With our strong R&D capability and integrated technology platforms, we continue to advance our product R&D progress with great efficiency. As at the date of this announcement, we have a total of 28 products approved by the NMPA and eight products with CE Marks, which makes us one of the leading companies with the most comprehensive product portfolios in the vascular interventional medical device industry in China. During the Reporting Period, we obtained NMPA approvals for eight products and completed patient enrollment for the clinical trials of two products. Since June 30, 2023 and up to the date of this announcement, we also obtained NMPA approvals for one product. In the meantime, 11 product candidates are at the clinical stage and 14 product candidates are at the registrational stage as at the date of this announcement.

With our strong commercialization ability to effectively leverage our sales network and resources, we were able to take every opportunity to increase our products' market penetration. When the provincial VBPs in Jiangsu, Fujian and 21-province alliance for neurovascular embolization coils started in 2022, we carefully designed and executed our bidding strategies, and successfully won the first place in each bidding group. As a result, we quickly expanded our hospital access for the products taking advantage of the provincial VBPs, which led to a significant revenue growth in the first half of 2023. We expect to obtain an approximately 10% market share according to our estimate in 2023, despite that our product is the 19th approved neurovascular embolization coil in China.

3. We continued to create new impetus for the growth of our international business.

We continued to expand our presence in the international market by building up our local teams, and we have seen significant revenue growth as our international business expanded. In the first half of 2023, we generated a revenue of RMB6.2 million from outside of the PRC, which represented an increase of 128.7% compared to the first half of 2022. As of June 30, 2023, our products had been commercialized in 19 overseas countries, such as Germany, France, Italy, Poland and Belgium. We developed a new business model different from the traditional distributorship model other than selling our own brand products. Leveraging our manufacturing know-how, we provided OEM services to local brands in some emerging markets, such as India. We have further enhanced our brand awareness in the European market by presenting the high quality of our products and the comprehensive solutions that we offer on several top academic conferences in Europe, such as Live Interventional Neuroradiology, Neurology & Neurosurgery Course Paris 2023 (LINNC PARIS 2023) and Leipzig Interventional Course 2023 (LINC 2023).

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

With continuous dedication to high product quality and manufacturing efficiency, we continue to improve our R&D and manufacturing platforms, such as the balloon forming and manufacturing platform, the braiding and coiling catheter development and manufacturing platform and the stent forming and processing center. Our integrated development and manufacturing process enables smooth collaborations and accelerates the development process during the full product life cycle and therefore helps us improve our quality and cost efficiency. Our current main manufacturing centers are located in Hangzhou and Zhuhai and both are expanding with larger scale, advanced manufacturing capability and efficiency. As a result, over the past two years, we had always maintained a relatively high gross profit margin of over 70%.

INTERIM RESULTS

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED JUNE 30, 2023

		Six months ended June 30,	
		2023	2022
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	4	**230,131**	152,743
Cost of sales		**(59,485)**	(37,266)
Gross profit		**170,646**	115,477
Selling and distribution expenses		**(74,939)**	(53,331)
Administrative expenses		**(50,358)**	(49,284)
Research and development expenses		**(130,806)**	(94,039)
Other income		**5,198**	4,051
Other expenses		**(620)**	(413)
Other gains — net		**6,752**	16,153
Net impairment losses on financial assets		**(6)**	10
Operating loss		**(74,133)**	(61,376)
Finance income		**39,256**	36,304
Finance costs		**(346)**	(432)
Finance income — net		**38,910**	35,872
Loss before income tax		**(35,223)**	(25,504)
Income tax expense	5	**(291)**	—
Loss and total comprehensive loss for the period attributable to the equity holders of the Company		**(35,514)**	(25,504)
Loss per share attributable to the equity holders of the Company			
Basic and diluted loss per share *(in RMB per share)*	6	**(0.11)**	(0.08)

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2023

	Note	**As of June 30, 2023** ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**426,167**	290,243
Right-of-use assets		**44,517**	48,136
Intangible assets		**10,331**	9,637
Prepayments and other receivables	7	**4,838**	10,645
Financial assets at fair value through profit or loss		**63,871**	43,361
Term deposits		**855,573**	789,075
Total non-current assets		**1,405,297**	1,191,097
Current assets			
Inventories		**155,339**	119,244
Prepayments, other receivables and other current assets	7	**60,297**	81,025
Trade receivables	8	**964**	1,014
Financial assets at fair value through profit or loss		**89,530**	110,229
Term deposits		**277,981**	545,140
Cash and cash equivalents		**1,306,875**	1,205,302
Restricted cash		**815**	645
Total current assets		**1,891,801**	2,062,599
Total assets		**3,297,098**	3,253,696
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		**332,401**	332,401
Share premium		**2,270,033**	2,270,033
Other reserves		**958,677**	928,685
Treasury shares		**(33,918)**	(33,793)
Accumulated losses		**(438,687)**	(403,173)
Total equity		**3,088,506**	3,094,153

	Note	**As of June 30, 2023** ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Liabilities			
Non-current liabilities			
Deferred revenue		**7,974**	—
Lease liabilities		**4,956**	7,459
Total non-current liabilities		**12,930**	7,459
Current liabilities			
Borrowings		**9,000**	—
Trade and other payables	9	**151,420**	126,652
Current income tax liabilities		**291**	—
Contract liabilities	4	**16,708**	9,601
Lease liabilities		**5,563**	6,543
Forward foreign exchange contract		**—**	278
Other current liabilities		**12,680**	9,010
Total current liabilities		**195,662**	152,084
Total liabilities		**208,592**	159,543
Total equity and liabilities		**3,297,098**	3,253,696

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

FOR THE SIX MONTHS ENDED JUNE 30, 2023

1 General information

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

The Group are providing solutions to patients and physicians with the product portfolio covering peripheral-vascular interventional devices and neurovascular interventional devices in the PRC and other countries.

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

The interim condensed consolidated financial information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on August 23, 2023.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 2023 has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2022, which have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 and any public announcements made by the Company during the interim reporting period.

3 Accounting policies

The interim condensed consolidated financial information has been prepared under historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss which are carried at fair value. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The following new and amended standard has been adopted by the Group for the first time for the financial period beginning on or after January 1, 2023:

- IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies — Amendments to IAS 1 and IFRS Practice Statement 2
- Definition of Accounting Estimates — Amendments to IAS 8
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — Amendments to IAS 12

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

4 Segment and revenue information

(a) Description of segments and principal activities

The management of the Company has determined the operating segment based on the reports reviewed by the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. On this basis, the Group has determined that it only has one operating segment which is the sales of neurovascular and peripheral-vascular interventional devices during the six months ended June 30, 2023 and June 30, 2022.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— at a point in time	**230,131**	152,743

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— Neurovascular interventional devices	**166,038**	111,630
— Peripheral-vascular interventional devices	**64,093**	41,113
	230,131	152,743

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

	As of	As of
	June 30,	December 31,
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Contract liabilities	**16,708**	9,601

Contract liabilities represent advance from customers and are recognized when payments are received before the transfer of goods. Management expects that the transaction price allocated to the unsatisfied contracts as at June 30, 2023 and December 31, 2022 will be recognised as revenue within one year.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods	**9,601**	3,420

(e) Geographical information

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**223,897**	150,017
Others	**6,234**	2,726
	230,131	152,743

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

5 Income tax expense

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

(i) Mainland China

Pursuant to the PRC Corporate Income Tax Law and the respective regulations (the "**CIT Law**"), the Group is subject to enterprise income tax at a rate of 25% on the taxable income other than the Company and its subsidiary, Zhuhai Tonbridge Medical Technology Co., Ltd. ("**Zhuhai Tonbridge**"). The Company and Zhuhai Tonbridge were accredited as "High and New Technology Enterprise" ("**High-New Tech Enterprise**") with a valid period within 3 years since 2022 and 2021 respectively. They are eligible for a corporate income tax rate of 15% for the six months ended June 30, 2023.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from October 1, 2022 onwards, all enterprises are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses.

The tax losses will normally expire within 5 years. The Company's subsidiary Tongqiao Medical Technology (Suzhou) Co., Ltd. ("**Tonbridge Suzhou**") and Zhiyu Medical Technology (Guangzhou) Co., Ltd. ("**Zhiyu Guangzhou**") were accredited as "Small and Medium-sized Technological Enterprises" in 2023. Pursuant to the relevant regulations on extending the expiry date of tax losses of High-New Tech Enterprise and Small and Medium-sized Technological Enterprises, the expiry date of the unused tax losses of the Company, Zhuhai Tonbridge, Tonbridge Suzhou and Zhiyu Guangzhou extended from 5 years to 10 years.

The income tax expense has been calculated on the assessable profit for the six months ended June 30, 2023 arising from the Company's certain subsidiary, while there is no provision for taxation for the Group as the companies comprising the Group have no assessable profits for the six months ended June 30, 2022.

(ii) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended June 30, 2023.

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

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

6 Loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the six months ended June 30, 2023 excluding treasury shares.

For the six months ended June 30, 2023 and 2022, the Group had potential dilutive shares related to the shares held for Pre-IPO Share Option Scheme. Due to the Group's losses, the potential dilutive shares are not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is the same as basic loss per share.

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

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Loss attributable to equity holders of the Company *(RMB'000)*	**(35,514)**	(25,504)
Weighted average number of ordinary shares in issue during the period *(thousand)*	**329,683**	330,993
Basic and diluted loss per share *(RMB)*	**(0.11)**	(0.08)

7 Prepayments, other receivables and other current assets

	As of June 30, 2023	As of December 31, 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Included in non-current assets		
Prepayments:		
Prepayments for purchase of property, plant and equipment	**2,962**	7,474
Prepayments for purchase of intangible assets	**343**	1,242
Other receivables:		
Deposits for leases	**1,533**	1,929
Total	**4,838**	10,645
Included in current assets		
Prepayments:		
Prepayments for purchase of goods	**32,937**	43,807
Prepayments for purchase of service	**12,570**	22,603
Other receivables:		
Deposits for industrial land project performance guarantee and leases	**3,594**	3,196
Others	**3,313**	1,711
Less: loss allowance	**(33)**	(27)

	As of June 30, 2023 *RMB'000* (Unaudited)	As of December 31, 2022 *RMB'000* (Audited)
Others:		
Value-added tax recoverable	**7,916**	9,735
Total	**60,297**	81,025

8 Trade receivables

	As of June 30, 2023 *RMB'000* (Unaudited)	As of December 31, 2022 *RMB'000* (Audited)
Trade receivables from contracts with customers	**982**	1,032
Less: loss allowance	**(18)**	(18)
	964	1,014

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

As at June 30, 2023 and December 31, 2022, the ageing analysis of the trade receivables based on invoice date was as follows:

	As of June 30, 2023 ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Up to 3 months	**783**	956
3 to 6 months	**199**	—
Over 6 months	**—**	76
	982	1,032

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

As at June 30, 2023 and December 31, 2022, a provision of RMB18,000 was made against the gross amounts of trade receivables respectively.

9 Trade and other payables

	As of June 30, 2023 ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Trade payables (a)	**16,348**	10,735
Payables for purchase of property, plant and equipment	**66,550**	36,742
Staff salaries and welfare payables	**54,288**	61,227
Accrued taxes other than income tax	**6,356**	8,933
Payables to suppliers of service	**4,668**	7,520
Others	**3,210**	1,495
	151,420	126,652

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

	As of June 30, 2023 ***RMB'000*** **(Unaudited)**	As of December 31, 2022 *RMB'000* (Audited)
Within 1 year	**16,348**	10,735

10 Dividend

No dividend has been paid or declared by the Company for each of the six months ended June 30, 2023 and 2022 respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

Overview

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

The neuro- and peripheral-vascular interventional devices market continues to demonstrate huge growth potential attributable to the following factors: (1) The neuro- and peripheral-vascular interventional devices market is still at an early development stage in China. Accordingly to the *Survey of Current Practice of Endovascular Treatment for Acute Ischemic Stroke (AIS) in China in 2020*, although the annual surgical volume of AIS-EVT in China is large, the proportion of AIS-EVT treatment in patients with large vessel occlusion is likely to be less than 10%. Considering China's large population and the high incidence rate of AIS, the AIS-EVT treatment in patients with large vessel occlusion is estimated to be approximately 300,000 in China, assuming a 50% treatment suitability ratio similar to that in the United States. In the meantime, the penetration rate of peripheral artery diseases-related surgery was 5.4% in the United States in 2019, such penetration rate was only 0.2% in China as disclosed in the Company's Prospectus. With an aging population and increasing prevalence of diseases, we expect that the treatment penetration rate for vascular diseases will gradually increase; (2) Strong government support to further development of the neuro- and peripheral-vascular interventional devices market. The Chinese government has also been supporting the development of clinical infrastructures for stroke treatment, such as establishing green channels for acute strokes and stroke recovery outpatient departments in provincial, municipal and local hospitals since 2018. According to data from the National Stroke Center, a total of 603 advanced stroke centers and over 1,200 stroke prevention centers had been established nationwide, and most of them are continuously increasing their treatment capacity. On May 23, 2023, an expert committee on the project of reducing one million disabilities was established by the National Health Commission to facilitate a number of tasks, including organizing the formulation and revision of stroke prevention guidelines, guidelines and regulations on the construction and management of stroke centers and the construction and management of stroke emergency maps, as well as providing technical support for the provincial health administrative departments to promote stroke prevention; and (3) the domestic substitution is expected to accelerate as we see various factors may facilitate better products at reasonable prices to be used clinically following the implementation of VBP and DRGs. We are expecting various policies to allow leading domestic companies with comprehensive portfolios and strong operation efficiency to gain more market shares.

Business Highlights

We continued to maintain our fast-growing trend in terms of product development and commercialization in the first half of 2023.

During the Reporting Period, we achieved a revenue of RMB230.1 million, representing an increase of 50.7% as compared to the first half of 2022. 72.1% of our revenue was derived from the neurovascular interventional products business and 27.9% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was primarily attributable to the high sales growth of both neurovascular and peripheral-vascular interventional devices segments.

The revenue from sales of neurovascular interventional products increased by 48.7% as compared to the first half of 2022, primarily because of (i) continued revenue growth from our key products, such as SilverSnake® Intracranial Support Catheter, Intracranial PTA balloon catheter (Rx) and Thrombite® Clot Retriever Device (Thrombite® CRD) attributable to increasing quality and clinical performance recognition from physicians and our effort in increasing marketing penetration; and (ii) increased revenue from of the neurovascular embolization coil as we expanded our hospital access through the VBPs of most provinces.

The revenue from sales of peripheral-vascular interventional products increased by 55.9% as compared to the first half of 2022 because the sales revenue of our UltraFree® Drug Coated PTA Balloon Catheter (UltraFree® DCB), PTA Balloon Catheter and High Pressure PTA Balloon Catheter grew rapidly because of our continuous efforts in gaining market access, increasing hospital penetration and expanding distribution network.

We have strived to build an extensive sales network to improve our capability to serve physicians and patients across China. With a proven track record of commercializing 28 products domestically and eight products in Europe, we had established an extensive distribution network covering over 3,300 hospitals across 31 provinces and municipalities in China as at June 30, 2023.

1. ***We continued to grow our business and increase our market share by leveraging a differentiated product portfolio and strong academic marketing capability in the domestic market.***

   We appreciate that medical devices shall be designed and upgraded to continuously meet physicians' evolving needs to provide more convenient and safer treatment to patients. With this in mind, leveraging our R&D capabilities, we continuously provide new, high-quality products with unique technical features. Our unique product positioning lays the foundation for us to gain market share with our strong academic marketing capability.

The successful commercialization of SilverSnake® product family is a good illustration of the combination of our clinical demand-focused R&D capabilities and strong academic marketing capabilities. We launched SilverSnake® Intracranial Support Catheter in September 2020. As an access product, it was designed for use in mechanical thrombectomy procedures adopting the trans-femoral approach (TFA) in the treatment of a treat acute ischemic stroke (AIS). Leveraging the success of SilverSnake® intracranial support catheter, we launched SilverSnake® Plus Intermediate Catheter in February 2023, which is an upgraded version compatible with both trans-femoral approach and trans-radial approach (TRA). TRA is a well-established approach in interventional cardiology while it has gradually gained attention in the field of neurointervention. It benefits patients with increased surgical safety and reduced recovery time. SilverSnake® Plus Intermediate Catheter is the first NMPA-approved access catheter indicated for the introduction of interventional and diagnostic devices into the vasculature under trans-radial approach. To bring the TRA to more physicians and patients, we started to engage in academic activities related to the TRA. In July 2022, we first summarized and proposed the R-DAS (trans-Radial telescoping catheter technique with a Distal Access catheter and Simmons catheter) approach, which is a further upgraded approach on the basis of TRA. We also provided support to leading physicians and scholars for the publication of *Clinical Consensus of Trans-Radial Approach for the Diagnosis and Treatment of Neuro-Intervention* in October 2022. To provide physicians with hands-on experience and enhance their understanding of the R-DAS approach, we have held onsite meetings and training sessions to provide them with opportunities of simulation operation and operation livestream. The SilverSnake® catheter product family is expected to have a market share of 20% in China based on our estimate.

2. Our high efficiency in R&D and commercialization activities allows us to act proactively in response to changing industry dynamics.

We strive to be a total-solution provider in both neuro- and peripheral-vascular interventional devices markets. We have developed an integrated platform for the discovery, development, manufacture and commercialization of interventional medical devices for neurovascular and peripheral-vascular diseases. With the implementation of policies such as volume-based procurement (VBPs) and diagnostic-related group (DRG) payment, the efficiency to bring products with better clinical performance and consistently high quality to market at relatively attractive prices is one of the key decisive factors to maintain a competitive position in the long run. It calls for not only the efficiency in R&D but also the efficiency in commercialization for a medical device company to thrive.

With our strong R&D capability and integrated technology platforms, we continue to advance our product R&D progress with great efficiency. As at the date of this announcement, we have a total of 28 products approved by the NMPA and eight products with CE Marks, which makes us one of the leading companies with the most comprehensive product portfolios in the vascular interventional medical device industry in China. During the Reporting Period, we obtained NMPA approvals for eight products and completed patient enrollment for the clinical trials of two products. Since June 30, 2023 and up to the date of this announcement, we also obtained NMPA approvals for one product. In the meantime, 11 product candidates are at the clinical stage and 14 product candidates are at the registrational stage as at the date of this announcement.

With our strong commercialization ability to effectively leverage our sales network and resources, we were able to take every opportunity to increase our products' market penetration. When the provincial VBPs in Jiangsu, Fujian and 21-province alliance for neurovascular embolization coils started in 2022, we carefully designed and executed our bidding strategies, and successfully won the first place in each bidding group. As a result, we quickly expanded our hospital access for the products taking advantage of the provincial VBPs, which led to a significant revenue growth in the first half of 2023. We expect to obtain an approximately 10% market share according to our estimate in 2023, despite that our product is the 19th approved neurovascular embolization coil in China.

3. We continued to create new impetus for the growth of our international business.

We continued to expand our presence in the international market by building up our local teams, and we have seen significant revenue growth as our international business expanded. In the first half of 2023, we generated a revenue of RMB6.2 million from outside of the PRC, which represented an increase of 128.7% compared to the first half of 2022. As of June 30, 2023, our products had been commercialized in 19 overseas countries, such as Germany, France, Italy, Poland and Belgium. We developed a new business model different from the traditional distributorship model other than selling our own brand products. Leveraging our manufacturing know-how, we provided OEM services to local brands in some emerging markets, such as India. We have further enhanced our brand awareness in the European market by presenting the high quality of our products and the comprehensive solutions that we offer on several top academic conferences in Europe, such as Live Interventional Neuroradiology, Neurology & Neurosurgery Course Paris 2023 (LINNC PARIS 2023) and Leipzig Interventional Course 2023 (LINC 2023).

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

With continuous dedication to high product quality and manufacturing efficiency, we continue to improve our R&D and manufacturing platforms, such as the balloon forming and manufacturing platform, the braiding and coiling catheter development and manufacturing platform and the stent forming and processing center. Our integrated development and manufacturing process enables smooth collaborations and accelerates the development process during the full product life cycle and therefore helps us improve our quality and cost efficiency. Our current main manufacturing centers are located in Hangzhou and Zhuhai and both are expanding with larger scale, advanced manufacturing capability and efficiency. As a result, over the past two years, we had always maintained a relatively high gross profit margin of over 70%.

Our Products and Product Pipeline

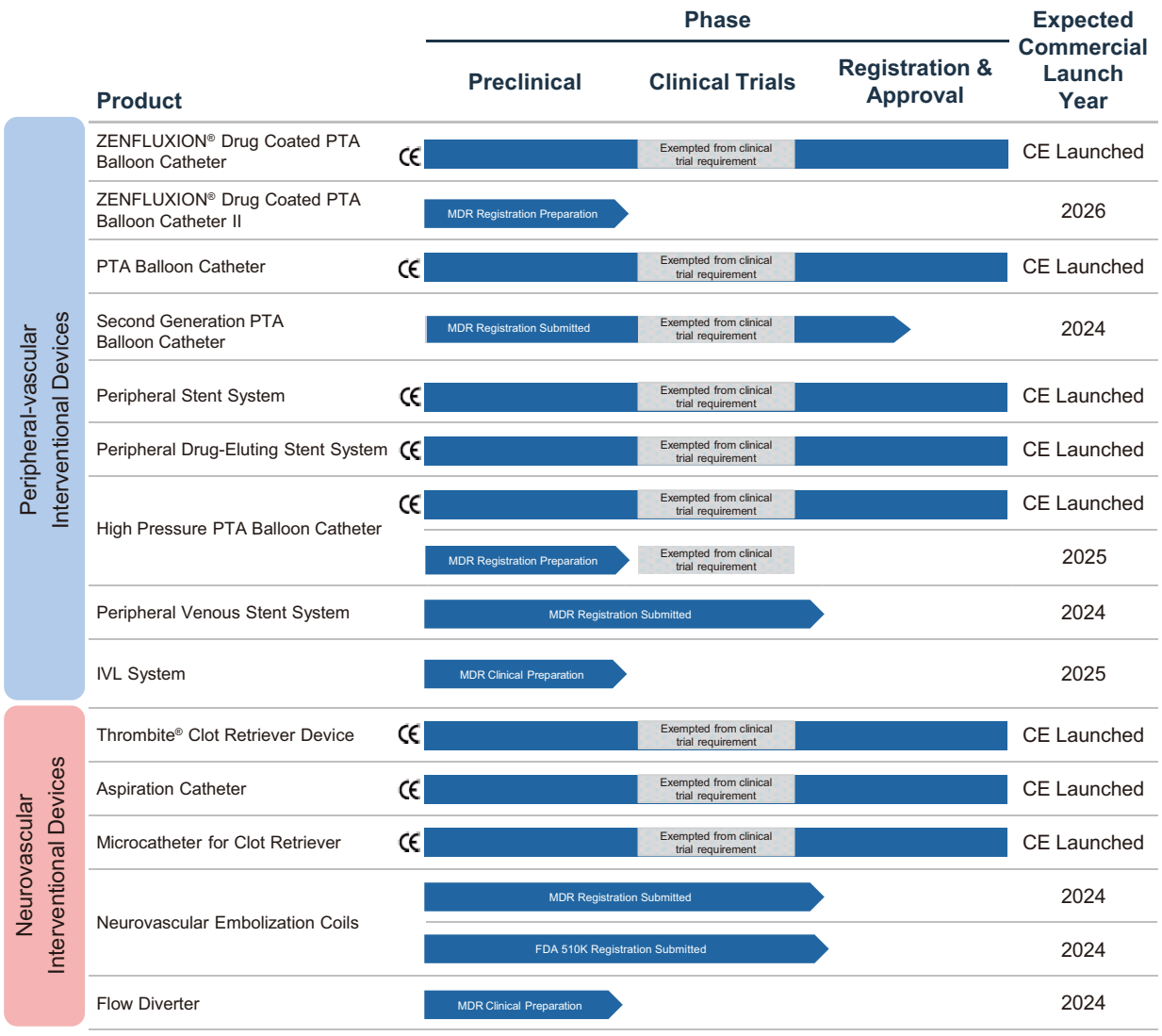
As China's leading interventional medical device company in developing minimally invasive vascular interventional medical devices, we have built a comprehensive product portfolio including neurovascular and peripheral-vascular interventional devices. As at the date of this announcement, we have strategically developed a total of 57 products and product candidates, including 28 products approved in China and eight products approved in Europe.

The following chart sets forth our commercialized products and expected commercial launch year of our product candidates as at the date of this announcement:

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

	Breakdown by Category	Commercially Launched	Expected Commercial Launch Year				
			2023	2024	2025	2026	2027
Neurovascular Interventional	Intracranial Ischemic Stroke	• Thrombite® Clot Retriever Device (Thrombite® CRD) • Balloon Guiding Catheter (BGC) • Aspiration Catheter • Aspiration Pump System	• Clot Retriever Device II				
	Intracranial Stenosis	• Intracranial PTA balloon catheter (Rx) • Microcatheter for Intracranial Stent		• Second Generation Intracranial PTA balloon catheter (Rx) • Intracranial Drug Coated Balloon Catheter	• Intracranial Stent • Drug Coated Self-expandable Intracranial Stent		
	Intracranial Hemorrhagic Stroke	• Neurovascular Embolization Coils • Microcatheter for Coiling	• Mechanical Detachable Coil II • Microcatheter for Flow Diverter	• Flow Diverter	• Self-expandable Intracranial Stent		
	Intracranial Access	• SilverSnake® Intracranial Support Catheter • Microcatheter for Clot Retriever • Distal Access Catheter • SilverSnake® Standard Intracranial Support Catheter • Neurovascular Guidewire • Intermediate Catheter		• Radial Access Catheter • Radial Access Distal Support Catheter			
	Carotid Artery Stenosis	• Carotid Rx PTA Balloon Catheter	• Embolic Protection System	• Carotid Stent			
Peripheral-Vascular Interventional	Arterial	• UltraFree® Drug Coated PTA Balloon Catheter (UltraFree® DCB) • PTA Balloon Catheter • Second Generation PTA Balloon Catheter • Endovascular Snare	• Second Generation UltraFree® Drug Coated PTA Balloon Catheter • Long Tapered PTA Balloon Catheter	• PTA Scoring Balloon Catheter • Multi-spot Stent System	• Peripheral Drug-Eluting Stent System • Drug Coated PTA Balloon Catheter-BTK • IVL System		• Balloon Expandable Covered Stent
	Venous	• Snare Retrieval Kit for IVC Filter • Endovenous Radiofrequency Ablation (RFA) Catheter • Radiofrequency Generator • PTA Balloon Catheter Large Diameter • Infusion Catheter • Retrievable Inferior Vena Cava Filter	• Peripheral Venous Stent System	• Peripheral Thrombectomy System			
	Hemodialysis Access	• High Pressure PTA Balloon Catheter • Second Generation High Pressure PTA Balloon Catheter		• Drug Coated PTA Balloon Catheter-AV Fistula			
	Aortic Intervention					• Thoracic Aorta Stent Graft System	
	Peripheral Embolization Intervention			• Peripheral Detachable Embolization Coils			
	Radiological Intervention	• TIPS Access Set					
Vascular Closure Devices			• Suture-mediated Closure System	• Vascular Closure System			

Product Portfolio for Overseas Market



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

Our Neurovascular Products

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

Intracranial Ischemic Stroke Treatment

In the field of ischemic neurovascular diseases, in particular intracranial ischemic stroke, we have five product offerings, among which we have launched Thrombite® CRD, intracranial support catheter and balloon guiding catheter (BGC) successfully as a complete three-piece solution for physicians. We are actively promoting our BADDASS (i.e. Balloon guide with large bore Distal access catheter with Dual Aspiration with Stent-retriever as Standard approach) with clot-retrieval modality.

Thrombite® Clot Retriever Device (Thrombite® CRD)

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

Clot Retriever Device II (Thrombite® CRD II)

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

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

Intracranial Hemorrhagic Stroke Treatment

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

Neurovascular Embolization Coils

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

Mechanical Detachable Coil II (Second Generation Neurovascular Embolization Coils)

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

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

Flow Diverter

We plan to use Chinese clinical trial data, supplemented by European clinical data, to apply for the CE Mark and support further commercialization of our flow diverter in the European market in the future.

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

Our Peripheral-Vascular Products

With 13 NMPA-approved products and 13 product candidates in China, we have a comprehensive peripheral-vascular interventional product portfolio covering a full spectrum of arterial and venous products including stents, balloons, catheters and filters. We have six products at the clinical trial stage and five products at the registration stage as at the date of this announcement. We expect to have 11 more peripheral-vascular interventional products approved by the NMPA by the end of 2025.

Peripheral Arterial Vascular Diseases Treatment

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

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

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

The indication expansion of UltraFree® DCB includes the following:

- Drug Coated PTA Balloon Catheter — Below the Knee (BTK): We are in the process of patient enrollment.

- Drug Coated PTA Balloon Catheter — AV Fistula: We finished patient follow-up and expect to file for NMPA registration by the end of 2023.

Second Generation UltraFree® DCB

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

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

Balloon Expandable Covered Stent

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

Long Tapered PTA Balloon Catheter

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

Peripheral Venous Vascular Diseases Treatment

Our peripheral venous vascular diseases treatment pipeline includes a total of eight products and product candidates, including our retrievable inferior vena cava filter (ZYLOX Octoplus®) and peripheral venous stent system. We are one of the few domestic companies that can provide a comprehensive product offering for the treatment of the most common venous diseases, such as varicose veins, deep vein thrombosis and iliac compression syndrome.

Endovenous Radiofrequency Ablation (RFA) Catheter

Varicose veins (VV) are known as the most common disorder of the venous system and the prevalence of VV in China was 399.4 million in 2019, which accounted for 28.5% of the total population. It is expected to reach 476.6 million in 2030. The product is innovatively designed as a smaller outer diameter 6F ablation catheter, which can be triggered by a single button during the treatment process with easy operation. The temperature of the catheter rapidly rises to a controllable 120°C within 5 seconds, and an ablation treatment cycle can be completed in 20 seconds. This product was approved by the NMPA in August 2022. We are in the process of accelerating the commercialization of the product in China.

Inferior Vena Cava Filter (ZYLOX Octoplus®)

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

Peripheral Venous Stent System

We have submitted the NMPA registration application and expect to receive the NMPA approval in 2023. We have submitted the CE MDR registration application and expect to launch this product in Europe in 2024.

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

Our Vascular Closure Product

In addition, our product portfolio also includes two vascular closure device candidates. We are the first domestic medical device company to begin developing suture-mediated vascular closure devices.

Suture-Mediated Closure System

Our suture-mediated closure system is used to suture the femoral artery access site after diagnostic or therapeutic interventional procedures and is applicable to procedures with bore sizes ranging between 5F and 29F.

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

II. FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, we achieved a revenue of RMB230.1 million, representing an increase of 50.7% as compared to the first half of 2022. 72.1% of our revenue was derived from the neurovascular interventional products business and 27.9% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was primarily attributable to the high sales growth of both neurovascular and peripheral-vascular segments.

The revenue from sales of neurovascular interventional products for the Reporting Period increased by 48.7% as compared to the first half of 2022, primarily because of (i) the continued revenue growth from our key products, such as SilverSnake® Intracranial Support Catheter, Intracranial PTA balloon catheter (Rx) and Thrombite® Clot Retriever Device (Thrombite® CRD) attributable to increasing quality and clinical performance recognition from physicians and our effort in increasing marketing penetration; and (ii) the increased revenue from the Neurovascular Embolization Coils due to accelerated hospital access through the VBPs of most provinces.

The revenue from sales of peripheral-vascular interventional products for the Reporting Period increased by 55.9% as compared to the first half of 2022 because the sales revenue of our UltraFree® Drug Coated PTA Balloon Catheter (UltraFree® DCB), PTA Balloon Catheter and High Pressure PTA Balloon Catheter grew rapidly because of our continuous efforts in gaining market access, increasing hospital penetration and expanding distribution network. The following table sets forth a breakdown of our revenue by product category:

	Six months ended June 30, 2023 (Unaudited)		Six months ended June 30, 2022 (Unaudited)		Period to period change
Revenue	***RMB'000***	***% of total***	*RMB'000*	*% of total*	
Neurovascular interventional devices	**166,038**	**72.1%**	111,630	73.1%	48.7%
Peripheral-vascular interventional devices	**64,093**	**27.9%**	41,113	26.9%	55.9%
Total	**230,131**	**100.0%**	152,743	100.0%	50.7%

Cost of Sales

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

The Group's cost of sales for the Reporting Period was RMB59.5 million, representing an increase of 59.6% compared to RMB37.3 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) an increase in raw materials and consumables used for sales of our products during the Reporting Period, which was in line with the increased commercialization of our marketed products since June 30, 2022, and (ii) an increase in employee benefits expenses as a result of an increase in the number of our employees for expanded production and operation.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 47.8% from RMB115.5 million for the six months ended June 30, 2022 to RMB170.6 million for the Reporting Period. Our gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased slightly from 75.6% for the six months ended June 30, 2022 to 74.2% for the Reporting Period, mainly due to a small increase in the proportion of revenue contribution by products with slightly decreased profit margins. The profit margins of such products decreased because (i) some products began to be enrolled in the VBP; and (ii) for some other products, we strategically lowered their prices to gain greater market shares in anticipation of the potential VBP.

R&D Expenses

The Group's R&D expenses for the Reporting Period was RMB130.8 million, representing an increase of 39.1% compared to RMB94.0 million for the six months ended June 30, 2022. The increase was primarily attributable to (i) the increased testing, clinical trial and professional services fees from RMB21.7 million for the six months ended June 30, 2022 to RMB49.1 million for the Reporting Period due to advances of the R&D projects; and (ii) the increased number of R&D personnel and thus the increased employee benefits expenses from RMB48.3 million for the six months ended June 30, 2022 to RMB55.6 million for the Reporting Period.

The following table sets forth a breakdown of R&D expenses:

	Six months ended June 30, 2023 (Unaudited) ***RMB'000***	Six months ended June 30, 2022 (Unaudited) *RMB'000*
R&D Expenses		
Employee benefits expenses	**55,641**	48,266
Testing, clinical trial and professional services fees for R&D	**49,146**	21,670
Raw materials and consumables used	**15,731**	19,062
Others	**10,288**	5,041
Total	**130,806**	94,039

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Reporting Period was RMB74.9 million, representing an increase of 40.5% compared to RMB53.3 million for the six months ended June 30, 2022. Such increase was primarily attributable to increased in-person academic marketing activities and traveling and transportation expenses associated with increased sales and promotion activities due to our efforts to increase the hospital penetration of our commercialized products. The selling and distribution expenses as a percentage of overall revenue decreased from 34.9% for the six months ended June 30, 2022 to 32.6% for the Reporting Period. Such decrease was primarily attributable to the increased sales and marketing efficiency due to (i) the increased products launched commercially and the increased number of hospitals penetrated by each product, and (ii) a more extensive sales network and a more experienced sales and marketing team.

Administrative Expenses

The Group's administrative expenses for the Reporting Period was RMB50.4 million, which remained relatively stable compared to RMB49.3 million for the six months ended June 30, 2022. The administrative expenses as a percentage of total revenue decreased significantly to 21.9% from 32.3% for the same period of 2022.

Other Expenses

The Group's other expenses for the Reporting Period was RMB0.6 million, representing an increase of 50.1% compared to RMB0.4 million for the six months ended June 30, 2022.

Other Income

The Group's other income for the Reporting Period was RMB5.2 million, representing an increase of 28.3% compared to RMB4.1 million for the six months ended June 30, 2022, primarily attributable to the increase of government grants.

Other Gains — net

The Group's other gains for the Reporting Period was RMB6.8 million, representing a decrease of 58.2% compared to RMB16.2 million for the six months ended June 30, 2022, primarily due to the a decrease in foreign exchange gains.

Finance Income — net

The Group's finance income — net for the Reporting Period was RMB38.9 million, representing a slight increase of 8.5% from RMB35.9 million for the six months ended June 30, 2022, primarily attributable to an increase in bank interest income in the first half of 2023.

Income Tax Expense

The Group's income tax expense for the Reporting Period was RMB0.3 million, which represented income tax expense resulted from foreign exchange gains. The Group did not incur income tax expense for the six months ended June 30, 2022.

Non-IFRS Measures

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

From time to time in the future, there may be other items that we may exclude in reviewing our financial results. The use of the non-IFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS 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 shows its reconciliation to loss for the periods indicated:

	Six months ended June 30, 2023 *(RMB'000)* (unaudited)	Six months ended June 30, 2022 *(RMB'000)* (unaudited)
Loss for the period	**(35,514)**	(25,504)
Add:		
Share-based compensation[(1)]	**29,992**	34,145
Non-IFRS adjusted net profit/(loss) for the period	**(5,522)**	8,641

Notes:

(1) Share-based compensation is non-operational expenses arising from granting shares through the Employee Incentive Scheme, H Share Scheme and Pre-IPO Share Option Scheme to eligible employees of the Group, the amount of which may not directly correlate with the underlying performance of our business operations.

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents as at June 30, 2023 were RMB1,306.9 million, representing a increase of 8.4% compared to RMB1,205.3 million as at December 31, 2022. The cash and cash equivalents were denominated in RMB, US dollars, Hong Kong dollars and Euro. Term deposits as at June 30, 2023 were RMB1,133.6 million as compared to RMB1,334.2 million as at December 31, 2022. Financial assets measured at fair value were RMB153.4 million as at June 30, 2023 as compared to RMB153.6 million as at December 31, 2022. The management is confident that the Group's financial resources are sufficient for our daily operations. The total available financial resources, including cash and cash equivalents, term deposits and financial assets measured at fair value decreased slightly from RMB2,693.1 million as at December 31, 2022 to RMB2,593.8 million as at June 30, 2023.

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

Borrowings and Gearing Ratio

The Group's borrowings as at June 30, 2023 was RMB9.0 million, and as at December 31, 2022, the Group did not have any borrowings.

On June 30, 2023, the Group entered into a loan agreement with a total amount of RMB39.0 million, of which RMB9.0 million had been drawn down as at the date of this announcement with a maturity of 12 months and at a fixed interest rate of 3.05% per annum. Certain self-developed patents of the Group have been pledged as collateral under this loan agreement.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2023 was 0.63%, representing an increase of 39.7% compared to 0.45% as at December 31, 2022.

Net Current Assets

The Group's net current assets as at June 30, 2023 were RMB1,696.1 million, representing a decrease of 11.2% compared to net current assets of RMB1,910.5 million as at December 31, 2022.

Foreign Exchange Exposure

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

Pledge of Shares

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

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2023, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the six months ended June 30, 2023, the Group's total capital expenditure amounted to approximately RMB114.5 million, which was mainly used in the purchase of property, plant and equipment and intangible assets.

Charge on Assets

As at June 30, 2023, there was no charge on assets of the Group.

Contingent Liabilities

As at June 30, 2023, we did not have any contingent liabilities.

Employees and Remuneration Policies

As at June 30, 2023, we had 707 employees in total (June 30, 2022: 594).

In compliance with the applicable labor laws, we enter into individual employment contracts with our employees covering matters such as wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. These employment contracts typically have terms of three years.

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

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans. As at June 30, 2023, the capital commitments of the Group for property, plant and equipment and investment in venture fund were RMB11.11 million and RMB9.76 million respectively. Save as disclosed, the Group has no other future commitment for material investments or capital assets as at June 30, 2023.

III. PROSPECTS

We plan to implement the following strategies to achieve our mission and vision:

- **Constantly expand our product offering and accelerate innovation given the clinical needs**

  With a comprehensive portfolio of 57 products and product candidates, we have been expanding our diversified product portfolio and increasing capital deployment efficiency. Leveraging our internal R&D capabilities, we aim to respond quickly to the evolving clinical needs and to develop innovative products with better clinical performance.

- **Continue to leverage differentiated product positioning and commercialization capabilities to gain market share**

  As we strive to launch products with differentiated technical features and product performance, we expect to increase our market share in the neurovascular and peripheral-vascular interventional devices industry with innovative products through professional academic promotions.

- **Continue to invest in the international markets**

  In overseas markets, we have made progress in both commercialization and R&D, and we plan to continue the efforts. We are also in the process of establishing a European warehousing and logistics center to improve the efficiency of logistics and distribution in the local market. We will further strengthen partnerships with local physicians and distributors and explore the business cooperation model.

- **Continue to improve our operational efficiency**

  Changing industry dynamics, such as the implementations of VBPs and the reimbursement under DRGs, have posed new challenges to medical device companies. We will continue to leverage our in-house R&D technology platforms, the manufacturing expertise and know-how combined with advanced technologies, and the sales and marketing efficiency to facilitate continuous innovation and accelerate commercialization and ultimately improve overall profitability.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

None of the members of the Group has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as its own code of corporate governance practices. The Board is of the view that during the Reporting Period, the Company has applied the principles of good corporate governance and complied with all the applicable code provisions set out in Part 2 of the CG Code, save for the deviation for reasons set out below.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Up to the date of this announcement, the roles of chairman and chief executive officer were performed by Dr. Jonathon Zhong Zhao, which may be inconsistent with code provision C.2.1. Nevertheless, the Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing another individual as the chief executive officer when it thinks appropriate.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

EVENTS AFTER THE REPORTING PERIOD

The Company is not aware of any material subsequent events from June 30, 2023 to the date of this announcement.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Ms. Yun Qiu, Mr. Hongze Liang and Dr. Jian Ji. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2023 with the management and the auditor of the Company.

The independent auditor of the Company, namely PricewaterhouseCoopers, have carried out a review of the interim financial information in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

INTERIM DIVIDEND

The Board does not recommend the distribution of any interim dividend for the Reporting Period.

PUBLICATION OF INTERIM RESULTS AND 2023 INTERIM REPORT

This announcement is published on the websites of the Company (http://www.zyloxtb.com) and the Stock Exchange (http://www.hkexnews.hk). The 2023 interim report will be dispatched to the Shareholders and will be made available on the websites of the Company and the Stock Exchange as and when appropriate.

DEFINITIONS

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

"Company"	Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a limited liability company incorporated in the PRC on November 6, 2012 and converted into a joint stock limited liability company incorporated in the PRC on March 2, 2021, whose predecessor was Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) and the H Shares of which are listed on the Stock Exchange (stock code: 2190)
"Core Products"	Thrombite® CRD and UltraFree® DCB, the designated "core products" as defined under Chapter 18A of the Listing Rules
"CRD"	clot retriever device, a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke
"DCB"	drug-coated balloon, being angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent
"Director(s)"	the director(s) of the Company or any one of them
"Domestic Share(s)"	the ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi and are unlisted shares which are held by domestic investors and currently not listed or traded in any stock exchange
"DRG"	diagnosis-related group, a case-mix system to categorize patients with similar clinical diagnoses in order to better control hospital costs and determine payor reimbursement rates
"DVT"	deep vain thrombosis, which occurs when a blood clot forms in one or more of the deep veins in the body, usually in the leg

"Employee Incentive Platforms"	Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)) and Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業 (有限合夥))
"EVT"	endovascular treatment, a treatment for patients with acute ischemic strokes that removes large stroke-causing clots from the brain
"Global Offering"	the Hong Kong Public Offering and the International Offering (each as defined in the Prospectus)
"Group", "we", "us" or "our"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign shares in the share capital of the Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"H Share Scheme"	the 2021 H Share award and trust scheme adopted by the Company on September 23, 2021
"HKD" or "HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"ischemic stroke"	a stroke caused by a blockage in an artery that supplies blood to the brain
"IVC"	inferior vena cava, a large vein that carries the deoxygenated blood from the lower and middle body into the right atrium of the heart

"IVCS"	iliac vein compression syndrome, a syndrome in which the iliac vein is compressed by the iliac artery that spans from its front, resulting in changes such as intraluminal adhesion, luminal stenosis, or occlusion of the vein, which in turn causes obstruction of the iliac vein flow, producing a range of clinical symptoms
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on July 5, 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Main Board"	the main board of the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"non-inferiority clinical trial"	a clinical trial that tests whether a new treatment is not worse than an active treatment it is being compared to
"OEM"	original equipment manufacturer, a company that manufactures parts or products that are intended to be incorporated into end products of other companies
"PE"	pulmonary embolism, a blockage in one of the pulmonary arteries in the lungs. Caused by blood clots that travel to the lungs from deep veins in the legs or, rarely, from veins in other parts of the body
"PRC" or "China"	the People's Republic of China
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme of our Company approved and adopted by the Board on January 18, 2021, as amended from time to time

"Prospectus"	the prospectus issued by the Company dated June 22, 2021
"PTA"	percutaneous transluminal angioplasty, a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2023
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary shares in the capital of the Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of the Shares
"Single Largest Group of Shareholders"	refers to Dr. Jonathon Zhong Zhao (趙中), Dr. Shengping Sam Zhong (鍾生平), Dr. Zheng Li (李崢), Ms. Na Wei (衛娜), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), WEA Enterprises, LLC and Huzhou Yuyihui Investment Partnership (Limited Partnership) (湖州語意慧投資合夥企業(有限合夥) (formerly known as Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)))
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the supervisory committee of the Company
"TRA"	trans-radial approach, a minimally invasive approach that allows a catheter to enter the body via the radial artery in the wrist

"USD"	United States dollars, the lawful currency of the United States
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"vascular intima"	the inner layer of the blood vessel that is in contact with blood flow
"VBP"	volume-based procurement, a program that enables local governments to procure medical devices in high volume and at low cost, thereby driving down medical expenses for patients
"VCD"	vascular closure device, a medical device used to achieve hemostasis of the small hole in the artery after a cardiovascular procedure of endovascular surgery requiring a catheterization
"%"	percent

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

Hong Kong, August 23, 2023

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