Acotec Scientific Holdings Limited
先瑞達醫療科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6669)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2022

ANNUAL RESULTS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2022 *RMB'000*	Year ended December 31, 2021 *RMB'000*	Year-to-year change
Revenue	**395,545**	303,813	30.2%
Gross profit	**336,353**	265,939	26.5%
Profit/(loss) before tax	**70,319**	(67,243)	N/A
Profit/(loss) for the year	**70,142**	(79,077)	N/A
add adjusted items*:			
Share-based payments	**15,251**	33,356	–54.3%
Loss on fair value change of preferred shares	**–**	33,458	N/A
Listing expenses	**–**	41,129	N/A
Deferred tax asset reversal	**271**	4,174	–93.5%
Adjusted net profit for the year	**85,664**	33,040	159.3%

* The detail of the adjusted items refers to Non-IFRS Measures of this annual results announcement.

BUSINESS HIGHLIGHTS

In 2022, we made significant progress in research and development. During the Reporting Period, our seven products completed product finalisation, seven products were under clinical trials, four products had applied for registration with the NMPA, and five products and the indication expansion of AcoArt Orchid® & Dhalia® had been approved by the NMPA for marketing. As of December 31, 2022, we applied for registration of 18 additional patents and four of them had been approved.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of December 31, 2022, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,400 hospitals (1,283 hospitals as of December 31, 2021); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 700 hospitals (288 hospitals as of December 31, 2021); our Peripheral Aspiration System (AcoStream™), which was launched in November 2021, had been admitted into 1,000 hospitals; and our Radiofrequency Ablation System (AcoArt Cedar®), which was launched in April 2022, had been listed as a candidate for online procurement in 26 provinces and autonomous regions. These numbers are expected to continuously grow.

The stable and positive direction of our production and research contributed to the rapid growth of our annual revenue directly. For the Reporting Period, our revenue was approximately RMB395.5 million, representing a year-on-year increase of approximately 30.2% and our profit was approximately RMB70.1 million. Our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, were the major contributors of our revenue.

We have established a diversified and innovative product pipeline layout, with several products being launched within 2022.

In 2022, we continued to advance the research and development of our over 20 product candidates in pipeline in five therapeutic areas. The NMPA approvals for Peripheral Support Catheter (Vericor®) and PTA Balloon (P-Conic®) were obtained in 2022. We have developed a comprehensive product portfolio in peripheral artery disease around vascular access, vascular preparation and vascular therapy. In vein sector, our radiofrequency catheter (AcoArt Cedar®) and radiofrequency generator products was approved to launch in April 2022, which further enriched our commercialized product portfolio in such sector. Further, the obtaining of NMPA approvals for Neo-Skater®, YAN and indication expansion on treating AVF stenosis of DCB (AcoArt Orchid® & Dhalia®) marked our entrance into three new therapeutic sectors: neurology, cardiology and nephrology.

We continued to diversify our business by accelerating our globalization process and entering into new sectors of disease treatment.

In 2022, our Peripheral Support Catheter (Vericor®) obtained FDA approval and ANVISA approval. As of December 31, 2022, our products had completed commercialization across 13 countries accumulatively. We are of the view that the acceleration of our Group's globalization process will diversify the revenue stream of our Company and facilitate us to respond to market changes more flexibly. Besides diversifying our revenue, our globalization process also provides a good foundation for the development of our R&D, creating a positive loop for the operation of our Company. Boston Scientific Group plc ("**Boston Scientific**") and our Company may explore commercial collaboration opportunities in China, enabling physicians and patients throughout China access to an expanded portfolio of products from both companies. Boston Scientific may also assess opportunities to partner with the Company to register and commercialize the Company's products globally, including the United States. In addition, the Company's manufacturing and R&D facilities could enable the Boston Scientific to expand certain manufacturing and R&D activities in Company facilities, which could benefit both companies.

We continued to strengthen our efforts in clinical promotions and promote the innovation of clinical therapies of vascular intervention.

Since the launch of Peripheral Aspiration System (AcoStream™) in 2021, through continuous marketing and academic promotion activities, it helped our Group achieved rapid revenue growth and greater diversification. Since the launch of AcoArt Orchid® & Dhalia®, our first and China's first peripheral DCB product, we have already initiated our efforts in clinical promotion and education. Since the commencement of research and development of our products, we have never relaxed our promotion efforts in clinical treatments. We have been promoting the innovation of clinical therapies of vascular intervention, so as to provide brand-new solutions for peripheral intravascular diseases to patients.

We will continue to carry on the market cultivation of our new products, so as to provide new treatment methods to clinical patients.

We continued to reinforce our talent pool and improve our team building.

As of December 31, 2022, we had 607 employees in total. The headcount of our research and development team increased to 118, and our original technical team covers the aspects of material science, mechanical design manufacturing, chemistry and biomedical engineering. During the Reporting Period, we supplemented our research and development team with technicians in the field of electronic science and technology, automation and computer programming, which further improved our talent pool. We believe that the support of talents from different aspects will accelerate the implementation of our multi product pipeline projects.

The Board is pleased to announce the audited consolidated results of the Group for the Reporting Period. The content of this annual results announcement has been prepared in accordance with applicable disclosure requirements under the Listing Rules in relation to preliminary announcements of annual results which is prepared in accordance with the IFRS issued by the IASB. Such annual results have also been reviewed and confirmed by the Board and the Audit Committee. Unless otherwise stated, the financial data of the Company are presented in RMB.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2022
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Revenue	*4*	**395,545**	303,813
Cost of sales		**(59,192)**	(37,874)
Gross profit		**336,353**	265,939
Other income	*5*	**28,143**	11,433
Other net gains/(losses)	*6*	**51,989**	(8,837)
Loss on fair value change of preferred shares		**–**	(33,458)
(Recognition)/reversal of impairment losses on trade receivables		**(107)**	813
Selling and distribution expenses		**(72,661)**	(58,801)
Research and development expenses		**(183,796)**	(141,288)
Administrative expenses		**(87,846)**	(58,091)
Listing expenses		**–**	(41,129)
Profit/(loss) from operations		**72,075**	(63,419)
Finance costs	*7(a)*	**(1,756)**	(3,824)
Profit/(loss) before taxation	*7*	**70,319**	(67,243)
Income tax	*8*	**(177)**	(11,834)
Profit/(loss) for the year		**70,142**	(79,077)
Attributable to:			
Equity shareholders of the Company		**70,142**	(79,077)
Profit/(loss) for the year		**70,142**	(79,077)
Earnings/(loss) per share (RMB)			
Basic	*9(a)*	**0.23**	(0.32)
Diluted	*9(b)*	**0.23**	(0.32)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2022
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2022** ***RMB'000***	2021 *RMB'000*
Profit/(loss) for the year		**70,142**	(79,077)
Other comprehensive income for the year (after tax and reclassification adjustments)			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of			
– financial statements of entities with functional currencies other than RMB		**62**	–
Other comprehensive income for the year		**62**	–
Total comprehensive income for the year		**70,204**	(79,077)
Attributable to:			
Equity shareholders of the Company		**70,204**	(79,077)
Total comprehensive income for the year		**70,204**	(79,077)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*(Expressed in Renminbi ("**RMB**"))*

	Note	**December 31, 2022** ***RMB'000***	December 31, 2021 *RMB'000*
Non-current assets			
Property, plant and equipment	*10*	**68,928**	33,398
Right-of-use assets		**45,202**	16,836
Intangible assets		**5,098**	2,995
Goodwill		**1,150**	1,150
Interest in an associate		**15,550**	–
Financial assets at fair value through profit or loss (FVPL)		**7,260**	–
Deposits paid for acquisition of property, plant and equipment		**5,533**	6,688
Rental deposits		**5,386**	2,503
Deferred tax assets		**–**	271
		154,107	63,841
Current assets			
Inventories	*11*	**116,435**	41,553
Trade receivables	*12*	**131,909**	44,214
Prepayments, deposits and other receivables		**21,439**	18,824
Pledged deposits		**200**	1,750
Cash and cash equivalents		**986,455**	1,137,184
		1,256,438	1,243,525
Current liabilities			
Trade and other payables	*13*	**74,090**	62,159
Contract liabilities		**12,322**	8,016
Bank loans		**–**	6,000
Lease liabilities		**12,263**	6,806
Current taxation		**–**	5,131
		98,675	88,112
Net current assets		**1,157,763**	1,155,413
Total assets less current liabilities		**1,311,870**	1,219,254

	Note	**December 31, 2022** ***RMB'000***	December 31, 2021 *RMB'000*
Non-current liabilities			
Lease liabilities		**35,521**	11,765
Deferred tax liabilities		**260**	295
		35,781	12,060
NET ASSETS		**1,276,089**	1,207,194
CAPITAL AND RESERVES			
Share capital	*14*	**20**	20
Reserves		**1,276,069**	1,207,174
Total equity attributable to equity shareholders of the Company		**1,276,089**	1,207,194
TOTAL EQUITY		**1,276,089**	1,207,194

1 GENERAL INFORMATION

Acotec Scientific Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on December 3, 2020, as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The principal place of business of the Group is located at 4-5/F., Building No.1, No.16 Hongda Road North, Beijing Economic-Technological Development Area, Beijing. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong limited (the "**HKEX**") on August 24, 2021. The Company and its subsidiaries (collectively as the "**Group**") are principally engaged in research and development on providing treatment solutions for vascular diseases.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**") which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the HKEX (the "**Listing Rules**").

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(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 periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended December 31, 2022 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that the assets and liabilities are stated at their fair value.

The preparation of financial statements in conformity with IFRSs 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 3.

The financial information relating to the financial year ended December 31, 2022 that is included in this preliminary annual results announcement does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 16, *Property, plant and equipment*: Proceeds before intended use
- Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts – cost of fulfilling a contract*

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

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

Research and development expenses

Development expenses incurred on the Group's procedural medical product pipelines are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, the Group's intention to complete and the Group's ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the pipeline and the ability to measure reliably the expenditure during the development. Development expenses which do not meet these criteria are expensed when incurred. Management assesses the progress of each of the research and development projects and determines whether the criteria are met for capitalisation. During the year ended December 31, 2022 and 2021, all research and development costs are expensed when incurred.

(b) Sources of estimation uncertainty

Some key sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates annually.

(ii) Sales with a right to exchange

Sales contracts with certain distributors allow certain distributors to exchange for unsold products with expiry date less than six months. Therefore, the Group has recognised a contract liability arising from sales with a right to exchange. Revenue for the products expected to be exchanged would not be recognised based on historical product exchange rate. Changing of the product exchange rate by certain distributors could materially affect the revenue amount.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the research and development on providing treatment solutions for vascular diseases.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Type of goods		
– Core products*	**307,283**	299,165
– Venous intervention and vascular access products	**86,033**	4,616
– Others	**2,229**	32
	395,545	303,813
Type of customers		
– Distributors	**380,450**	291,582
– Hospitals	**5,019**	5,578
– Oversea customers	**10,076**	6,653
	395,545	303,813

* The core products represent the drug-coated balloons ("**DCB**") products.

The Group's revenue from contracts with customers was recognised at point in time for the year ended December 31, 2022 and 2021.

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, rental deposits and deposits paid for acquisition of property, plant and equipment ("**specified non-current assets**"). The geographical location of customers is based on the location at which the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, rental deposit, right-of-use assets and deposits paid for acquisition of property, plant and equipment, and the location of the operation to which they are allocated in the case of intangible assets.

Revenue from external customers

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**385,469**	297,160
Europe	**3,912**	4,315
Other countries and regions	**6,164**	2,338
	395,545	303,813

Specified non-current assets

	2022	2021
	RMB'000	*RMB'000*
Mainland China	**126,091**	62,420
United States of America ("**United States**")	**3,678**	–
	129,769	62,420

(b) Segment reporting

For the purpose of resource allocation and assessment of segment performance, the management of the Group, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

5 OTHER INCOME

	2022	2021
	RMB'000	*RMB'000*
Government grants *(Note)*	**7,885**	6,708
Interest income	**20,258**	4,725
	28,143	11,433

Note:

During the year ended December 31, 2022, government grants mainly represent (i) the subsidies received from government bureau of RMB6,000,000 to reward enterprises for their listing as public companies, (ii) RMB1,673,000 (2021: RMB2,990,000) from the local government to reward their contribution to the local economy and encourage technology innovation and (iii) rebates of RMB212,000 (2021: RMB3,718,000) granted with reference to taxes paid.

As at the end of the reporting period, there was no unfulfilled condition or other contingency attaching to the government grants that had been recognised by the Group.

6 OTHER NET GAINS/(LOSSES)

	2022	2021
	RMB'000	*RMB'000*
Net foreign exchange gain/(loss)	**52,973**	(8,785)
Net loss on disposal of property, plant and equipment	**(9)**	(95)
(Loss)/gain on fair value change of financial assets at FVPL	**(190)**	57
Others	**(785)**	(14)
	51,989	(8,837)

7 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	2022	2021
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**1,390**	1,022
Interest expenses on bank loans	**25**	2,802
Others	**341**	–
	1,756	3,824

(b) Staff costs

	2022	2021
	RMB'000	*RMB'000*
Salaries and bonus	**140,890**	85,733
Retirement benefits scheme contributions	**10,421**	5,996
Share-based payments	**15,251**	33,356
Directors' remuneration	**5,164**	6,577
	171,726	131,662

Note:

Pursuant to the relevant labour rules and regulations in the PRC, the subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the local government authorities whereby the subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee's salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees. The Group has no other obligations for payments of retirement and other post-retirement benefits of employees other than the contributions described above.

(c) Other items

	2022	2021
	RMB'000	*RMB'000*
Depreciation charge		
– owned property, plant and equipment	**9,462**	5,497
– right-of-use assets	**9,397**	6,412
Amortisation cost of intangible assets	**581**	494
Research and development expenses *(Note i)*	**183,796**	141,288
Cost of inventories recognised as expenses *(Note ii)*	**44,322**	20,569
Royalty fees (included in cost of sales)	**17,380**	15,289
(Reversal)/provision for write-down of inventories	**(2,510)**	2,016
Auditors' remuneration		
– audit services	**2,500**	2,000
– non-audit services	**370**	–
	2,870	2,000

Notes:

(i) Research and development expenses includes amounts relating to staff costs, depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

(ii) Cost of inventories recognised as expenses includes amounts relating to staff costs, depreciation and amortisation expenses, (reversal)/provision for write-down of inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	2022	2021
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**–**	7,214
Tax filing difference for prior years	**(59)**	–
	(59)	7,214
Deferred tax		
Origination of temporary differences	**236**	4,620
	177	11,834

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

(ii) Effective from January 1, 2008, under the Mainland China Corporate Income Tax Law, the Mainland China statutory income tax rate is 25%. The Group's subsidiaries in the Mainland China are subject to Mainland China income tax at 25% unless otherwise specified.

According to the Mainland China income tax law and its relevant regulations, entities that qualified as High and New Technology Enterprise ("**HNTE**") are entitled to a preferential income tax rate of 15%. Acotec Scientific Co., Ltd. has been qualified as HNTE by the Science and Technology Bureau of Beijing and relevant authorities in December 2020 for a term of three years and is subject to income tax at the rate of 15% during the year ended December 31, 2022 and 2021.

According to the PRC income tax law and its relevant regulations, an additional 100% (2021: 100%) of qualified research and development expenses so incurred is allowed to be deducted from taxable income for the three years ended December 31, 2023.

(iii) No provision for Hong Kong Profits Tax was made for Pine Medical Limited as it does not have assessable profits subject to Hong Kong Profits Tax during the year ended December 31, 2022 and 2021.

(iv) The subsidiary in the United States is subject to Federal Income tax at a tax rate of 21% and the State Income tax of 8.84%.

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

	2022	2021
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**70,319**	(67,243)
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25%	**17,580**	(16,811)
Tax effect of different tax rates	**(25,078)**	(2,954)
Tax effect of non-deductible expenses	**3,534**	33,241
Tax effect of deductible temporary differences not recognised	**783**	532
Additional deduction for qualified research and development costs	**(21,206)**	(26,948)
Tax effect on tax losses not recognised	**25,581**	25,421
Utilisation of tax losses previously not recognised	**(901)**	(630)
Tax filing difference for prior years	**(59)**	–
Others	**(57)**	(17)
Actual tax expense	**177**	11,834

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the company of RMB70,142,000 (2021: loss attributable to ordinary equity shareholders of the Company of RMB79,077,000) and the weighted average of 299,611,523 ordinary shares (2021: 248,065,296 shares) in issue during the year.

(b) Diluted earnings/(loss) per share

There were no dilutive potential ordinary shares in existence for the years ended December 31, 2022. The calculated diluted earnings per share equals the basic earnings per share at December 31, 2022.

Diluted loss per share for the year ended December 31, 2021 did not assume conversion of preferred shares and exercise of over-allotment option as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2021 are the same as basic loss per share.

10 PROPERTY, PLANT AND EQUIPMENT

	Machineries *RMB'000*	Motor vehicles *RMB'000*	Furniture, equipment and tools *RMB'000*	Leasehold improvements *RMB'000*	Total *RMB'000*
Cost:					
At January 1, 2021	21,259	304	6,608	18,798	46,969
Additions	6,330	–	2,270	7,735	16,335
Disposals	(33)	–	(596)	–	(629)
At December 31, 2021 and January 1, 2022	27,556	304	8,282	26,533	62,675
Additions	26,046	–	1,473	17,482	45,001
Disposals	(128)	–	(46)	–	(174)
At December 31, 2022	53,474	304	9,709	44,015	107,502
Accumulated depreciation:					
At January 1, 2021	(5,473)	(278)	(3,806)	(14,757)	(24,314)
Charge for the year	(2,126)	(11)	(1,002)	(2,358)	(5,497)
Written back on disposals	18	–	516	–	534
At December 31, 2021 and January 1, 2022	(7,581)	(289)	(4,292)	(17,115)	(29,277)
Charge for the year	(3,763)	–	(692)	(5,007)	(9,462)
Written back on disposals	122	–	43	–	165
At December 31, 2022	(11,222)	(289)	(4,941)	(22,122)	(38,574)
Net book value:					
At December 31, 2022	42,252	15	4,768	21,893	68,928
At December 31, 2021	19,975	15	3,990	9,418	33,398

11 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	2022	2021
	RMB'000	*RMB'000*
Raw materials	**80,316**	30,399
Work in progress	**6,614**	3,197
Finished goods	**30,412**	11,374
	117,342	44,970
Write down of inventories	**(907)**	(3,417)
	116,435	41,553

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2022	2021
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**46,832**	18,553
(Reversal)/provision for write-down of inventories	**(2,510)**	2,016
	44,322	20,569

All inventories are expected to be recovered within one year.

12 TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**132,342**	44,540
Less: loss allowance	**(433)**	(326)
	131,909	44,214

All of the trade receivables are expected to be recovered within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivable, based on the invoice date and net of loss allowance, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**129,379**	39,400
3 to 6 months	**2,015**	1,109
6 to 12 months	**515**	3,705
	131,909	44,214

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

13 TRADE AND OTHER PAYABLES

	2022	2021
	RMB'000	*RMB'000*
Trade payables	**27,625**	7,139
Accrued expenses		
– research and development expenses	**558**	13,276
– selling and distribution expenses	**4,153**	1,314
– salaries and bonus	**20,759**	23,994
– legal and professional fees	**2,390**	2,826
Value added tax and other taxes payable	**14,837**	8,961
Other payables	**3,768**	4,649
	74,090	62,159

All of the trade and other payables are expected to be settled within one year or are repayable on demand.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Within 3 months	**23,274**	6,970
3 to 6 months	**2,720**	169
6 to 12 months	**1,631**	–
	27,625	7,139

14 SHARE CAPITAL AND DIVIDENDS

(a) Share Capital

	No. of shares	Amount *USD*	Amount *RMB'000*
At January 1, 2021	213,603,234	2,136	14
Issuance of shares for restricted share unit scheme	12,228,440	122	1
Issuance of shares under employee incentive platform	11,242,275	112	1
Conversion of preferred shares upon global offering	13,678,102	137	1
Issuance of shares upon global offering	68,633,000	686	4
Re-designate of ordinary shares as preferred shares	(5,995,880)	(59)	(1)
At December 31, 2021 and 2022	313,389,171	3,134	20

(b) Dividends

Dividends payable to equity shareholders of the Company attributable to the previous financial years, declared and approved during the year:

	2022 ***RMB'000***	2021 *RMB'000*
Dividend in respect of the previous financial year and paid during the year	**–**	323,085

No dividend was proposed for ordinary shareholders of the Company during the year ended December 31, 2022, nor has any final dividend been proposed since the end of the reporting period (2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a global leading medical device technology platform company in China. Leveraging on our four unique technology platforms (including drug-coating technology, radiofrequency ablation technology, polymer material technology and aspiration platform technology), we are focusing on the provision of solutions of cutting-edge intravascular interventional treatments. We have already built over 30 product pipelines so far, which are capable of providing endovascular minimally-invasive interventional solutions for five areas consisting of vascular surgery, cardiology, nephrology, neurology and andrology. Based on the extendability and efficiency of our four technology platforms, we wish to leverage on our advantages in production and research through continuous innovation and continue to meet the clinical needs of vascular interventional treatments, so as to provide solutions of full-body vascular interventional treatments to the patients worldwide and safeguard their health and wellness.

BUSINESS HIGHLIGHTS

In 2022, we made significant progress in research and development. During the Reporting Period, our seven products completed product finalisation, seven products were under clinical trials, four products had applied for registration with the NMPA, and five products and the indication expansion of AcoArt Orchid® & Dhalia® had been approved by the NMPA for marketing. As of December 31, 2022, we applied for registration of 18 additional patents and four of them had been approved.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of December 31, 2022, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,400 hospitals (1,283 hospitals as of December 31, 2021); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 700 hospitals (288 hospitals as of December 31, 2021); our Peripheral Aspiration System (AcoStream™), which was launched in November 2021, had been admitted into 1,000 hospitals; and our Radiofrequency Ablation System (AcoArt Cedar®), which was launched in April 2022, had been listed as a candidate for online procurement in 26 provinces and autonomous regions. These numbers are expected to continuously grow.

The stable and positive direction of our production and research contributed to the rapid growth of our annual revenue directly. For the Reporting Period, our revenue was approximately RMB395.5 million, representing a year-on-year increase of approximately 30.2%. Our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, were the major contributors of our revenue.

The layout of our products is diversifying. With continuous launch of our products, our coverage of departments has been expanded to the cardiology, nephrology and neurology departments.

We continued to diversify our business by accelerating our globalization process and entering into new sectors of disease treatment.

As of December 31, 2022, our products had completed commercialization across 13 countries accumulatively. We are of the view that the acceleration of our Group's globalization process will diversify the revenue stream of our Company and facilitate us to respond to market changes more flexibly. In addition to revenue generated from our Core Products, we continued to diversify our revenue stream. For the Reporting Period, our other commercialized products, including Peripheral Aspiration System (AcoStream™), Radiofrequency Ablation System (AcoArt Cedar®), and PTA balloons products (AcoArt Iris™ & Jasmin™ and AcoArt Lily™ & Rosmarin™) generated revenue of approximately RMB86.0 million, accounting for approximately 21.8% of our total revenue.

We continued to strengthen our efforts in clinical promotions and promote the innovation of clinical therapies of vascular intervention.

Since the launch of AcoArt Orchid® & Dhalia®, our first and China's first peripheral DCB product, we have already initiated our efforts in clinical promotion and education. Since the commencement of research and development of our products, we have never relaxed our promotion efforts in clinical treatments.We have been promoting the innovation of clinical therapies of vascular intervention, so as to provide brand-new solutions for peripheral intravascular diseases to patients.

We will continue to carry on the market cultivation of our new products, so as to provide new treatment methods to clinical patients.

We continued to reinforce our talent pool and improve our team building.

As of December 31, 2022, we had 607 employees in total. The headcount of our research and development team increased to 118 employees, and our original technical team covers the aspects of material science, mechanical design manufacturing, chemistry and biomedical engineering. During the Reporting Period, we supplemented our research and development team with technicians in the field of electronic science and technology, automation and computer programming, which further improved our talent pool. We believe that the support of talents from different aspects will accelerate the implementation of our multi product pipeline projects.

Our new product pipelines were multi-pronged and advanced as scheduled.

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm and we started to prepare for our business presence in these sectors. The progress of production development had been advancing at an extremely quick pace.

We are of the view that these results are attributable to two reasons. First of all, it is attributable to our insight into, judgment of and prediction of market potentials. Decades of experience in the industry enables to make better decisions and judgments to develop these potential markets. Secondly, it is attributable to our first-class execution capabilities.

In addition, our remaining product lines advanced as scheduled according to the original plans.

BUSINESS OVERVIEW

We carried out in-depth investigations and discussion in respect of artery diseases, vein diseases and vascular aneurysm, and we prepared for our business presence in these sectors. During the Reporting Period, our five new products and indication expansion of AcoArt Orchid® & Dhalia® obtained the registration approval from the NMPA. We launched the Radiofrequency Ablation System (AcoArt Cedar®) in April 2022 for varicose veins, making us become the first Chinese enterprise possessing originated technologies and ability to provide comprehensive solution in such sector. We launched the Peripheral Support Catheter (Vericor®) in July 2022, which became the first Chinese branded product in this sector. In addition, our PTA Balloon (P-Conic®), intracranial PTA balloon (NEO-Skater®) and semi-compliant PTCA balloon (YAN) were also successively approved by the NMPA during the Reporting Period. The progress of production development had been advancing at an extremely quick pace.

Product Pipeline

Our products and product candidates are Class I, Class II and Class III medical devices under the classification criteria of the NMPA. The following chart summarizes the key information of our full product portfolio as of the date of this annual report, including ten commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 22 additional product candidates:

★ Core product ☆ Indication expansion of core product ★ Commercialization

▲ Exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

Department	Products and Product Candidates	Indications / Applications	Key Technologies	Phase				Upcoming Milestone
				Area	Pre-clinical Studies	Clinical Studies	Registration	
Vascular Surgery	AcoArt Orchid® & Dhalia®/Orchid Plus★[1]	Superficial femoral artery (SFA) and popliteal artery (PPA) disease	Drug coating technology	China			NMPA Approval★	/
				EU			CE★	/
	AcoArt Tulip®& Litos®★	Below-the-knee (BTK) artery disease	Drug coating technology	China			NMPA Approval★	/
				EU			CE★	/
				U.S				FDA IDE approval(2023)
	AcoArt Iris™ & Jasmin™	PTA Balloon applied in PTA procedure	Polymer materials	China			NMPA Approval★	/
				EU			CE★	/
	AcoArt Lily™ & Rosmarin™	PTA Balloon applied in PTA procedure	Polymer materials	China			NMPA Approval★	/
				EU			CE★	/
	Peripheral Aspiration System ▲ AcoStream™	DVT, ALI	Aspiration platform	China		Exempted from clinical trial	NMPA Approval★	/
				Brazil			ANVISA Approval★	/
	Radiofrequency Ablation System AcoArt Cedar®	Saphenous varicose veins	RF platform	China			NMPA Approval★	/
	Peripheral Support Catheter ▲ Vericor®	Peripheral CTO lesion	Polymer materials	China			NMPA Approval★	/
				U.S		Exempted from clinical trial	FDA Approval★	/
				Brazil			ANVISA Approval★	/
	PTA Balloon P-Conic®[2]	PTA	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
	Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China				2025
	Lower Limb Sirolimus DCB	SFA and PPA disease	Drug coating technology	China				2025
	2nd Gen Peripheral Aspiration System ▲	DVT, ALI	Polymer materials	China		Exempted from clinical trial		2023
	Peripheral Triple-Guidewire Balloon	SFA and PPA disease	Polymer materials	China				2024
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China				2024
	Peripheral Coil	Embolization	Polymer materials	China				2024
	Peripheral Rotational Atherectomy Device	Intravascular calcium	Polymer materials	China				2025
	Peripheral Thrombectomy Device	DVT, ALI and PE	Polymer materials	China				2025
	Peripheral IVL System	Intravascular calcium	Polymer materials	China				2026
Cardiology	Semi-compliant PTCA Balloon YAN	PTCA	Polymer materials	China			NMPA Approval★	/
	AcoArt Camellia® (DCB)	Coronary small vessel diseases	Drug coating technology	China				2024
	Coronary Sirolimus DCB	Bifurcation lesions	Drug coating technology	China				2024
	Coronary CTO Recanalization Balloon RT-Zero▲[3]	Coronary CTO	Polymer materials	China		Exempted from clinical trial		2023
	Guiding Extension Catheter ▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial		2024
	Coronary CTO Antegrade Micro-Catheter ▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial		2023
	Coronary Double-Lumen Selecting Catheter ▲	Bifurcation lesions	Polymer materials	China		Exempted from clinical trial		2024
	Coronary Retrograde Micro-Catheter ▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial		2023
	Coronary Rotational Atherectomy Device	Intravascular calcium	Polymer materials	China				2025
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China				2026
	Coronary Scoring Balloon	PTCA	Polymer materials	China				2023
Nephrology	AcoArt Orchid®& Dhalia®/Orchid Plus☆(DCB)	Arteriovenous fistula stenosis	Drug coating technology	China			NMPA Approval★	/
	AV Scoring Balloon	AVF PTA procedure	Polymer materials	China				2023
	High-Pressure Balloon ▲	AVF PTA procedure	Polymer materials	China		Exempted from clinical trial		2023
Neurology	Intracranial PTA Balloon ▲Neo-Skater®	Intracranial PTA procedure	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
	AcoArt Orchid®& Dhalia®/Orchid Plus☆(DCB)	Vertebral atherosclerotic stenosis	Drug coating technology	China				2024
	AcoArt Daisy™	Intracranial atherosclerotic stenosis	Drug coating technology	China				2024
Andrology	AcoArt Orchid®& Dhalia®/Orchid Plus☆(DCB)	Vasculogenic erectile dysfunction	Drug coating technology	China				2025
	AcoArt Tulip®& Litos®☆	Vasculogenic erectile dysfunction	Drug coating technology	China				2025

Notes:

1. We have been continuously improving the performance of AcoArt Orchid® & Dhalia®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product.

   Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.

2. PTA Balloon P-Conic® includes Above-The-Knee PTA Balloon and Below-The-Knee PTA Balloon.

3. Coronary CTO Recanalization Balloon (RT-Zero) obtained the registration approval from the NMPA on March 13, 2023.

4. We have updated our product candidates in our product pipelines in order to accommodate the market demands.

Our Core Products

1. AcoArt Orchid® & Dhalia®

AcoArt Orchid® & Dhalia® is a paclitaxel DCB used to prevent stenosis or occlusion in superficial femoral artery (SFA) and popliteal artery (PPA) for the treatment of lower extremity artery disease (LEAD) with a vascular interventional approach. It is compatible with the guidewire of 0.035" (Orchid®) and 0.018" (Dhalia®).

We received the CE Marking for AcoArt Orchid® in 2014 and the NMPA approval for AcoArt Orchid® & Dhalia® in 2016. AcoArt Orchid® & Dhalia® was the first peripheral DCB product launched in China. As of December 31, 2022, we had also launched AcoArt Orchid® in twelve other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

We are expanding the indications of AcoArt Orchid® & Dhalia® to address the underserved medical needs of hemodialysis patients with Arteriovenous Fistula (AVF) stenosis. In May 2018, we initiated an RCT for our AcoArt Orchid® & Dhalia® indicated for treating AVF stenosis in China to evaluate its safety and efficacy. The RCT enrolled a total of 244 trial subjects in 11 hospitals in China, with the General Hospital of People's Liberation Army as the principal investigator institution. The 244 subjects were randomized in a 1:1 ratio to a study group, where the subjects receive the treatment using AcoArt Orchid® & Dhalia®, and a control group, where the subjects receive the treatment using PTA balloons. We have completed the six-month follow-ups and the twelve-month follow-ups for all the trial subjects. According to the six-month follow-ups statistics, patency rate of DCB group is 91.4%, as comparing to the 66.9% patency rate for PTA group. According to the twelve-month follow-ups statistics, patency rate of DCB group is 66.1%, as compared to the 46.4% patency rate for PTA group. In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022. In neurology, our AcoArt Orchid® & Dhalia® have completed the subject enrollment, and we expect to receive the NMPA approval in 2024.

We have been continuously improving the performance of AcoArt Orchid® & Dhalia®. As advised by NMPA and as part of our business strategy, we decided not to register Orchid Plus as a separate product. Alternatively, we applied to register Orchid Plus as an upgrade version of AcoArt Orchid® & Dhalia® with improved delivery balloon catheter system, and received the revised NMPA approval for AcoArt Orchid® & Dhalia® in November 2021.

For the Reporting Period, our revenue generated from the sales of AcoArt Orchid® & Dhalia® in China and overseas amounted to approximately RMB270.8 million, representing a period-on-period decrease of approximately 1.5%.

2. AcoArt Tulip® & Litos®

AcoArt Tulip® & Litos® is a paclitaxel DCB used to prevent stenosis or occlusion in below-the-knee (BTK) arteries for the treatment of chronic limb-threatening ischemia with a vascular interventional approach. It is compatible with the guidewire of 0.018" (AcoArt Tulip®) and 0.014" (AcoArt Litos®). We received the CE Marking for AcoArt Tulip® & Litos® in 2014, the FDA "breakthrough device" designation for AcoArt Litos® in 2019 and the NMPA approval for market for AcoArt Tulip® & Litos® in December 2020, and successfully launched it in China in January 2021. As of December 31, 2022, we had also launched AcoArt Tulip® & Litos® in twelve other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

In January 2022, we submitted an IDE application for AcoArt Litos® Paclitaxel Coated Percutaneous Transluminal Angioplasty (PTA) Balloon Catheter to the Center for Devices and Radiological Health of the FDA.

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip® & Litos® in China and overseas amounted to approximately RMB36.5 million, representing a period-on-period increase of approximately 51.4%.

Other Key Product Candidates

In vascular surgery, other than our Core Products, we have six other commercialized products and nine product candidates in pipeline. In cardiology, we have one commercialized products and ten product candidates in pipeline. In nephrology, we have one commercialized products and two product candidates in pipeline. In neurology, we have one commercialized products and two product candidates in pipeline. We are also expanding the indications of our AcoArt Orchid® & Dhalia® for the treatment of vasculogenic ED.

Devices Targeting Vascular Surgery

Other than our Core Products, we have six commercialized products, namely AcoArt Iris™ & Jasmin™, AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream™), Radiofrequency Ablation System (AcoArt Cedar®) and Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®) and nine product candidates in pipeline.

Commercialized Products

1. **AcoArt Iris™ & Jasmin™** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of SFA/PPA lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Iris™ & Jasmin™ in 2014 and successfully renewed its registration certificate for another five years in June 2019. We also obtained CE Marking for AcoArt Iris™ in 2017. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **AcoArt Lily™ & Rosmarin™** is a PTA balloon used to open up narrowing or occlusive vessels for the treatment of BTK lesions with a vascular interventional approach. We received the NMPA approval for AcoArt Lily™ & Rosmarin™ in 2015 and successfully renewed its registration certificate for another five years in May 2020. We also obtained CE Marking for AcoArt Lily™ & Rosmarin™ in 2017. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

3. **Peripheral Aspiration System (AcoStream™)** consists of a single-use suction connection tube, a suction pump and a thrombus aspiration catheter designed for use in the percutaneous aspiration thrombectomy for treatment of pulmonary thrombosis and lower extremity deep vein thrombosis (DVT). The suction pump of Peripheral Aspiration System (AcoStream™) and the aspiration catheter were approved by the NMPA in August and November 2021. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

4. **Radiofrequency Ablation System (AcoArt Cedar®)** consists of a radiofrequency generator and an endovenous radiofrequency catheter. Our Radiofrequency Ablation System (AcoArt Cedar®) is designed for superficial vein closure to treat varicose veins through radiofrequency ablation. We received the NMPA approval in April 2022. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

5. **Peripheral Support Catheter (Vericor®)** is designed to enhance access to peripheral vessels. Our peripheral support catheters are used together with guidewires to recanalize CTO lesions and BTK lesions and to reduce the difficulty of performing surgeries on complex lesions and BTK lesions. We received the NMPA approval in July 2022. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

6. **The PTA Balloon (P-Conic®)** is a percutaneous transluminal angioplasty (PTA) balloon designed for arterial dilation of the lower extremities, with a tapered balloon plus high pressure design for optimal vessel preparation. We received the NMPA approval in December 2022. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

For the Reporting Period, our revenue from the sales of our venous intervention and vascular access products, primarily including but not limited to AcoArt Iris™ & Jasmin™, AcoArt Lily™ & Rosmarin™, Peripheral Aspiration System (AcoStream™) and Radiofrequency Ablation System (AcoArt Cedar®), was approximately RMB86.0 million.

Product Candidates in Pipeline

7. **Peripheral Triple-Guidewire Balloon** incorporates three guidewires around the balloon to achieve focused vasodilatation. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL TRIPLE-GUIDEWIRE BALLOON SUCCESSFULLY.

8. **Peripheral Rotational Atherectomy Device** has an exclusively designed drill with high-speed rotary grinding heads used in chronic total occlusion (CTO) treatment. Our peripheral rotational atherectomy device is currently in the stage of pre-clinical study. We expect to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL ROTATIONAL ATHERECTOMY DEVICE SUCCESSFULLY.

9. **Peripheral Spot Stent** is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. Our peripheral spot stent has been sent for type testing and is currently under clinical trial. We expect to receive the NMPA approval in 2025.

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

10. **Lower Limb Sirolimus DCB** is a sirolimus coated balloon product indicated for PAD. Our lower limb sirolimus DCB's therapeutic effect has been preliminary validated by the pig coronary model. Our lower limb sirolimus DCB is currently enrolling. We expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LOWER LIMB SIROLIMUS DCB SUCCESSFULLY.

11. **Peripheral Scoring Balloon** has a scoring element embedded on the balloon. Our peripheral scoring balloon is currently in the stage of pre-clinical study. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2024.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL SCORING BALLOON SUCCESSFULLY.

12. **2nd Gen Peripheral Aspiration System** is the upgraded product of our current peripheral aspiration system product. Our 2nd gen peripheral aspiration system is currently under development. We expect to receive the NMPA approval in 2023.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR 2ND GEN PERIPHERAL ASPIRATION SYSTEM SUCCESSFULLY.

13. **Peripheral IVL System** is an intravascular lithotripsy device mounted on a conventional balloon angioplasty. Energizing the lithotripsy device will generate pulsatile energy to disrupt hard calcium among the lesion, to allow subsequent dilation of stenotic lesion with lower balloon pressure and ultimately to reduce the rate of stent implantation. Our peripheral IVL system was sent for type testing in 2022. We expect to receive the NMPA approval in 2026.

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

14. **Peripheral Thrombectomy Device** features a nitinol retrievable stent and is designed to capture the clot in peripheral veins. Our peripheral thrombectomy device is currently under development. We expect to receive the NMPA approval in 2025.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL THROMBECTOMY DEVICE SUCCESSFULLY.

15. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. Our peripheral coil was sent for type testing in 2022. We expect to receive the NMPA approval in 2024.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PERIPHERAL COIL SUCCESSFULLY.

Devices Targeting Cardiology

As of the end of the Reporting Period, we have one commercialized product, namely semi-compliant PTCA balloon (YAN), and ten product candidates in pipeline.

Commercialized Products

1. **Semi-compliant PTCA Balloon (YAN)** is a product designed for dilation in coronary artery or coronary artery bypass vessels stenosis to improve myocardial perfusion. YAN is also indicated for dilation of coronary artery occlusive lesions to restore coronary blood flow of ST-segment elevation myocardial infarction (STMI) patients. We received the NMPA approval in December 2022. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

As the semi-compliant PTCA balloon (YAN) was only obtained the NMPA approval in December 2022, no revenue was generated from the sales of it.

Product Candidates in Pipeline

2. **Coronary CTO Antegrade Micro-Catheter** is designed for treating coronary artery CTO with an antegrade passing technique. We made the product registration submission for the product with the NMPA in 2022, and we expect to receive the NMPA approval in 2023.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO ANTEGRADE MICRO-CATHETER SUCCESSFULLY.

3. **Coronary CTO Recanalization Balloon** is a high-pressure PTCA balloon with a minimum of 0.85mm balloon diameter and a minimum of 0.0160" crossing profile, indicated for dilation in coronary artery stenosis and chronic total occlusion (CTO) lesion to improve myocardial perfusion for patients with coronary ischemia. This product received the NMPA approval on March 13, 2023.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY CTO RECANALIZATION BALLOON SUCCESSFULLY.

4. **Coronary Double-Lumen Selecting Catheter** is designed for treating complex bifurcation lesions. Our coronary double-lumen selecting catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY DOUBLE-LUMEN SELECTING CATHETER SUCCESSFULLY.

5. **Coronary Retrograde Micro-Catheter** is designed for treating coronary artery CTO with a retrograde passing technique. Our coronary retrograde micro-catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2023.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY RETROGRADE MICRO-CATHETER SUCCESSFULLY.

6. **Guiding Extension Catheter** helps deliver stents and balloons through its guiding catheter in complicated lesions. Our guiding extension catheter is currently under development. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR GUIDING EXTENSION CATHETER SUCCESSFULLY.

7. **Coronary Rotational Atherectomy Device** refers to our rotational atherectomy technology used in eliminating intracardiac intravascular hard plaque. Our coronary rotational atherectomy device is currently in the stage of pre-clinical study. We expect to make the product registration submission for the product with the NMPA in 2024 and to receive the NMPA approval in 2025.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY ROTATIONAL ATHERECTOMY DEVICE SUCCESSFULLY.

8. **AcoArt Camellia®** is a paclitaxel DCB indicated for the treatment of coronary small vessel diseases (SVD). We expect to complete the RCT in 2023. We completed the subject enrollment of the RCT for our AcoArt Camellia® in 2022. We expect to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART Camellia® SUCCESSFULLY.

9. **Coronary Sirolimus DCB** is a sirolimus DCB indicated for the treatment of bifurcation lesions in coronary arteries. We have initiated an RCT for our coronary sirolimus DCB in January 2021 to evaluate the safety and efficacy of sirolimus DCB in treating bifurcation lesions in coronary arteries. We completed the subject enrollment of the RCT for our coronary sirolimus DCB in 2022. We expect to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SIROLIMUS DCB SUCCESSFULLY.

10. **Coronary Scoring Balloon** has a scoring element embedded on the balloon. We expect to make the product registration submission for the product with the NMPA in 2023, and we expect to receive the NMPA approval in 2023.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY SCORING BALLOON SUCCESSFULLY.

11. **Coronary IVL System** is an intravascular lithotripsy device mounted on a conventional balloon angioplasty. Energizing the lithotripsy device will generate pulsatile energy to disrupt hard calcium among the coronary lesion, to allow subsequent dilation of stenotic lesion with lower balloon pressure and ultimately to reduce the rate of stent implantation. Our coronary IVL system is currently under development. We expect to receive the NMPA approval in 2026.

    WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR CORONARY IVL SYSTEM SUCCESSFULLY.

Devices Targeting Nephrology

In nephrology, we received the updated registration certificate from the NMPA for the indication expansion of AcoArt Orchid® & Dhalia® for treating AVF stenosis in July 2022.

1. **High-Pressure Balloon** dilates arterial and venous access with a blasting pressure as high as 30 atm, higher than the blasting pressure of 25 atm of most existing balloons on the market. We made the product registration submission for the product with the NMPA in 2022, and we expect to receive the NMPA approval in 2023.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR HIGH-PRESSURE BALLOON SUCCESSFULLY.

2. **AV Scoring Balloon** has a scoring element embedded on the balloon. Our AV scoring balloon is currently in the stage of pre-clinical study. We expect to make the product registration submission for the product with the NMPA in 2023 and to receive the NMPA approval in 2023.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR AV SCORING BALLOON SUCCESSFULLY.

Devices Targeting Neurology

As of the end of the Reporting Period, we have one commercialized product, namely intracranial PTA balloon (NEO-Skater®), and one product candidate in pipeline. We are also expanding the indications of our AcoArt Orchid® & Dhalia® in the treatment of vertebral atherosclerotic stenosis.

Commercialized Products

1. **Intracranial PTA Balloon (NEO-Skater®)** is an intracranial PTA balloon to improve perfusion of atherosclerotic intracranial arteries, and it has an improved catheter platform and lubricant coating of the balloon to ensure the passage in a tortuous and narrow vascular environment. We received the NMPA approval in December 2022. As of December 31, 2022, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

As the intracranial PTA Balloon (NEO-Skater®) was only obtained the NMPA approval in December 2022, no revenue was generated from the sales of it.

Product Candidates in Pipeline

2. **AcoArt Daisy®** is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). As of December 31, 2022, we completed the subject enrollment of the RCT for our AcoArt Daisy® in 2022. We expect to receive the NMPA approval in 2024.

   WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART DAISY® SUCCESSFULLY.

Devices Targeting Andrology

In andrology, we are expanding the indications of our two Core Products, namely AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, for the treatment of vasculogenic ED. We expect to initiate the clinical trial required by the NMPA in order for us to expand the indication of AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos® to treating vasculogenic ED. Our clinical trials are currently enrolling. We expect to receive the NMPA approval in 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR ACOART ORCHID® & DHALIA® AND ACOART TULIP® & LITOS® INDICATED FOR TREATING VASCULOGENIC ED.

Research and Development

We have a strong in-house research and development team. The team is led by Ms. Weijia LI, Mr. Lizhong LU, Ms. Yaze LI, Mr. Ruijie ZHANG and Mr. Scott WILSON.

We have primarily adopted a self-development business model. Our research and development team self-develop most of the key technologies used in our products and product candidates, and we own substantially all the rights pertaining to all our products and product candidates, except that the formula of the excipient used in our DCB products (which we believe is a key differentiating aspect of our products) was licensed from InnoRa GmbH, our business partner. Furthermore, as of December 31, 2022, we had a robust intellectual property portfolio, consisting of 43 registered patents and 32 pending patent applications.

During the Reporting Period, we supplemented our research and development team with technicians in the field of electronic science and technology, automation and computer programming, which further improved our talent pool. We also assembled a new team dedicating in the research and development of power-sourced devices located in Shenzhen, with a laboratory of approximately 600 sq.m..

Manufacturing

Our production facility in Beijing has an aggregate gross floor area of approximately 13,000 sq.m., and our production facility in Beijing has an aggregate gross floor area of approximately 9,000 sq.m.. As of December 31, 2022, our facility was primarily used for the production of our balloon catheter products (including DCB and PTA products), power-sourced devices and products candidates.

The production capacity, actual production volume and utilization rate for our commercialized balloon catheter products in our manufacturing facility for the Reporting Period is 424,443, 232,214, and 54.7%, respectively. We conduct all the manufacturing process of our balloon catheter products in-house.

Sales and Marketing

Currently, we primarily sell and market our Core Products, AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, and our venous intervention and vascular access products. We also sell and market AcoArt Orchid® and AcoArt Tulip® & Litos® in several overseas countries. For the Reporting Period, we generated approximately RMB307.3 million and approximately RMB86.0 million from the sales of our Core Products and our venous intervention and vascular access products, respectively, representing a period-on-period increase of approximately 2.7% and approximately 1,763.8%, respectively, and a substantial portion of such revenue is generated from our sales in China. As our current products and product candidates receive more marketing approvals in countries and regions outside China, we expect to generate more sales from overseas markets.

We use a combination of our in-house sales and marketing team, our connections with hospitals and a network of independent distributors to sell our products in China. As of December 31, 2022, we had a strong sales and marketing team in China, led by the head of our sales and marketing team, Ms. Hui ZHANG, who has vast sales and marketing experience in the medical device industry. During the Reporting Period, we have established a sales team with extensive experience in nephrology, thus laying the foundation for the commercialization of DCB products in nephrology. We also had sales and marketing staff in India in charge of overseas sales and marketing. Our in-house sales and marketing team tracks and analyzes applicable local laws and regulations and government policies as well as market data of our products in order to formulate national and regional marketing strategies more effectively.

We employ a strategic marketing model to promote and sell our products. Under this model, we promote our products to hospitals in China through academic marketing, by establishing research and clinical collaboration and training relationships with hospitals and by leveraging our network with KOLs.

Intellectual Property Rights

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, inventions and know-how and ensure our future success with commercializing our products. As at December 31, 2022, we had 43 registered patents and 119 registered trademarks, as well as 32 pending patent applications and 39 pending trademark applications in China and overseas. There is no material legal impediment for us to obtain the approvals for these pending patents and trademarks.

Impact of the COVID-19 Pandemic

Although we experienced slight delays in the patient enrollment, data collection and data analyses processes for certain of our clinical trials, we had resumed the normal patient enrollment and data analyses for our clinical trials in China since April 2020. Moreover,

the sales of our DCB products in China for 2020 have been significantly affected by the COVID-19 pandemic, but the sales amount of AcoArt Orchid® & Dhalia® gradually bounced back since April 2020. In 2022, due to the COVID-19 pandemic, the product supply and sales of DCB products in several important revenue-contributing regions were temporarily affected, resulting in a slowdown in growth of revenue from our core products. However, we strived hard and managed to keep the clinical trials or the overall clinical development plan on track without experiencing any significant long-term impact. We had not experienced any material difficulties in procuring our major raw materials and have not experienced significant fluctuations in the prices of our supplies since the outbreak of COVID-19 and as of December 31, 2022.

Future Development

Our goal is to become a global leader that provides full-suite of interventional solutions for vascular diseases.

Leveraging the synergistic effects from our three core technologies, we will further expand our product offerings. To fuel our long-term growth, we plan to further expand our coverage in the domain of vascular interventional therapies. We plan to cover five therapeutic areas consisting of vascular surgery, cardiology, nephrology, neurology and andrology primarily by expanding the indications of our DCB products. We also plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the five therapeutic areas. With a goal to solidify our leading position in the DCB market and enhance our competitiveness in other vascular interventional therapies, we plan to increase our investments in technological innovation to strengthen our research and development capabilities.

We will continue to grow sales of AcoArt Orchid® & Dhalia® through increasing our sales efforts to deepen the penetration in hospitals to which we currently sell AcoArt Tulip® & Litos® and expanding into new hospitals in China by leveraging our direct access to KOLs in vascular interventional therapy, providing systematic training to physicians, and increasing DCB awareness among hospitals, physicians and patients. We plan to continue to implement and improve our systematic DCB training program to expedite the physician education process and to promote our DCB products. We also plan to further promote DCB awareness among patients in China in order to broaden the patient base.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We will also broaden our sales and expand our presence globally, especially in Europe and the United States.

FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, all our revenue was generated from sales of medical devices. Sales of DCB products, our Core Product, have comprised the major portion of our revenue since its first commercialization in China in 2016. Our revenue primarily comprised of the sales of Core Products and venous intervention and vascular access products. We expect to increase our revenue by expanding the indications of our Core Products and enriching our venous intervention and vascular access products in the near future.

The Group's revenue for the year ended December 31, 2022 was approximately RMB395.5 million, representing an increase of approximately 30.2% compared to approximately RMB303.8 million for the year ended December 31, 2021. The increase was primarily attributable to (i) an increase in the sales of core product AcoArt Tulip® & Litos® and PTA balloon products, (ii) the launch of the new products AcoStream™ since November 2021 and AcoArt Cedar® since April 2022 in China and (iii) the sales promoted as a result of the marketing and advertising activities in both PRC and overseas market. It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the year ended December 31, 2021 although the economy was seriously affected by domestic COVID-19 outbreaks and rising geopolitical risks. For the year ended December 31, 2022, revenue from sales of DCB products accounted for approximately 77.7% of our total revenue, as compared to approximately 98.5% for the year ended December 31, 2021, which is due to the diversity of our commercialized products.

The following table sets forth a breakdown of our revenue:

Revenue	**Year ended December 31, 2022**		Year ended December 31, 2021	
	RMB'000	***Proportion***	*RMB'000*	*Proportion*
Core Products	**307,283**	**77.7%**	299,165	98.5%
AcoArt Orchid® & Dhalia®	**270,810**	**68.5%**	275,071	90.5%
AcoArt Tulip® & Litos®	**36,473**	**9.2%**	24,094	8.0%
Venous intervention and vascular access products*Note*	**86,033**	**21.8%**	4,616	1.5%
Others	**2,229**	**0.5%**	32	0.0%
Total	**395,545**	**100.0%**	303,813	100.0%

Note: The venous intervention and vascular access products primarily including but not limited to PTA balloon products, AcoStream™ and AcoArt Cedar®.

Cost of Sales

The cost of sales primarily consists of staff costs, raw material costs, depreciation and amortization, utility costs and others.

The Group's cost of sales for the year ended December 31, 2022 was approximately RMB59.2 million, representing an increase of approximately 56.2% compared to approximately RMB37.9 million for the year ended December 31, 2021. The increase was primarily attributable to (i) increase of sales volume of AcoArt Tulip® & Litos® and PTA balloon products, (ii) the inclusion of the cost of sales of AcoStream™ and AcoArt Cedar® in China which were newly launched in November 2021 and April 2022, respectively, and (iii) scale effect of production.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by approximately 26.5% from approximately RMB265.9 million for the year ended December 31, 2021 to approximately RMB336.4 million for the year ended December 31, 2022, which was in line with the increase in our revenue. Gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased from 87.5% for the year ended December 31, 2021 to 85.0% for the year ended December 31, 2022, mainly due to an increase in sales volume of venous intervention and vascular access products and relatively lower sales prices of that kind of products, leading to a decrease in overall gross profit margin.

Other Income

The Group recorded other income for the year ended December 31, 2022 of approximately RMB28.1 million, representing an increase of approximately 146.5% compared to approximately RMB11.4 million for the year ended December 31, 2021, primarily attributable to an increase in interest income due to increase in balance of bank deposits.

Other Net Income

The other net income primarily consisted of gain on fair value change of financial assets measured at fair value through profit or loss, net foreign exchange gain, net losses on disposal of property, plant and equipment, net losses on disposal of raw materials and others.

The Group recorded other net income for the year ended December 31, 2022 of approximately RMB52.0 million, compared to approximately RMB8.8 million loss for the year ended December 31, 2021. The increase was mainly due to net foreign exchange gain.

Selling and Distribution Costs

The Group's selling and distribution costs for the year ended December 31, 2022 was approximately RMB72.7 million, representing an increase of approximately 23.6% compared to approximately RMB58.8 million for the year ended December 31, 2021. The increase was primarily attributable to (i) an increase in the number of sales staffs and therefore an increase in staff cost; (ii) the fact that less employee stock ownership plan ("**ESOP**") expense was occurred compared with that in 2021; (iii) the fact that more conferences were held to support the launch of the new products.

R&D Costs

The Group's R&D costs for the year ended December 31, 2022 was approximately RMB183.8 million, representing an increase of approximately 30.1% compared to approximately RMB141.3 million for the year ended December 31, 2021. The increase was primarily attributable to (i) the research and development expense of the Shenzhen R&D center, which was acquired in May 2020, and the American R&D center, which was established in November 2021, both of which were consolidated in the comprehensive financial statement of the Group; (ii) the increased investments in the on-going research and development projects; and (iii) the expansion of our product portfolio through in-house research and development.

The following table sets forth the components of our research and development expenses for the period indicated.

	Year ended December 31,			
	2022		2021	
	RMB'000	***%***	*RMB'000*	*%*
Employee benefits expenses*Note*	**68,229**	**37.1%**	50,950	36.0%
Third-party contracting expenses	**46,102**	**25.1%**	35,405	25.1%
Depreciation and amortisation	**5,542**	**3.0%**	4,326	3.1%
Material consumed	**43,446**	**23.6%**	30,550	21.6%
Consultancy fee	**14,311**	**7.8%**	9487	6.7%
Others	**6,166**	**3.4%**	10,570	7.5%
	183,796	**100.00%**	141,288	100.00%

Note: Employee benefits expense includes Share-based compensation.

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2022 was approximately RMB87.8 million, representing an increase of approximately 51.1% compared to approximately RMB58.1 million for the year ended December 31, 2021. The increase was primarily attributable to (i) increased recruitment fee and training fee with the increase of headcount in 2022 and (ii) increased consultancy fee with the increasing demand on professional and standardized management.

Finance Costs

The Group's finance costs for the year ended December 31, 2022 was approximately RMB1.8 million, representing a decrease of approximately 52.6% compared to approximately RMB3.8 million for the year ended December 31, 2021. The decrease was primarily attributable to the reduced interest expense on bank borrowings.

Provision of Impairment Losses on Trade Receivables

The Group's provision of impairment losses on trade receivables for the year ended December 31, 2022 was approximately RMB0.1 million, compared to, net of reversal, with approximately RMB0.8 million for the year ended December 31, 2021. The increase was primarily attributable to the increase of the balances of account receivables as of December 31, 2022.

Non-IFRS Measures

To supplement our audited consolidated statement of profit or loss and other comprehensive income which is presented in accordance with the IFRS, we also use adjusted net profit as a non-IFRS measure, which is not required by, or presented in accordance with, IFRS. We believe that the presentation of non-IFRS measure when shown in conjunction with the corresponding IFRS measures provides useful information to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impact of certain non-recurring or one-off expenses that do not affect the Group's ongoing operating performance, including listing expenses, loss on fair value change of preferred shares, deferred tax asset reversal and share-based payments expenses. Such non-IFRS measure allows investors to consider metrics used by our management in evaluating our performance.

The following table shows our adjusted net profit and its reconciliation to loss for the periods indicated:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Profit/(Loss) for the year	**70,142**	(79,077)
add:		
Share-based payments[(1)]	**15,251**	33,356
Loss on fair value change of preferred shares[(2)]	**–**	33,458
Listing expenses[(3)]	**–**	41,129
Deferred tax asset reversal[(4)]	**271**	4,174
Adjusted net profit for the year[(5)]	**85,664**	33,040

Notes:

(1) Share-based payments are non-operational expenses arising from granting shares to selected executives, employees, the amount of which may not directly correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities.

(2) Loss on fair value change of preferred shares are one-off expenses arising from when the preferred shares were converted to ordinary shares upon the global offering. The fair value loss of preferred shares is a non-cash item, and there will be no further gains or losses on fair value changes from these preferred shares after the conversion into ordinary shares upon the closing of the global offering.

(3) Listing expenses are one-off expenses in relation to the listing of the Company's shares on the Main board of the Stock Exchange.

(4) Deferred tax reversal due to deductible temporary difference and tax losses cannot be utilized by future tax profit.

(5) We consider share-based payments, loss on fair value change of preferred shares, listing expenses and deferred tax asset derecognition as non-operational or one-off expenses which do not affect our ongoing operating performance. We believe the net profit as adjusted by eliminating potential impacts of the share-based payments, loss on fair value change of preferred shares, listing expenses and deferred tax asset reversal provides useful information to investors in facilitating a comparison of our operating performance from period to period.

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

Income Tax

The Group's income tax expense for the year ended December 31, 2022 was approximately RMB0.2 million, representing a decrease of approximately 98.3% compared to the income tax expense of approximately RMB11.8 million for the year ended December 31, 2021. The decrease was primarily attributable to less current income tax and less deferred tax was recognized.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's cash and cash equivalents as at December 31, 2022 were approximately RMB986.5 million, representing a decrease of approximately 13.3% compared to approximately RMB1,137.2 million as at December 31, 2021. The decrease was primarily attributable to the increase in operating and investing expenditures.

We rely on capital contributions by our shareholders and also generate cash from our sales revenue of existing commercialized products, including PTA, DCB, AcoStream™ and AcoArt Cedar®. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion.

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

Borrowings and Gearing Ratio

As at December 31, 2022, the Group's total borrowings are interest-bearing bank borrowings which were nil, compared to approximately RMB6.0 million as at December 31, 2021.

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2022, the gearing ratio of the Group increased to approximately 10.5% from approximately 8.3% as at December 31, 2021.

Net Current Assets

As at December 31, 2022, the Group's net current assets was approximately RMB1,157.8 million, representing an increase of approximately 0.2% compared to net current assets of approximately RMB1,155.4 million as at December 31, 2021.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, trade receivables, other receivables, and trade and other payables are dominated in foreign currencies and are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Significant Investments, Material Acquisitions and Disposals

As of December 31, 2022, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures (for the year ended December 31, 2021: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB49.6 million, which was used in (i) purchase of plant and equipment; (ii) payment of rental deposits; and (iii) purchase of intangible assets.

Charge on Assets

As at December 31, 2022, there was no charge on assets of the Group (for the year ended December 31, 2021: nil).

Contingent Liabilities

As at December 31, 2022, we did not have any contingent liabilities (for the year ended December 31, 2021: nil).

Employees and Remuneration Policies

As of December 31, 2022, we had 607 employees in total. Most of them are stationed in China.

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

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

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to push products development in our pipeline. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

SUBSEQUENT EVENTS

Voluntary Partial Cash Offer

On December 12, 2022, Boston Scientific Group plc as the Offeror and the Company jointly announced that Citigroup Global Markets Asia Limited, on behalf of the Offeror, will make a voluntary conditional partial cash offer to acquire a maximum of 203,702,962 Shares at the Offer Price of HK$20 per Share in cash in the issued share capital of the Company (representing 65% of the Company's issued share capital) from the Shareholder(s) other than the Offeror and parties acting in concert with it in compliance with the Hong Kong Code on Takeovers and Mergers.

On January 26, 2023, the Offeror and the Company jointly announced that all the Conditions have been fulfilled and the Partial Offer has become and declared unconditional in all respects.

On February 9, 2023, the Offeror and the Company jointly announced that the Partial Offer was closed.

For details, please refer to (i) the joint announcements dated December 12, 2022, January 26, 2023 and February 9, 2023 jointly issued by the Offeror and the Company; and (ii) the composite offer and response document dated January 3, 2023 jointly issued by the Offeror and the Company (the "**Composite Document**"). Unless otherwise stated, capitalized terms used above shall have the same meanings as those used in the Composite Document.

Change of Non-executive Directors, member of the Audit Committee and Authorized Representative

With effect from February 9, 2023, Mr. Chen CHEN ("**Mr. Chen**") has resigned as a non-executive Director, a member of the audit committee of the Company (the "**Audit Committee**") and an authorized representative of the Company (the "**Authorized Representative(s)**") under Rule 3.05 of the Listing Rules and Mr. Ke TANG has resigned as a non-executive Director.

Each of Mr. Arthur Crosswell BUTCHER and Ms. June CHANG has been appointed as a non-executive Director and Ms. Chang has been appointed as a member of the Audit Committee with effect from February 9, 2023.

Ms. Jing LI has been appointed as the one of Authorized Representatives in place of Mr. Chen with effect from February 9, 2023.

For details, please refer to the announcement issued by the Company dated February 9, 2023.

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the Global Offering and the full exercise of the over-allotment option, after deduction of the underwriting fees and commissions and expenses of the Company in connection with the Global Offering, was approximately RMB1,294.0 million. The Group would apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the Prospectus.

The table sets forth the utilization of the net proceeds from the Global Offering and the unutilized amount as at December 31, 2022:

Intended use of proceeds as stated in the Prospectus	**Percentage to total amount**	**Net proceeds from the IPO**	**Utilised amount as at December 31, 2022**	**Unutilised amount as at December 31, 2022**	**Expected timeline for unutilized amount**
	%	*RMB'000*	*RMB'000*	*RMB'000*	
Development and commercialization of our Core Products	32	414,067	122,465	291,602	Year 2027
Development and commercialization of other 24 products	23	297,611	124,449	173,162	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	15,698	74,879	Year 2023
Expand our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments	24	310,550	34,396	276,154	Year 2024
Working capital and other general corporate purposes	8	103,517	44,103	59,414	Year 2025
Repay the Loan	6	77,638	77,638	–	N/A
Total	**100**	**1,293,960**	**418,749**	**875,211**	

The Group will utilise the Net Proceeds in accordance with the intended purposes as set out in the Prospectus. The Board is not aware of any material change to the planned use of the Net Proceeds as at the date of this announcement.

OUTLOOK

Our goal is to become a global leader that provides full-suite of interventional solutions for vascular diseases.

In 2022, we received the NMPA approval for five new products and one indication expansion of DCB (AcoArt Orchid® & Dhalia®). The NMPA approvals for Neo-Skater®, YAN and indication expansion on treating AVF stenosis of DCB (AcoArt Orchid® & Dhalia®) marked our entrance into three new therapeutic sectors: neurology, cardiology and nephrology. Our products layout in artery sector has covered vessel access, vessel preparation and therapeutic devices, which allow us to provide comprehensive solution in such sector. In vein sector, our radiofrequency catheter (AcoArt Cedar®) and radiofrequency generator products was approved to launch in April 2022, which further enriched our commercialized product portfolio in such sector. We plan to adopt appropriate marketing and academic activities to promote our products among doctors and patients in China in order to broaden the doctor and patient base.

Leveraging the synergistic effects from our four core technologies, we will further expand our product offerings. To fuel our long-term growth, we plan to further expand our coverage in the domain of vascular interventional therapies. We have built a multi-pronged product pipeline cover five therapeutic areas consisting of vascular surgery cardiology, nephrology, neurology and andrology primarily by leveraging our four technology platforms. We also plan to expand our product offerings from therapeutic devices, procedural devices to other ancillary devices for vascular interventional procedures in each of the five therapeutic areas. The Boston Scientific may also partner with the Company to identify new areas of product development not currently in one or both party's portfolio.

Benefiting from the commercialization of diversified products, we have generated approximately 31.0% of total revenue from venous intravenous intervention and vascular access products and AcoArt Tulip® and Litos® in 2022. We will continue to broaden our sales through expanding our newly-launched products into hospitals in China as well as increasing our sales efforts to deepen the penetration in hospitals to which we currently sell products by leveraging our direct access to KOLs in vascular interventional therapy, providing systematic training to physicians, and increasing awareness among hospitals, physicians and patients.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We will also broaden our sales and expand our presence globally, especially in Europe and the United States. To execute our global expansion strategy, we will continue to participate in international vascular intervention conferences and academic events, such as Leipzig Interventional Course (LINC), to further promote our products and brand name. We also plan to conduct clinical trials for some product candidates in China and Europe simultaneously. We believe our existing brand name in Europe will contribute to our future expansion in the United States and other emerging markets. The Boston Scientific may also assess opportunities to partner with the Company to register and commercialize the Company's products globally, including the United States.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2022.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. The Company has complied with all applicable code provisions of the CG Code during the Reporting Period, save for the following deviations. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be segregated and should not be performed by the same individual. According to the current structure of the Board, the positions of the Chairperson and Chief Executive Officer of the Company are held by Ms. Jing LI.

The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises three independent non-executive Directors out of seven Directors, and the Board believes there is sufficient check and balance on the Board, (ii) Ms. Jing LI and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of the Company and will make decisions of the Group accordingly, and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Group. Moreover, the overall strategic and other key business, financial and operational policies of the Group are made collectively after thorough discussion at both the Board and senior management levels. Finally, as Ms. Jing LI is our principal founder, the Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and chief executive officer is necessary.

Code provision F.1.1 of the CG Code provides that the issuer should have a policy on payment of dividends. As the Company expects to retain all future earnings for use in the operation and expansion of the business and does not have any dividend policy to declare or pay any dividends in the near future. The Board will review the Company's status periodically and consider adopting a dividend policy if and when appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, each of the Directors has confirmed that he/she has complied with the required standards as set out in the Model Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

SCOPE OF WORK OF KPMG

The 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 December 31, 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on March 23, 2023. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's audited consolidated financial statements for the year which have been agreed by the Company's auditor, and is of the view that the Group's audited consolidated financial statements for the year are prepared in accordance with the applicable accounting standards, laws and regulations, and appropriate disclosures have already been made. The Audit Committee has also reviewed the annual results for the year.

PUBLICATION OF THE ANNUAL RESULTS AND 2022 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.acotec.cn), and the 2022 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS AND GLOSSARY

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

"Audit Committee"	the audit committee of the Board
"AVF"	arteriovenous fistula, an abnormal connection between an artery and a vein, bypassing some capillaries. It is usually surgically created for hemodialysis treatments
"Board of Directors" or "Board"	the board of Directors
"CAD"	coronary artery disease

"CG Code"	the "Corporate Governance Code" as contained in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this interim results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"Company", "our Company", or "Acotec"	Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands on December 3, 2020
"Core Product"	AcoArt Orchid® & Dhalia® and AcoArt Tulip® & Litos®, the designated "core product" as defined under Chapter 18A of the Listing Rules
"DCB"	drug-coated balloon, an angioplasty balloon used in PCI procedures with anti-proliferation drug coated on its surface. The drug can inhibit smooth muscle cell proliferation and migration, thereby further reducing the chance of artery restenosis
"Director(s)"	the director(s) of the Company or any one of them
"FDA"	the U.S. Food and Drug Administration
"Global Offering"	the Hong Kong Public Offering and the International Offering each as defined in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"KOLs"	key opinion leaders, being renowned physicians that are able to influence their peers' medical practice
"IDE"	investigational device exemption, an approval granted by the FDA that allows a medical device to be used in a clinical research study that involves human subjects or human specimens

"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"LEAD"	lower extremity artery disease, the narrowing or blockage of leg arteries
"Listing"	the listing of the Shares on the main board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix 10 to the Listing Rules
"NMPA"	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"PAD"	peripheral artery disease, the narrowing or blockage of arteries outside the heart or brain
"Prospectus"	the prospectus of the Company dated August 12, 2021
"Reporting Period"	the year ended December 31, 2022
"RCT"	randomized controlled clinical trial, a study in which people are allocated at random (by chance alone) to receive one of several clinical interventions
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) with nominal value of US$0.00001 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US$"	United States dollars, the lawful currency of the United States
"vasculogenic ED"	vasculogenic erectile dysfunction, the inability to achieve and maintain an erection due to defects in the blood flow
%	per cent

By order of the Board
Acotec Scientific Holdings Limited
Jing LI
Chairperson of the Board, Executive Director and Chief Executive Officer

Hong Kong, March 23, 2023

As at the date of this announcement, the executive Directors are Ms. Jing LI and Mr. Silvio Rudolf SCHAFFNER, the non-executive Directors are Mr. Arthur Crosswell BUTCHER and Ms. June CHANG, and the independent non-executive Directors are Dr. Yuqi WANG, Ms. Hong NI and Ms. Kin Yee POON.