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 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2023	2022	**Change**
	RMB'000	*RMB'000*	***%***
Revenue	**665,624**	547,350	21.6%
Gross profit	**511,791**	393,000	30.2%
Net profit/(loss)	**134,581**	(24,678)	N/A
Earnings/(loss) per share	**0.25**	(0.04)	N/A
Non-HKFRS adjusted net profit for the year ("**adjusted net profit**")	**195,438**	130,696	49.5%

For the year ended 31 December 2023 (the "**FY2023**" or "**Reporting Period**"), the Group recorded a revenue of RMB665.6 million, representing an increase of 21.6% from RMB547.4 million for the year ended 31 December 2022 ("**FY2022**" or "**Previous Year**").

In FY2023, the Group recorded net profit of RMB134.6 million, representing a turnaround and strong growth in net profit as compared to FY2022.

In FY2023, the Group recorded a non-HKFRS adjusted net profit of RMB195.4 million, representing an increase of 49.5% from RMB130.7 million in FY2022.

Benefiting from the above-mentioned increases in revenue and earnings, the Board has resolved to recommend the payment of a final dividend of HK$0.11 per ordinary share for FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

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

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

Thanks to the development of neuroimaging, neuro-interventional therapy is gradually replacing the traditional surgical craniotomy and conventional drug therapy with its safe, effective and minimal invasive characteristics, and has become an important treatment for stroke. However, 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 lower-tier cities and counties. In recent years, relevant policies have been successively issued to encourage and support the development of the interventional neurology industry in terms of the diagnosis, treatment and prevention of stroke, medical device innovation and technical specifications, and supervision of medical devices, etc. According to Frost & Sullivan, the market size of China's neuro-interventional medical devices was RMB8.16 billion in 2023, and it is expected to reach RMB20.26 billion in 2028, with huge growth potential.

As an important aspect of "Healthy China Initiative" (健康中國建設), China has been gradually establishing and improving the prevention, diagnosis and treatment policy for stroke. In 2021, multiple departments including the NMPA jointly formulated the Comprehensive Plan for Strengthening Stroke Prevention and Treatment Work to Reduce Millions of New Disabilities (《加強腦卒中防治工作減少百萬新發殘疾工程綜合方案》), which proposes the overall goal of further improving the prevention and treatment effect of stroke and reducing the incidence rate and disability rate, and clarifies the phased goals to be achieved by 2022, 2025, and 2030, including the goals for the awareness rates of hypertension among residents, the development of intravenous thrombolysis and thrombectomy techniques, etc. Meanwhile, the "Identification and Hierarchical Diagnosis and Treatment Action for the Stroke in China's Thousands of Counties and Ten Thousands of Towns (中國千縣萬鎮卒中識別與分級診療行動)" has been expedited to implement the Green Channel for stroke treatment, and establish and improve the hierarchical diagnosis and treatment system for stroke. According to the Stroke Prevention Project of National Health Commission ("**HNC**") of the PRC, as of mid-March 2024, an aggregate of over 1,980 stroke centers have been established in the country, including over 620 stroke centers in tertiary hospitals and over 1,360 in secondary hospitals. With the rapid growth of the number of stroke centers and the continuous improvement of the first aid treatment map for stroke, the capacity and the coverage of diagnosis and treatment of primary care have been further improved.

In addition, the Reform of the Medical and Health Care System in the PRC continues to be deepened. In March 2023, the NHSA has issued the Notice on Pharmaceutical Centralized Procurement and Price Management in 2023 (《關於做好2023年醫藥集中採購和價格管理工作的通知》), which proposes to conduct a new batch of national organized procurement of high-value medical consumables based on the principle of "one product, one tactic", establishing the underlying principle for centralized procurement of drugs and medical consumables. In June 2023, Beijing issued the Management Plan on the Linage of DRG Payment and Volume-based Procurement in Medical Institutions (《醫療機構DRG付費和帶量採購聯動管理方案》), aiming to correlate DRG payment with volume-based procurement (VBP) to bring the winning price of VBP into the consideration of

DRG weights. This policy will motivate medical institutions to further optimize cost and resource management and is of considerable referential importance in the form and direction of future centralized VBPs. In July 2023, six departments including the National Health Commission have jointly issued the Key Tasks for Deepening the Reform of the Medical and Health System in the Second Half of 2023 (《深化醫藥衛生體制改革2023年下半年重點工作任務》), which clarifies the development priorities for deepening the medical reform in the next stage: from the perspective of medical insurance coverage, treatment and surgical projects with clear clinical efficacy and significant technical value will be prioritized to be included into the adjustment scope; from the perspective of payment mode, while adjusting the payment structure through the centralized VBPs of drugs and medical devices as well as the innovative medical insurance negotiations, no less than 70% of the coordinated regions are required to carry out DRG/DIP reform by the end of 2023. Under the reform of diversified and composite medical insurance payment methods, medical devices with clear clinical value and rigid treatment demand are expected to usher in a rapid growth, while auxiliary attributes and non-essential varieties are showing a weakening trend. This will bring a more profound impact on the structure of clinical medical products in a longer term.

Company's Business

As a pioneer and the largest Chinese company in the neuro-interventional medical device industry in China, the Group is committed to providing innovative and accessible solutions for cerebrovascular diseases to patients and physicians around the world. The Group has a comprehensive portfolio of commercialized products covering three major areas of cerebrovascular diseases, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. According to Frost & Sullivan, the Group's market share in China's neuro-interventional medical device market jumped to the fourth place in terms of the sales in 2023 while ranking the first among all the domestic brands for many years.

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

Business Review

In 2023, by expanding distribution channels in lower-tier market, actively responding to changes in the external policy environment, and accelerating global footprint expansion, the Group has achieved a rapid growth in the operating performance with the profitability greatly improved. In FY2023, the Group achieved the revenue of RMB665.6 million, representing an increase of 21.6% over the Previous Year. During the Reporting Period, the Group's net profit for the year was RMB134.6 million, turning losses into profits and achieving strong growth as compared to the Previous Year, and the non-HKFRS adjusted net profit reached RMB195.4 million, with an increase of 49.5% over the Previous Year.

Commercialization Capabilities

The Group has built a promotion team for medical solutions with members who are professionally qualified and experienced. The team continues to promote innovative neuro-interventional treatment concepts to the market and provides patients and physicians with an integrated solution to treat cerebrovascular diseases. These are accomplished through the means of 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, which strengthen our leading position as a domestic brand.

As at the end of 2023, our promotion team for medical solutions consisted of 85 employees with an average industry experience of over 12 years. In addition, the Group has established cooperative relationships with 400 distributors and sub-distributors, and the distribution channels have covered 31 provinces, municipalities and autonomous regions across the country. The Group's products have been clinically used in more than 3,000 hospitals nationwide, covering more than 1,550 tertiary hospitals and all of the top 100 hospitals among all the National Stroke Centers in China (中國國家卒中中心), cumulatively supporting approximately 167,000 neuro-interventional procedures.

In 2023, benefiting from the comprehensive and complete product matrix and the long-term accumulation of practitioner recognition, the Group's products have newly been applied in more than 400 hospitals, of which approximately 200 were county hospitals, gradually consolidating the grassroots market. In the meantime, the VBP projects of coils have been implemented gradually in various provinces, and Henan Province has also launched the VBP of neuro-interventional medical consumables among public medical institutions. The related products of the Group have benefited from winning the VBP bids, with hospital admission and clinical promotion ushering in a breakthrough.

In the field of hemorrhagic stroke products, Tubridge® Flow-diverting Stent, the Group's market-share leading product, accelerated the development of new markets with the focus on developing the second-tier and grassroots hospitals. During the Reporting Period, Tubridge®

Flow-diverting Stent was newly admitted into approximately 250 hospitals, covering more than 1,000 hospitals in total, which had also led to a rapid increase in the combinatorial usage of Fastrack® Microcatheter System ("**Fastrack® Microcatheter**"). NUMEN® Coil took the opportunity of winning the VBP bids to significantly increase market share and hospital penetration. During the Reporting Period, the product newly entered more than 350 hospitals and had achieved clinical applications in an accumulated number of more than 900 hospitals. WILLIS® Intracranial Stent Graft ("**WILLIS® Stent Graft**"), as the world's first and only approved intracranial stent graft, not only has excellent clinical effects in the treatment of complex cranial vascular diseases, but has also won a wide recognition by clinical experts with its continuously expansion of advantages in indications such as vascular rupture in nasopharyngeal carcinoma surgery and cervical dissection aneurysm.

In the field of cerebral atherosclerotic stenosis treatment products, the innovative product Bridge® Vertebral Artery DES has shown differentiated characteristics such as grooved drug loading design and low long-term restenosis rate, which leads to enhanced recognition of the drug-loaded stent treatment concept by the surgeons. In 2023, Bridge® Vertebral Artery DES newly entered approximately 500 hospitals, covering more than 1,000 hospitals in total. It had also won the exclusive bid in Henan Province's VBP, with the clinical usage increasing by more than double over the Previous Year. In addition, APOLLO™ Intracranial Stent System ("**APOLLO™ Intracranial Stent**") continued to accelerate hospital admission and established the presence in approximately 300 new hospitals during the Reporting Period, covering more than 2,100 hospitals in total. Diveer® Balloon Catheter has continued to accelerate the market introduction with its advantages of ultra-soft head end, ultra-low outside diameter, and easier passage through highly narrow lesions since its launch in 2022. As of the end of the Reporting Period, Diveer® Balloon Catheter has been listed on the procurement platforms of 31 provinces nationwide and entered more than 200 hospitals in total, further improving the Group's product portfolio in the treatment of atherosclerotic stenosis.

In the field of acute ischemic stroke treatment products and access products, as of the end of the Reporting Period, Neurohawk® Thrombectomy Device and X-track® Distal Catheter, which were launched in 2022, both had been listed on the procurement platforms of 30 provinces, and had entered over 240 and 180 hospitals respectively. As a key accessory in aneurysm treatment surgery, driven by the sales volume of related therapeutic products of the Group, U-track® Support Catheter has further leveraged its competitive advantages such as the high clinical adaptability and the complete channel integration, and had realized the year-on-year increase of approximately 120% in terms of clinical usage during the Reporting Period, continuously bringing new momentum to the revenue growth.

As for the grassroots market, the Group actively responded to the national call for establishing primary stroke centers through the Eagle & Swallows (神雕飛燕) program. The Group has been providing the clinical training, follow-up consulting and routine guidance to physicians in hospitals in lower-tier cities and counties, thereby helping grassroots hospitals to improve their stroke treatment ability. In 2023, Eagle & Swallows team established the

presence in approximately 200 new grassroots hospitals, with a total coverage of more than 800 hospitals in 250 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 build a platform for technical communication among grassroots clinicians, allowing more local patients with cerebrovascular diseases to benefit from the initiatives. As of the end of the Reporting Period, the Group had provided technical trainings for the Brain Power program to 130 surgeons.

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

International Business

In FY2023, the Group achieved a breakthrough in its international business with the overseas revenue of RMB31.7 million, representing an increase of 44.6% over the Previous Year. Among them, the Group's revenue increased exponentially in the Asia Pacific ("**APAC**"), Europe, the Middle East and Africa ("**EMEA**") and Latin America ("**LATAM**").

As of the end of 2023, the Group's products have been commercialized in a total of 17 overseas countries, including South Korea, the United States, Brazil, Poland, Spain, Portugal, Chile, Ireland, the United Kingdom, Croatia, Greece, Argentina, Japan, Germany, Italy, Belgium and Saudi Arabia, covering 8 of the top 10 countries worldwide in terms of the number of neuro-interventional procedures. In Japan, the commercialization of NUMEN® Coils has progressed rapidly since its inclusion into medical insurance in October 2023 and the completion of the first batch of implantation. By the end of 2023, it has entered more than 90 local hospitals. In Ireland and the United Kingdom, the Group has successfully implemented a direct sales model, which has significantly improved the operational efficiency while better adapting to local market demand and marketing habits, adding new impetus to the growth of overseas business. In France, the Micro Frame and Micro Fill series of NUMEN® Coils have entered the national medical insurance reimbursement list.

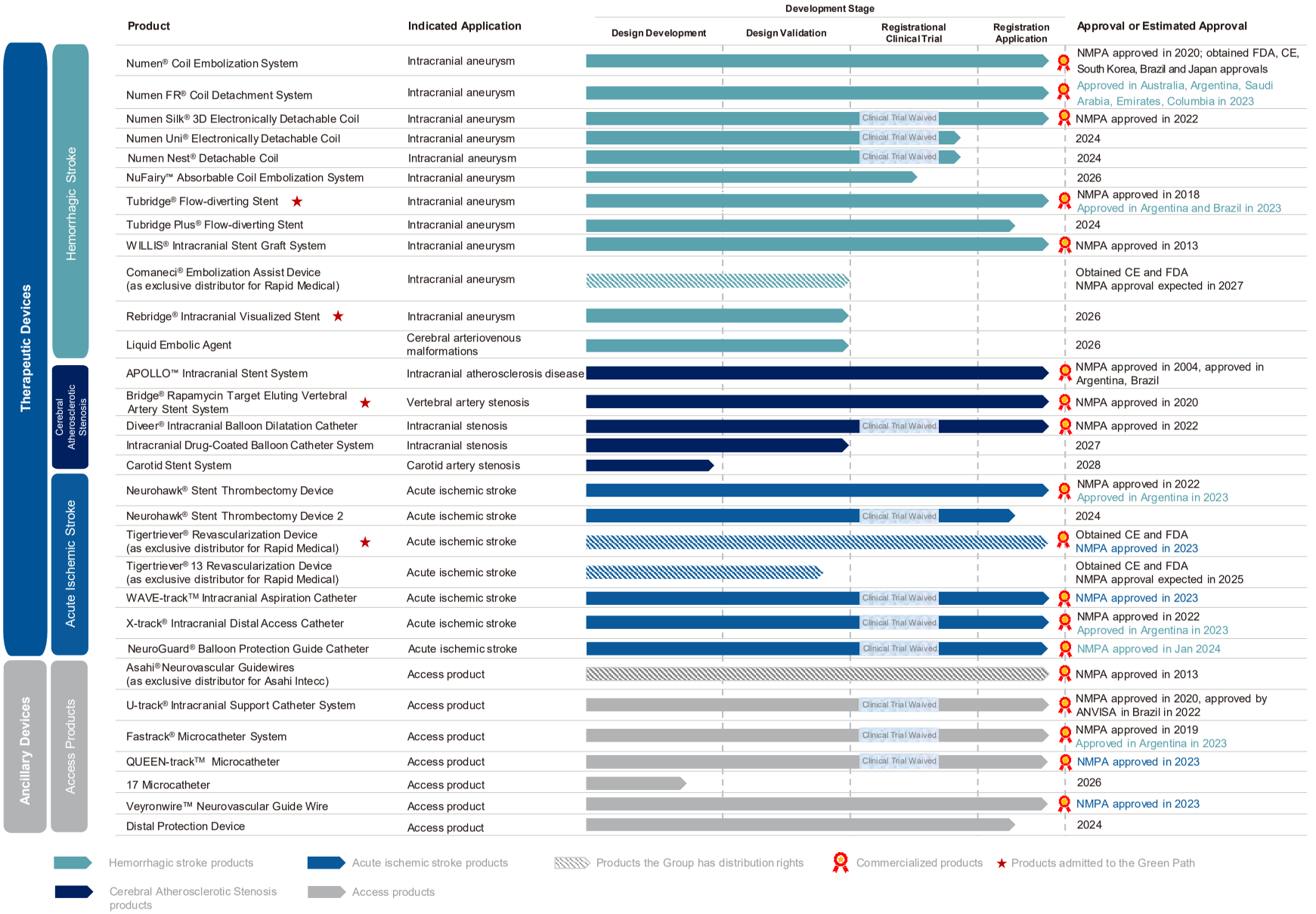
In terms of product admission and market promotion, multiple innovative products of the Group continued to debut in the international market. In 2023, NUMEN® Coils were approved successively for commercialization in Australia, Saudi Arabia, Colombia, Argentina and the UAE, and Tubridge® Flow-diverting Stent was approved for marketing in Argentina and Brazil. In addition, X-track® Distal Catheter, Fastrack® Microcatheter and Neurohawk® Thrombectomy Device were also approved for marketing in Argentina. In 2023, the Group carried out a total of 18 overseas surgical training and academic exchange activities. At the World Live Neurovascular Conference (WLNC), a complex case of NUMEN® Coils for treatment of aneurysm was lively streamed and attracted many top neurointerventional specialists in the world.

Product Pipeline

Since the marketing approval of the first product in 2004, leveraging its excellent R&D capability and efficient physician-engineer collaboration (醫工結合) model, the Group has built up a diversified portfolio of neuro-interventional products. As of the date of this announcement, the Group had a total of 18 products that have been approved and commercialized in China, and 12 pipeline products at different development phases. Among them, four products have been approved by the NMPA to be admitted to the Green Path, ranking first among Chinese neuro-interventional medical device companies.

From the beginning of 2023 and up to the date of this announcement, the Group's R&D projects have achieved fruitful results. Five products, including Tigertriever® Revascularization Device ("**Tigertriever® Revascularization Device**"), WAVE-track™ Intracranial Aspiration Catheter ("**WAVE-track™ Aspiration Catheter**"), QUEEN-track™ Microcatheter, Veyronwire™ Neurovascular Guide Wire and NeuroGuard® Neurovascular Balloon Guide Catheter ("**Neurovascular Balloon Guide Catheter**"), have been successfully approved by the NMPA for marketing; the registration applications of Neurohawk® Stent Thrombectomy Device 2 and Distal Protection Device have been submitted to the NMPA for approval. In addition, several clinical projects of Tubridge® Flow-diverting Stent have made significant progress: the PARAT MINI clinical study for the treatment of wide-neck, small and medium-sized aneurysms has completed all the patient enrollment; the pre-marketing clinical study of the new generation of Tubridge Plus® Flow-diverting Stent with full visualization has also completed all the patient enrollment, and the application was submitted to the NMPA for registration in August 2023.

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



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 11 products for the treatment of hemorrhagic stroke, of which five products have been approved for commercialisation, including embolization coils, flow-diverting stents and stent grafts, covering key therapeutic areas of hemorrhagic stroke. According to Frost & Sullivan, the market share of the Group's Tubridge® Flow-diverting Stent ranked the first among domestic brands in terms of the implantation volume in 2023. In addition, since its launch to market in 2021, the market share of the Group's coil products in China has rapidly climbed to the top five in terms of the implantation volume in 2023.

In FY2023, the Group recorded the revenue of hemorrhagic stroke products of RMB425.3 million, representing an increase of 42.0% over the Previous Year, which was mainly due to the significant increase in the clinical use of Tubridge® Flow-diverting Stent and the increase in the global sales revenue of NUMEN® Coil.

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, Japan, Argentina, Australia, Saudi Arabia, Colombia and the UAE, and has been commercialised in 17 overseas countries or regions, including South Korea, the United States, Brazil, Poland, Spain, Portugal, Chile, Ireland, United Kingdom, Croatia, Greece, Argentina, Japan, Germany, Italy, Belgium, and Saudi Arabia, receiving high praise from local clinicians. NUMEN® coil permits stable framing, smooth filling and finishing, with superb conformability to shapes of aneurysms. Its three models, MicroFrame, MicroFill and MicroFinish, have a total of 177 specifications, providing physicians with a full range of aneurysms embolization options. In June 2023, the research results of NUMEN® Coil applied to aneurysms less than 5mm were officially published in the journal "BMC Surgery", further demonstrating its safety and effectiveness of application to aneurysms less than 5mm as well as its world-leading clinical efficacy.

NUMEN Silk® 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.

*Tubridge® Flow-diverting Stent and Tubridge Plus® Flow-diverting Stent ("**Tubridge Plus® Flowdiverting Stent**")*

Tubridge® flow-diverting stent was the first neuro-interventional medical device that entered the Green Path, and was also the first Chinese-developed flowdiverting 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 recognised by surgeons in the industry by virtue of its excellent clinical effects. In 2023, the product was listed in the 2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue (《2022年度上海市生物醫藥"新優藥械"產品目錄》) and passed the "Shanghai Brand" certification. In January 2024, the overseas Tubridge® flow-diverting stent successfully in Argentina, opening up a new situation for its expansion into overseas markets.

During the Reporting Period, the PARAT MINI clinical study of Tubridge® Flow-diverting Stent in the treatment of small and medium-sized and intracranial wide-neck aneurysms completed the enrollment of all cases, in order to expand the indications of this product in the treatment of small and medium-sized aneurysms.

Its new-generation product, Tubridge Plus® Flow-diverting Stent, which aims to improve the smoothness in delivery and stent visibility under angiography, could facilitate the accurate placement of the stent and enhance the safety of procedures. During the Reporting Period, the PARAT PLUS study of the pre-marketing clinical trial for Tubridge® Flow-diverting Stent has completed the enrollment of all cases, and was submitted to the NMPA for registration in August 2023.

The two clinical studies above provided a number of evidence-based medical evidences for Tubridge® series flow-diverting stent in the treatment of large and giant aneurysms, medium and small aneurysms, and real-world applications. In February 2024, the research results of Tubridge® Flow-diverting Stent applied to intracranial aneurysms were officially published in the journal "Clinical Neuroradiology", fully demonstrating its safety and effectiveness in treating intracranial aneurysms as well as its world-leading clinical efficacy.

WILLIS® Stent Graft

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

Comaneci® Assist Device

Comaneci® Assist Device is a temporary coil embolization assisting stent developed by Rapid Medical. It has received CE Marking in 2014 and FDA approval in 2019. It also has 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. The Group is the exclusive distributor in Greater China for Comaneci® assist device.

*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.

Intracranial Atherosclerotic Stenosis Products

The Group has a comprehensive product portfolio in the field of treatment of 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 market shares of the Group's APOLLO™ Intracranial Stent and *Bridge® Vertebral Artery DES* ranked the first (approximately 60%) and the second (approximately 50%) in the intracranial stenosis treatment field and vertebral artery stenosis treatment field in China respectively in terms of the implantation volume in 2023.

In FY2023, the Group recorded the revenue for cerebral atherosclerotic stenosis products of RMB153.5 million, representing an increase of 3.2% over the Previous Year. The increase was mainly due to the acceleration of marketing of Bridge® vertebral artery stents.

APOLLO™ Intracranial Stent

APOLLO™ Intracranial Stent is a balloon-expandable stent system, and was approved by the NMPA in 2004. It is the first stent system in the world to treat intracranial atherosclerotic disease (ICAD) and has been approved for marketing in Argentina in 2015. According to Frost & Sullivan, the market share of APOLLO™ Intracranial Stent ranked the first (approximately 60%) in China in terms of the implantation volume in 2023, fully demonstrating its excellent safety and efficacy.

Bridge® Vertebral Artery DES

Bridge® Vertebral Artery DES is the first approved vertebral artery DES admitted to the Green Path. According to Frost & Sullivan, the market share of Bridge® Vertebral Artery DES ranked the second (approximately 50%) in China in terms of implantation volume. Bridge® Vertebral Artery DES has been designed with single-sided grooved drug-coated stent, and the drug is accurately targeted to release, which can effectively reduce the incidence of in-stent stenosis and avoid the negative impact of drugs on the endothelialization of the stent. The results of pre-marketing clinical trials of the product showed that the success rate of Bridge® Vertebral Artery DES implantation was 98%, and the incidence of in-stent restenosis (≥50%) at 6 months after operation was only 3.7%, which fully proved its clinical safety and effectiveness. In 2023, the product was listed in the 2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue (《2022年度上海市生物醫藥"新優藥械"產品目錄》).

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 five commercialized products and two products under research and development, covering stent thrombectomy devices and aspiration thrombectomy devices. According to Frost & Sullivan, the Company is the only Chinese company with stent thrombectomy devices compatible with different sizes of blood vessels.

In FY2023, the Group recorded the revenue of acute ischemic stroke products of RMB25.7 million, representing an increase of 394.2% over the Previous Year, mainly due to the revenue growth contributed by Neurohawk® Thrombectomy Device and X-track® Distal Access Catheter, which were launched in 2022.

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.

X-track® Distal Access Catheter

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

Tigertriever® Revascularization Stent

Tigertriever® revascularization stent is the world's first adjustable stent retriever with full visualization, indicated for procedures performed in blood vessels of varying diameters. The product obtained CE Marking in the European Union in May 2018 and FDA approval in the United States in March 2021. We were engaged by Rapid Medical as the exclusive distributor in Greater China for Tigertriever® revascularization stent, Tigertriever® 13 stent and all iterations of Tigertriever®. Tigertriever® revascularization stent was admitted to the NMPA's Green Path in May 2020 and was approved by the NMPA in August 2023. 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.

WAVE-track™ Aspiration Catheter

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

Neurovascular Balloon Guide Catheter

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

Access Products

The Group has a product portfolio of seven auxiliary access devices, among which five have been commercialized, including Asahi® Neurovascular Guidewires ("**Asahi® Guidewires**"), U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**"), Fastrack® Microcatheter System, QUEEN-track™ Microcatheter and Veyronwire™ Guide Wire. The products under research and development include various models of microcatheter products and distal protection device products.

In FY2023, the Group recorded the revenue of access products of approximately RMB59.2 million, representing a decrease of 35.9% over the Previous Year, which was primarily because the Group proactively reduced the proportion of agency products in its sales portfolio for operational considerations.

Fastrack® Microcatheter

Fastrack® microcatheter is currently the only microcatheter system with a lumen of 0.029 in China. Its unique large lumen can provide the simplicity of instrument delivery and recovery. The product is designed to reach farther lesions in neurovascular surgery and support the precise delivery of intracranial interventional devices. The product was approved by the NMPA in July 2019.

U-track® Support Catheter

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

QUEEN-track™ Microcatheter

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

Asahi® Guidewires

Asahi® Guidewires are one of the global leading neurovascular guidewires. It features a unique multistranded coil design at the tip, 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.

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-forming technology. We have also established a core R&D team with significant technical expertise in these fields. As of the end of the Reporting Period, the Group had an R&D team of 150 personnel, over 50% of which have doctor's or master's degrees.

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

Intellectual Property Rights

The Group insists on R&D and innovation with independent intellectual property rights. As of the end of 2023, the Group had 201 authorized patents, including 46 overseas patents. A total of 18 authorized patents were newly granted during the Reporting Period, including 4 overseas patents. In addition, the Group has 303 patents under application. According to the branding, marketing and compliance protection strategies, we have actively managed the domestic and foreign trademark portfolio with 180 registered trademarks and completed 4 new trademark applications during the Reporting Period.

Quality Management and Manufacturing

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

The Group summed up the "Practical Experience on the 'One Core and Three Links (一核三環)' Quality and Health Management Model" in the long-term exploration and practice based on the comprehensive quality management, and was awarded with the honorary title of "Shanghai Quality Benchmark" in July 2023 by virtue of this project. Through the implementation of the "'One Core and Three Links' Quality and Health Management Model", the Group has formed a relatively complete management model in terms of improving product quality, reducing quality costs and improving system operation capabilities, which is conducive to establishing clearer quality evaluation standards, formulating clearer quality management strategies, and promoting our high-quality development.

In 2023, the Group completed over 60 supply chain improvement and upgrading projects in total, achieving a significant decrease in production costs, and further improved the stability of the supply chain. As of the end of the Reporting Period, the localization rate of raw materials for our products had reached over 90%, of which the localization rate of key materials exceeded 85%. At the same time, we had established an advanced quality management system, continuously strengthened the construction of the lean system, steadily improved the production yield and the production efficiency, and realized the cost reduction and consumption control.

Human Resources

After a decade of development, the Group has built the largest neuro-interventional industrialization team in China, with a full-cycle operational capabilities in the neuro-interventional medical device industry covering R&D, clinical trials and registration, supply chain management and commercialization. As of the end of 2023, the Group had a total of 571 employees, over 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 advantage and scaling advantage and implement active business strategies, including but not limited to the following:

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

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

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

   We will continue to optimize our operating system and quality control system in an all-round way, upgrade our manufacturing technologies, strengthen our training system, and build a global supply chain system to further reduce costs and improve operating efficiency. In addition, we plan to increase our production capacity by expanding our production facilities and teams. Capitalizing 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 footprint***

   We will actively expand our global presence and gradually enter the countries and regions ranked top ten 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 2023
(Expressed in Renminbi)

	Note	**2023** ***RMB'000***	2022 *RMB'000*
Revenue	*2*	**665,624**	547,350
Cost of sales		**(153,833)**	(154,350)
Gross profit		**511,791**	393,000
Other net income	*3*	**40,035**	32,921
Research and development costs		**(165,133)**	(123,270)
Distribution costs		**(110,738)**	(86,801)
Administrative expenses		**(56,133)**	(67,654)
Other operating costs	*4(c)*	**—**	(26,481)
Profit from operations		**219,822**	121,715
Finance costs	*4(a)*	**(3,727)**	(99,422)
Share of losses of an associate		**(23,844)**	(26,619)
Impairment loss of investment in an associate	*7*	**(30,200)**	—
Profit/(loss) before taxation	*4*	**162,051**	(4,326)
Income tax	*5(a)*	**(27,470)**	(20,352)
Profit/(loss) for the year		**134,581**	(24,678)
Attributable to:			
Equity shareholders of the Company		**145,548**	(21,765)
Non-controlling interests		**(10,967)**	(2,913)
Profit/(loss) for the year		**134,581**	(24,678)
Earnings/(loss) per share *(RMB)*	*6*		
Basic and diluted		**0.25**	(0.04)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023
(Expressed in Renminbi)

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) for the year	**134,581**	(24,678)
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	**20,740**	30,285
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(9,536)**	(42,060)
Other comprehensive income for the year	**11,204**	(11,775)
Total comprehensive income for the year	**145,785**	(36,453)
Attributable to:		
Equity shareholders of the Company	**156,752**	(33,540)
Non-controlling interests	**(10,967)**	(2,913)
Total comprehensive income for the year	**145,785**	(36,453)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	**31 December 2023** ***RMB'000***	31 December 2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**161,603**	193,566
Investment property		**12,925**	13,268
		174,528	206,834
Intangible assets		**151,384**	131,650
Interest in an associate	*7*	**103,692**	155,501
Deferred tax assets		**11,119**	11,642
Other non-current assets	*8*	**187,374**	26,688
		628,097	532,315
Current assets			
Financial assets measured at fair value through profit or loss		**283,504**	266,053
Inventories		**200,963**	114,726
Trade and other receivables	*9*	**62,765**	35,256
Pledged deposit and time deposit		**64,137**	40,721
Cash and cash equivalents		**721,175**	827,929
		1,332,544	1,284,685

	Note	**31 December 2023** ***RMB'000***	31 December 2022 *RMB'000*
Current liabilities			
Trade and other payables	*10*	**213,076**	188,703
Contract liabilities		**8,056**	11,632
Lease liabilities		**23,786**	24,725
Derivative financial instruments		**—**	272
Income tax payables		**4,331**	18,468
		249,249	243,800
Net current assets		**1,083,295**	1,040,885
Total assets less current liabilities		**1,711,392**	1,573,200
Non-current liabilities			
Lease liabilities		**37,574**	60,519
Deferred income		**24,816**	19,136
Other non-current liabilities		**10,751**	7,894
		73,141	87,549
NET ASSETS		**1,638,251**	1,485,651
CAPITAL AND RESERVES	*11*		
Share capital		**76**	76
Reserves		**1,635,429**	1,472,727
Total equity attributable to equity shareholders of the Company		**1,635,505**	1,472,803
Non-controlling interests		**2,746**	12,848
TOTAL EQUITY		**1,638,251**	1,485,651

1 Material accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries and the Group's interest in an associate.

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

— investments in debt and equity securities.

— 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:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**663,604**	545,867
Revenue from other sources		
Gross rentals	**2,020**	1,483
	665,624	547,350

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year ended 2022 and 2023 is set out below:

	2023	2022
	RMB'000	*RMB'000*
Customer A	**198,448**	147,508
Customer B	**145,078**	137,452
Customer C	**142,786**	67,624
Customer D	**106,322**	108,067

(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

	2023	2022
	RMB'000	*RMB'000*
The PRC (place of domicile)	**633,931**	525,440
Outside the PRC	**31,693**	21,910
	665,624	547,350

Specified non-current assets

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
The PRC (place of domicile)	**325,912**	338,484
Israel	**103,692**	155,501
	429,604	493,985

3 Other net income

	Year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
Fair value changes in financial assets measured at fair value	**5,567**	1,695
Government grants *(i)*	**18,607**	21,657
Interest income on financial assets measured at amortised cost	**16,574**	9,970
Net foreign exchange loss	**(642)**	(540)
Net loss on disposal of property, plant and equipment	**(133)**	(30)
Fair value change of derivative financial instruments	**—**	(272)
Others	**62**	441
	40,035	32,921

Note:

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

4 Profit/(loss) before taxation

Profit/(loss) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest on other financial liabilities	**—**	94,782
Interest on lease liabilities	**3,460**	4,495
Total interest expenses on financial liabilities not at fair value through profit or loss	**3,460**	99,277
Others	**267**	145
	3,727	99,422

(b) Staff costs#

	2023	2022
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plans *(Note)*	**13,860**	12,955
Equity-settled share-based payment expenses	**6,813**	12,141
Salaries, wages and other benefits	**160,196**	135,332
	180,869	160,428

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

	2023	2022
	RMB'000	*RMB'000*
Listing expenses	**—**	22,659
Donations	**—**	3,822
	—	26,481

(d) Other items

	2023	2022
	RMB'000	*RMB'000*
Amortisation of intangible assets[#]	**15,452**	14,517
Depreciation charge[#]		
— owned property, plant and equipment and investment property	**18,479**	16,248
— right-of-use assets	**25,060**	27,067
Less: Capitalised into intangible assets	**(2,899)**	(1,131)
	56,092	56,701
Research and development expenditure	**199,665**	141,532
Less: Development costs capitalised into intangible assets	**(34,532)**	(18,262)
	165,133	123,270
Cost of inventories[#]	**204,074**	191,353
Auditors' remuneration		
— audit services	**2,700**	5,031
— non-audit services	**32**	143
	2,732	5,174

[#] Cost of inventories includes RMB62,381,000 (2022: RMB52,318,000), relating to depreciation and amortisation expenses and staff costs, which is also included in the respective total amounts disclosed separately above or in Note 4(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:

	2023	2022
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("CIT")		
Provision for the year	**26,947**	24,596
Deferred tax		
Origination and reversal of temporary differences	**523**	(4,244)
	27,470	20,352

(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 2023 and 2022 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 2023 and 2022. 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:

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**162,051**	(4,326)
Notional tax on profit before taxation, calculated at the rates applicable to profit in the countries concerned	**49,376**	32,015
Effect of the preferential income tax rate *(Note 5(a)(iii))*	**(27,696)**	(12,381)
Effect of other non-deductible expenses	**11,861**	12,014
Effect of additional deduction on research and development expenses *(Note 5(a)(iii))*	**(17,799)**	(15,854)
Effect of tax losses not recognised	**11,728**	4,558
Actual tax expenses	**27,470**	20,352

(c) Pillar Two income taxes

Certain countries which the Group operates in, recently enacted or plan to enact new tax laws to implement the Pillar Two model rules with reference to the framework published by the Organisation of Economic Co-operation and Development ("**OECD**"). The new tax laws will take effect after 1 January 2024. When these laws take effect, the Group expects to be subject to a system of top-up taxes adjustments that results in the total amount of taxes payable on excess profit in each jurisdiction representing at least the minimum rate of 15%. As the new tax laws are not yet effective, the Group does not expect any current tax impact for the year ended 31 December 2023. The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

6 Earnings/(loss) per share

The calculation of the basic earnings/(loss) per share during the year is based on the earnings/(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 11(b) had been in effective on 1 January 2021, calculated as follows:

(i) Earnings/(loss) of the year attributable to ordinary equity shareholders of the Company

	2023	2022
	RMB'000	*RMB'000*
Earnings/(loss) of the year attributable to ordinary equity shareholders of the Company	**145,548**	(21,765)

(ii) Weighted average number of ordinary shares

	2023	2022
	'000	*'000*
Issued ordinary shares at 1 January for the purpose of basic earnings/(loss) per share	**582,658**	461,398
Issuance of ordinary shares	**—**	6,343
Conversion of preferred shares into ordinary shares	**—**	49,802
Weighted average number of ordinary shares at 31 December for the purpose of basic earnings/(loss) per share	**582,658**	517,543

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.

The calculation of diluted earnings per share amounts for the year ended 31 December 2023 had not included the share options issued by the Company, as they had an anti-dilutive effect on the basic earnings per share amounts.

7 Interest in an associate

The following list contains the particulars of an associate as at 31 December 2023, which is an unlisted corporate entity whose quoted market price is not available:

				Proportion of ownership interest			
Name of associate	**Form of business structure**	**Place of incorporation**	**Particulars of issued and paid-up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal Activity**
Rapid Medical Ltd. ("**Rapid Medical**")	Incorporated	Israel	22.1 million shares	22.3%	—	22.3%	Development, manufacturing and sales of innovative devices for neuro interventional procedures

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of Rapid Medical, adjusted for any differences in accounting policies are disclosed below:

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Revenue	**157,262**	108,110
Loss for the year	**(104,850)**	(114,870)
Other comprehensive income	**—**	—
Total comprehensive income	**(104,850)**	(114,870)

(a) Impairment test

The Company has identified certain impairment indicators of the investment in Rapid Medical and performed valuation assessments. The recoverable amount of the investment in Rapid Medical is the higher amount of the fair value less costs of disposals and the value in use.

Based on the result of impairment test, the carrying amount of the investment in Rapid Medical exceeded its recoverable amount by RMB135,426,000. Accordingly, an impairment loss of RMB30,200,000 was recognised in profit or loss and reduced the carrying amount of interest in associates. The recoverable amount is based on the value in use.

The Company has used the expected cash flow approach to develop the measurement of value in use. The expected cash flow approach has been measured by using all expectations about possible cash flows. The expected cash flow uses multiple, probability-weighted cash flow projections based on the different scenarios.

The key assumptions for the value-in-use calculation are as follows, which are based on either the past experience or external sources of information:

	As at 31 December 2023 *RMB'000*
Terminal growth rate	**2.1%**
Pre-tax discount rate	**27.64%**

8 Other non-current assets

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Consideration and deposit for land use rights *(Note (a))*	**160,428**	—
Lease deposits *(Note (b))*	**24,500**	23,555
Prepayments for property, plant and equipment	**2,098**	2,723
Others	**348**	410
	187,374	26,688

Note:

(a) Shanghai NeuroFocus has entered into a land use rights acquisition contract with Pudong New Area Planning and Natural Resources Bureau with the consideration of RMB133,690,000 and the corresponding deposit of RMB26,738,000.

(b) Lease deposits are typically paid for leased properties, which are refundable after the expiry of the leases and carried at amortised cost. During the year of 2022, the Group entered into a 5-year lease agreement (the "**Lease Agreement**") with Shanghai Huiqingcheng Investment Management Co., Ltd.* (上海回青橙投資管理有限公司, "**SH Investment**") in respect of certain leasehold properties for use of manufacturing facilities, warehouses and office buildings. As at 31 December 2023, the carrying amount of lease deposits paid to SH Investment is RMB24,500,000.

* *The English name is for identification purpose only.*

9 Trade and other receivables

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Trade receivables	**10,564**	10,071
Other debtors	**23,289**	3,283
Deposits and prepayments	**28,912**	21,902
	62,765	35,256

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 2023	31 December 2022
	RMB'000	*RMB'000*
Within 1 month	**6,743**	5,622
1 to 3 months	**3,477**	4,155
3 to 12 months	**344**	294
	10,564	10,071

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

10 Trade and other payables

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Trade payables due to		
— third party suppliers	**57,265**	31,748
— related parties	**11,832**	8,468
	69,097	40,216
Accrued expenses	**25,036**	22,583
Accrued payroll	**46,631**	42,333
Other payables	**72,312**	83,571
	213,076	188,703

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

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Within 1 month	**37,316**	35,093
Over 1 month but within 3 months	**18,389**	2,560
Over 3 months but within 6 months	**6,442**	368
Over 6 months but within 1 year	**2,292**	1,306
Over 1 year	**4,658**	889
	69,097	40,216

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

11 Capital and reserves

(a) Dividends

Dividends payable to equity shareholders of the Company attributable to the year:

	2023	2022
	RMB'000	*RMB '000*
Final dividend proposed after the statement of financial position date of HKD0.11 per ordinary share	**58,000**	—

The final dividend proposed after the statement of financial position date has not been recognised as a liability at the statement of financial position date.

(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 2021 and 1 January 2022		92,280	60
Effect of the share subdivision	*(i)*	369,118	—
Issuance of ordinary shares	*(ii)*	13,700	2
Conversion of preferred shares into ordinary shares	*(iii)*	107,560	14
Balance at 31 December 2022, 1 January 2023 and 31 December 2023		582,658	76

* *The amount is less than 1,000.*

(i) 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.

(ii) 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.

(iii) 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 OCI), respectively.

(iv) Purchase of own shares

During the year ended 31 December 2023, the Company purchased its own ordinary shares through the designated trustees under the share award scheme as follows:

Month/year	**No. of shares repurchased**	**Highest price paid per share** *HKD*	**Lowest price paid per share** *HKD*	**Aggregate considerations paid** *RMB'000*
January and April 2023	517,000	20.20	13.72	8,310

Repurchased shares held at the end of reporting period under the share award scheme were classified as treasury shares and presented as a decrease in the capital reserve.

FINANCIAL REVIEW

Revenue

In FY2023, 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 21.6% from RMB547.4 million in FY2022 to RMB665.6 million in FY2023. This is primarily due to: (1) several market-share leading products (including Tubridge® Flow-diverting Stent, Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, and NUMEN® Coil Embolization System, etc.) continuously exploring uncovered hospitals and lower-tier markets, further consolidating competitive advantages and achieving significant revenue growth; (2) products newly approved in 2022 (including Neurohawk® Stent Thrombectomy Device, Diveer® Intracranial Balloon Dilatation Catheter, etc.) accelerating hospital access and contributing to the incremental revenue of the Group; (3) overseas business continuing to achieve rapid growth, recording a revenue of RMB31.7 million in FY2023.

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

	Fiscal year		
	2023	2022	**Change**
	RMB'000	*RMB'000*	***%***
Hemorrhagic stroke products	**425,267**	299,555	42.0%
Cerebral atherosclerotic stenosis products	**153,458**	148,696	3.2%
Acute ischemic stroke products	**25,683**	5,197	394.2%
Access products	**59,196**	92,419	–35.9%
Other business revenue	**2,020**	1,483	36.3%
Total	**665,624**	547,350	21.6%

Cost of Sales

Cost of sales decreased by 0.3% from RMB154.4 million in FY2022 to RMB153.8 million in FY2023. This is primarily due to the Group implementing multiple supply chain improvement projects and experiencing a decrease in production costs due to scale effects amidst rising sales volumes across various product categories.

Gross Profit and Gross Profit Margin

Gross profit increased by 30.2% from RMB393.0 million in FY2022 to RMB511.8 million in FY2023. The increase was primarily due to an increase in sales volume of various types of products mentioned above.

The Group's gross profit margin was 76.9%. In FY2023, the gross profit margin increased by 5.1 percentage points as compared with 71.8% in FY2022, primarily due to an increase in the proportion of in-house produced products in the product sales structure, as well as the implementation of multiple supply chain improvement projects and economies of scale to reduce production costs.

Research and Development Costs

Research and development costs increased by 34.0% from RMB123.3 million in FY2022 to RMB165.1 million in FY2023, primarily due to an increase in research and development projects.

Distribution Costs

Distribution costs increased by 27.6% from RMB86.8 million in FY2022 to RMB110.7 million in FY2023, primarily due to the gradual recovery of distribution activities in the PRC market in FY2023 and an expansion in overseas business distribution investments compared to FY2022.

Administrative Expenses

Administrative expenses decreased by 17.0% from RMB67.7 million in FY2022 to RMB56.1 million in FY2023, primarily due to the improvement of efficiency in operating management, as well as the transfer of expenses to other operating departments as the change of premises' usage.

Other Net Income

Other net income increased by 21.6% from RMB32.9 million in FY2022 to RMB40.0 million in FY2023, primarily due to an increase in interest income of RMB6.6 million.

Other Operating Costs

Other operating costs decreased by from RMB26.5 million in FY2022 to nil in FY2023. All of these other operating costs in FY2022 were listing expenses, while there were no such expenses in FY2023.

Finance Costs

Finance costs decreased by 96.3% from RMB99.4 million in FY2022 to RMB3.7 million in FY2023, primarily due to the interest of RMB94.8 million on other financial liabilities as a result of preferred shares issued under the series A financing in FY2022. Such interest expense required no payment in cash and no further accrued from the Listing Date of the Group, and there was no such interest expense in FY2023.

Share of the Losses of an Associate

In FY2023, the Group's share of the losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from an accounting perspective since May 2021.

Impairment loss of investment in an associate

In FY2023, the Group's impairment loss of investment in an associate came from Rapid Medical amounting to RMB30.2 million. The Group made the impairment loss based on Rapid Medical's value in use as of 31 December 2023.

Income Tax Expenses

Our income tax expenses increased by 35.0% from RMB20.4 million in FY2022 to RMB27.5 million in FY2023, primarily due to an increase in operating profit before tax.

Non-HKFRS Measures

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

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

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

	Fiscal year		
	2023	2022	**Change**
	RMB'000	*RMB'000*	**%**
Net profit/(loss)	**134,581**	(24,678)	N/A
Add/(less):			
— Listing expenses	**—**	22,659	–100.0%
— Interest on other financial liabilities	**—**	94,782	–100.0%
— Equity-settled share-based payment expenses	**6,813**	12,141	– 43.9%
— Impairment loss of investment in an associate	**30,200**	—	N/A
— Share of losses of an associate	**23,844**	26,619	–10.4%
— Income tax effect	**—**	(827)	–100.0%
Non-HKFRS adjusted net profit for the period	**195,438**	130,696	49.5%

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

(2) Interest on other financial liabilities represents interest accrued 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 are expenses arising from granting shares through the Share Option Scheme and Employee Incentive Platforms to relevant eligible employees of the Group, the amount of which may not directly correlate with the underlying performance of our business operations;

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

(5) 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 RMB114.7 million as of 31 December 2022 to RMB201.0 million as of 31 December 2023, primarily due to an increase in reserves of raw materials and finished goods as a result of the expansion of the Group's business scale.

Current Trade and Other Receivables

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

Our current trade and other receivables increased from RMB35.3 million as of 31 December 2022 to RMB62.8 million as of 31 December 2023, primarily due to an increase in trade receivables as a result of the growth of the business.

Trade and Other Payables

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

Our trade and other payables increased from RMB188.7 million as of 31 December 2022 to RMB213.1 million as of 31 December 2023, primarily due to (1) an increase in trade payables due to the increase in procurement of raw materials; and (2) an increase in other payables as a result of the growth of the business.

Lease Liabilities

As of 31 December 2023, the Group recorded lease liabilities of RMB61.4 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

The capital expenditure of the Group amounted to RMB42.2 million in FY2023, representing an addition of intangible assets and property, plant and equipment. In particular, the intangible assets of the Group primarily represent the capitalized development costs.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of 31 December 2023, certain portion of the Group's bank balances was denominated in U.S. dollars. The Group currently does not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade receivables, trade and other payables, and other amounts denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of 31 December 2023.

Significant Investment

As of 31 December 2023, the Group's significant investment was an investment in an associate company Rapid Medical at a cost of US$27.5 million (equivalent to RMB191.9 million). The issued and fully paid share capital of Rapid Medical is 22.1 million shares, 22.3% of which are held by the Group, and its principal business is the development, manufacture and sale of innovative devices for neuro-interventional procedures. As at 31 December 2023, the Group's interests in associates were all derived from Rapid Medical, amounting to RMB103.7 million, which accounted for 5.3% of the Group's total assets. In FY2023, Rapid Medical recorded a loss of US$14.9 million (equivalent to RMB104.9 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 RMB23.8 million and an impairment loss of investment in an associate of RMB30.2 million based on the value in use as of 31 December 2023. We have been approved to use trademarks of Rapid Medical and became the exclusive agent of Rapid Medical's related products in Greater China, and we have leveraged Rapid Medical's sales network in the United States to facilitate our overseas business. As a strategic investor, we will hold our investment in Rapid Medical for the long term.

Contingent Liabilities

As of 31 December 2023, the Group did not have any contingent liabilities.

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalents were approximately RMB721.2 million as of 31 December 2023, as compared to approximately RMB827.9 million as of 31 December 2022, primarily due to the net cash inflow from operating activities of approximately RMB153.8 million, net cash outflow from investing activities of approximately RMB233.2 million and net cash outflow from financing activities of approximately RMB33.3 million during the Reporting Period. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowing as of 31 December 2023 and 31 December 2022 were nil. As of 31 December 2023, the gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity) decreased to 3.7%, as compared to 5.7% as of 31 December 2022.

Net Current Assets/Liabilities

The Group's net current assets as of 31 December 2023 were RMB1,083.3 million, as compared to net current assets of RMB1,040.9 million as of 31 December 2022.

Charge on Assets

As of 31 December 2023, there was no charge on assets of the Group.

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

In FY2023, 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 2023, 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

In FY2023, save for the 517,000 Shares purchased by the trustee of the share award scheme adopted by the Board on 26 August 2022 (the "**Share Award Scheme**") on the Stock Exchange at the total consideration of HK$9,533,660 (equivalent to RMB8,310,000) pursuant to the terms of the trust deed under the Share Award Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

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 the 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 the 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 2023 *(HK$ million)*	Unutilized amount as at 31 December 2023 *(HK$ million)*	Expected timeline of full utilization
Research and development of therapeutic and access products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	30%	83.4	83.4	—	Fully utilized
Commercialization of the Company's products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	20%	55.6	55.6	—	Fully utilized
Expansion of the Company's manufacturing facility to increase the scale of the Company's production	15%	41.7	41.7	—	Fully utilized
Expansion of the Company's global presence	20%	55.6	55.6	—	Fully utilized
Advancing the Company's product portfolio through strategic acquisitions, investment, cooperation or a combination of these tactics	10%	27.8	—	27.8	By the year ending 31 December 2024
Working capital and other general corporate purposes	5%	13.9	13.9	—	Fully utilized

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

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 2023 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 during the Reporting Period.

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 Reporting Period.

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

Compliance With The Model Code of 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 C3 to 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 Reporting Period.

Review by the Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely 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 2023.

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 published in due course and will also be available at the websites above.

Annual General Meeting

The 2023 Annual General Meeting (the "**2023 AGM**") of the Company will be held on 26 June 2024. The notice of the 2023 AGM will be sent to shareholders at least 21 clear days before the 2023 AGM.

Final Dividend

The Board has resolved to recommend the payment of a final dividend of HK$0.11 (tax inclusive) per share (the "**Share**") for the year ended 31 December 2023 to the shareholders whose names appear on the register of members of the Company on Wednesday, 3 July 2024 and also to recommend the offer to the shareholders the right to select as an alternative, to receive such final dividend wholly by allotment of new Shares credited as fully paid in lieu of cash (the "**Scrip Dividend Scheme**"), subject to the approval of the shareholders on the payment of final dividend at the 2023 AGM and the granting by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued pursuant thereto.

Once the relevant resolution is passed at the 2023 AGM, the proposed final dividend is expected to be paid on or about Thursday, 22 August 2024. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be dispatched by ordinary mail on or about Thursday, 22 August 2024. The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31 December 2023.

On the condition that the payment of the above final dividend is approved by the shareholders at the 2023 AGM, a circular containing details of the Scrip Dividend Scheme will be published on or about Tuesday, 23 July 2024.

Closure of Register of Members

(a) For determining the entitlement to attend and vote at the 2023 AGM

The register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the 2023 AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 20 June 2024 (Hong Kong time), being the last registration date.

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

The proposed final dividend for the year ended 31 December 2023 is subject to approval by the shareholders at the 2023 AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 3 July 2024 to Friday, 5 July 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 2 July 2024 (Hong Kong Time), being the last registration date.

Employees and Remuneration Policies

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

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 device 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 C1 to the 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 C3 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 2023
"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
Dr. Chang Zhaohua
Chairman and Non-Executive Director

Hong Kong, 27 March 2024

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