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, 2023

ANNUAL RESULTS HIGHLIGHTS

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2023 ***RMB'000***	Year ended December 31, 2022 *RMB'000*	Year-on-year change
Revenue	**473,848**	395,545	19.8%
Gross profit	**377,415**	336,353	12.2%
Profit before tax	**14,452**	70,319	-79.4%
Profit for the year	**14,487**	70,142	-79.3%
add adjusted items*:			
Share-based payments	**5,260**	15,251	-65.5%
One-off transaction cost**	**8,984**	2,346	282.9%
Net foreign exchange losses/(gains)	**13,704**	(52,973)	N/A
Adjusted net profit for the year	**42,435**	34,766	22.1%

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

** The one-off transaction cost refers to the one-off expenses related to the voluntary partial cash offer made by Boston Scientific Group plc, and the Master Collaboration Agreement and the Master Service Agreement entered into with Boston Scientific Group plc.

BUSINESS HIGHLIGHTS

In 2023, we continued to drive innovation and iteration in technology and processes and achieved significant progress in product research and development. During the Reporting Period, three products completed product finalization, four products were under clinical trials, four products had applied for registration with the NMPA, and four products had been approved by the NMPA for marketing. In 2023, we successfully registered 19 patents and applied for registration of 26 additional patents.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of December 31, 2023, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,600 hospitals (1,400 hospitals as of December 31, 2022); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 770 hospitals (700 hospitals as of December 31, 2022); our Peripheral Aspiration System (AcoStream®) had been admitted into 1,300 hospitals (1,000 hospitals as of December 31, 2022); and our Radiofrequency Ablation System (AcoArt Cedar®), which was approved by the NMPA in April 2022, had been admitted into 350 hospitals. 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 RMB473.8 million, representing a year-on-year increase of approximately 19.8%. 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 2023.

In 2023, we obtained the NMPA approvals for four of our products. Two of these products represent upgrade and iteration of existing products, namely the 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), which introduced a multi-angel catheter tips design to improve blood clots removal efficiency; and the Paclitaxel Coated High-pressure Balloon (ACOART AVENS®), which has undergone optimizations to its design and coating, enhancing treatment effectiveness and operational convenience. The other two products that received the NMPA approvals, namely the Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) further expanded our product portfolio in the field of cardiology.

We continued to diversify our business by launching new products and accelerating our globalization process.

In 2023, in addition to revenue generated from our Core Products, we continued to diversify our revenue stream from venous intervention, vascular access and other products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®) and PTA balloons products (AcoArt Iris® & Jasmin® and AcoArt Lily® & Rosmarin®)), which contributed a revenue of approximately RMB150.3 million, accounting for approximately 31.7% of the total revenue. As of December 31, 2023, we had obtained market approvals for three products in cardiology, one product in nephrology and one product in neurology. We anticipate that these approved products will contribute to sustained revenue generation, thereby enhancing the diversification of our income sources.

In 2023, our international business development accelerated. Both of the Peripheral Support Catheter (Vericor®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) obtained market approvals in Japan and Thailand, expanding the commercialization of our products to a total of 15 foreign countries worldwide. In July 2023, we entered into the Master Collaboration Agreement and the Master Service Agreement with Boston Scientific Group plc, outlining collaboration in product commercialization, manufacturing services and product development over the next three years. The signing of these two framework agreements enables us to seize vast sales opportunities globally and elevate our brand influence. We are of the view that the acceleration of our internationalization progress will further diversify our sources of income and facilitate us to respond to market changes more flexibly.

Following the signing of the Master Collaboration Agreement and the Master Service Agreement, our cooperation with BSC has entered the phase of practical implementation. As of December 31, 2023, pursuant to the Framework Agreements, both parties have entered into distribution agreements for peripheral DCB products (including AcoArt Orchid®, AcoArt Tulip® and AcoArt Litos®) in the European market. In the Chinese market, distribution agreements have been entered into for coronary products (including Semi-compliant PTCA Balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®)), peripheral products (Peripheral DCB (AcoArt Orchid®) and Peripheral PTA Balloon (AcoArt Iris®)) and AVF products (Paclitaxel Coated High-pressure Balloon (ACOART AVENS®)) in 2023, which enabled BSC to begin selling our products in domestic market. In 2024, we will introduce a broader range of products for launch in the domestic market, therefore to enhance the scope of collaboration between the two parties. Furthermore, we are currently progressing with the overseas registration of various products.

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 been slack in 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 intravascular diseases to patients.

We will continue to carry out 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, 2023, we had 638 employees in total. The number of members of our research and development team increased to 127, and the expertise of our technical team covers material science, mechanical design, chemistry and biomedical engineering. During the Reporting Period, we have conducted campus recruitment at several top-tier universities. This strategic endeavor enabled us to enrich our team with professional talents in fields such as, among others, clinical medicine and pharmaceuticals, which further enhanced our talent pool. We believe that the support of talents with different expertise 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, rounded to the nearest thousand.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended December 31, 2023

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

	Note	**2023**	2022
		RMB'000	*RMB'000*
Revenue	*4*	**473,848**	395,545
Cost of sales		**(96,433)**	(59,192)
Gross profit		**377,415**	336,353
Other income	*5*	**35,397**	28,143
Other net (losses)/gains	*6*	**(16,596)**	51,989
Reversal/(recognition) of impairment losses on trade receivables		**184**	(107)
Selling and distribution expenses		**(97,544)**	(72,661)
Research and development expenses		**(190,070)**	(183,796)
Administrative expenses		**(83,777)**	(87,846)
Profit from operations		**25,009**	72,075
Finance costs	*7(a)*	**(9,958)**	(1,756)
Share of loss of an associate		**(599)**	–
Profit before taxation	*7*	**14,452**	70,319
Income tax credit/(expenses)	*8*	**35**	(177)
Profit for the year		**14,487**	70,142
Attributable to:			
Equity shareholders of the Company		**14,487**	70,142
Profit for the year		**14,487**	70,142
Earnings per share (RMB)			
Basic	*9(a)*	**0.05**	0.23
Diluted	*9(b)*	**0.05**	0.23

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended December 31, 2023
(Expressed in RMB)

	Note	**2023**	2022
		RMB'000	*RMB'000*
Profit for the year		**14,487**	70,142
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		**692**	62
Other comprehensive income for the year		**692**	62
Total comprehensive income for the year		**15,179**	70,204
Attributable to:			
Equity shareholders of the Company		**15,179**	70,204
Total comprehensive income for the year		**15,179**	70,204

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in RMB)

	Note	**December 31, 2023** ***RMB'000***	December 31, 2022 *RMB'000*
Non-current assets			
Property, plant and equipment	*10*	**124,940**	68,928
Right-of-use assets	*11*	**214,396**	45,202
Intangible assets		**4,402**	5,098
Goodwill		**1,150**	1,150
Interest in an associate		**20,463**	15,550
Financial assets measured at fair value through profit or loss (FVPL)		**10,743**	7,260
Deposits paid for acquisition of property, plant and equipment		**13,732**	5,533
Rental deposits		**10,107**	5,386
		399,933	154,107
Current assets			
Inventories	*12*	**150,958**	116,435
Trade receivables	*13*	**143,643**	131,909
Prepayments, deposits and other receivables		**37,115**	21,439
Pledged deposits		**200**	200
Time deposits		**241,581**	–
Cash and cash equivalents		**637,627**	986,455
		1,211,124	1,256,438
Current liabilities			
Trade and other payables	*14*	**76,434**	74,090
Contract liabilities		**3,873**	12,322
Short-term loans		**10,000**	–
Lease liabilities	*15*	**25,938**	12,263
		116,245	98,675
Net current assets		**1,094,879**	1,157,763
Total assets less current liabilities		**1,494,812**	1,311,870

	Note	December 31, 2023 *RMB'000*	December 31, 2022 *RMB'000*
Non-current liabilities			
Lease liabilities	*15*	**198,059**	35,521
Deferred tax liabilities		**225**	260
		198,284	35,781
NET ASSETS		**1,296,528**	1,276,089
CAPITAL AND RESERVES			
Share capital		**20**	20
Reserves		**1,296,508**	1,276,069
Total equity attributable to equity shareholders of the Company		**1,296,528**	1,276,089
TOTAL EQUITY		**1,296,528**	1,276,089

NOTES

(Expressed in RMB unless otherwise indicated)

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 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. The principal place of business of the Group is located at 4-5/F., Building No.1, No.16 North Hongda Road, Beijing Economic-Technological Development Area, Beijing, the People's Republic of China (the "**PRC**").

2 STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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 consolidated financial statements for the year ended December 31, 2023 comprise 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 financial information relating to the financial year ended December 31, 2023 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.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following new and amended IFRSs issued by the IASB to these financial statements for the current accounting period:

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

In July 2023, the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") published "Accounting implications of the abolition of the mandatory provident fund ("**MPF**")- long service payment ("**LSP**") offsetting mechanism in Hong Kong" that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. 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 except for the following:

Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

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:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Type of goods		
– Core products*	**323,536**	307,283
– Venous intervention, vascular access and other products	**150,312**	88,262
	473,848	395,545
Type of customers		
– Domestic distributors	**449,496**	380,450
– Domestic hospitals	**8,730**	5,019
– Oversea customers	**15,622**	10,076
	473,848	395,545

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

The Group mainly sells core products and other medical devices to its distributors. During the years ended December 31, 2023 and 2022, the revenue is recognized at a point in time when the customers obtain the control of products, i.e. upon the acceptance of the products by the distributors.

(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

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**458,226**	385,469
Europe	**4,123**	3,912
Other countries and regions	**11,499**	6,164
	473,848	395,545

Specified non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**356,480**	126,091
United States of America ("**United States**")	**11,097**	3,678
	367,577	129,769

(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

	2023	2022
	RMB'000	*RMB'000*
Government grants *(Note)*	**16,892**	7,885
Interest income	**18,505**	20,258
	35,397	28,143

Note:

Government grants mainly include subsidies granted from local government to reward the contribution to the Group's local economy and encourage technology innovation.

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

6 OTHER NET (LOSSES)/GAINS

	2023	2022
	RMB'000	*RMB'000*
Net foreign exchange (loss)/gain	**(13,704)**	52,973
Net loss on disposal of property, plant and equipment and right-of-use assets	**(152)**	(9)
Loss on fair value change of financial assets measured at FVPL	**(2,767)**	(190)
Others	**27**	(785)
	(16,596)	51,989

7 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2023	2022
	RMB'000	*RMB'000*
Interest expenses on lease liabilities	**9,550**	1,390
Interest expenses on bank loans	**283**	25
Others	**125**	341
	9,958	1,756

(b) Staff costs

	2023	2022
	RMB'000	*RMB'000*
Salaries and bonus	**182,381**	145,996
Retirement benefits scheme contributions *(Note)*	**13,994**	10,479
Share-based payments	**5,260**	15,251
	201,635	171,726

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**") organized 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

	2023 *RMB'000*	2022 *RMB'000*
Depreciation and amortization		
– owned property, plant and equipment	**15,159**	9,462
– right-of-use assets	**30,346**	9,397
– intangible assets	**753**	581
Research and development expenses *(Note i)*	**190,070**	183,796
Cost of inventories recognized as expenses *(Note ii)*	**77,740**	41,812
Royalty fees (included in cost of sales)	**18,693**	17,380
Provision/(reversal) for write-down of inventories	**272**	(2,510)
Auditors' remuneration		
– audit services	**3,000**	2,500
– non-audit services	**295**	370
	3,295	2,870

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 recognized as expenses includes amounts relating to staff costs, depreciation and amortisation expenses, provision/(reversal) for write-down of inventories, which are also included in the respective total amounts disclosed separately above or in Note 7(b) 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:

	2023 *RMB'000*	2022 *RMB'000*
Current tax		
Tax filing difference for prior years	**–**	(59)
	–	(59)
Deferred tax		
(Reversal)/origination of temporary differences	**(35)**	236
	(35)	177

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 and is subject to income tax at the rate of 15% for the years ended December 31, 2023 and 2022. VascuPatent Medical (Shenzhen) Co., Ltd. has been qualified as HNTE by the Science and Technology Bureau of Shenzhen and relevant authorities in November 2023 for a term of three years and is subject to income tax at the rate of 15% for the year ended December 31, 2023 (for the year ended December 31, 2022: 25%).

According to the Mainland China income tax law and its relevant regulations, an additional 100% (2022: 100%) of qualified research and development expenses so incurred is allowed to be deducted from taxable income for the two years ended December 31, 2023 and 2022.

(iii) No provision for Hong Kong Profits Tax was made for the Group as it does not have assessable profits subject to Hong Kong Profits Tax for the years ended December 31, 2023 and 2022.

(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% for the years ended December 31, 2023 and 2022.

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

	2023	2022
	RMB'000	*RMB'000*
Profit before taxation	**14,452**	70,319
Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25%	**3,613**	17,580
Tax effect of different tax rates	**(8,178)**	(25,078)
Tax effect of non-deductible expenses	**3,454**	3,534
Tax effect of deductible temporary differences not recognized	**743**	783
Additional deduction for qualified research and development costs	**(15,923)**	(21,206)
Tax effect on tax losses not recognized	**24,682**	25,581
Utilization of tax losses previously not recognized	**(8,322)**	(901)
Tax filing difference for prior years	**–**	(59)
Others	**(104)**	(57)
Actual tax (credit)/expense	**(35)**	177

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB14,487,000 (2022: RMB70,142,000) and the weighted average of 301,077,842 ordinary shares (2022: 299,611,523 shares) in issue during the year.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the years ended December 31, 2023 and 2022. The calculated diluted earnings per share equals the basic earnings per share at December 31, 2023 and 2022.

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, 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 and January 1, 2023	53,474	304	9,709	44,015	107,502
Additions	18,396	–	7,450	45,555	71,401
Disposals	(32)	–	(727)	–	(759)
At December 31, 2023	71,838	304	16,432	89,570	178,144
Accumulated depreciation:					
At 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 and January 1, 2023	(11,222)	(289)	(4,941)	(22,122)	(38,574)
Charge for the year	(4,086)	–	(2,306)	(8,767)	(15,159)
Written back on disposals	27	–	502	–	529
At December 31, 2023	(15,281)	(289)	(6,745)	(30,889)	(53,204)
Net book value:					
At December 31, 2023	56,557	15	9,687	58,681	124,940
At December 31, 2022	42,252	15	4,768	21,893	68,928

11 RIGHT-OF-USE ASSETS

	Leased properties *RMB'000*
Cost:	
At January 1, 2022	30,754
Additions	37,763
At December 31, 2022 and January 1, 2023	68,517
Additions	201,030
Written off	(5,366)
At December 31, 2023	264,181
Accumulated depreciation:	
At January 1, 2022	(13,918)
Charge for the year	(9,397)
At December 31, 2022 and January 1, 2023	(23,315)
Charge for the year	(30,346)
Written off	3,876
At December 31, 2023	(49,785)
Net book value:	
At December 31, 2023	214,396
At December 31, 2022	45,202

The Group has obtained the right to use properties as its offices through tenancy agreements. The leases typically run for an initial period of 2 to 10 years. Certain lease payments are increased every one year to reflect market rentals.

During the year, additions to right-of-use assets were RMB201,030,000 (2022: RMB37,763,000). The addition was mainly due to the capitalized lease payments payable under new tenancy agreements and a number of lease agreements extended for use of property.

12 INVENTORIES

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

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**89,577**	80,316
Work in progress	**8,125**	6,614
Finished goods	**54,435**	30,412
	152,137	117,342
Write down of inventories	**(1,179)**	(907)
	150,958	116,435

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

	2023	2022
	RMB'000	*RMB'000*
Carrying amount of inventories sold	**77,468**	44,322
Provision/(reversal) for write-down of inventories	**272**	(2,510)
	77,740	41,812

All inventories are expected to be recovered within one year.

13 TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**143,892**	132,342
Less: loss allowance	**(249)**	(433)
	143,643	131,909

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**117,164**	129,379
3 to 6 months	**25,700**	2,015
6 to 12 months	**779**	515
	143,643	131,909

Trade receivables are generally due within 90-180 days from the date of billing.

14 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**19,288**	27,625
Accrued expenses		
– research and development expenses	**675**	558
– selling and distribution expenses	**3,553**	4,153
– salaries and bonus	**27,727**	20,759
– legal and professional fees	**1,939**	2,390
Value added tax and other taxes payable	**14,083**	14,837
Other payables	**9,169**	3,768
	76,434	74,090

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:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**16,120**	23,274
3 to 6 months	**1,980**	2,720
6 to 12 months	**1,188**	1,631
	19,288	27,625

15 LEASE LIABILITIES

At December 31, 2023, the lease liabilities were repayable as follows:

	2023	*2022*
	RMB'000	*RMB'000*
Within 1 year	**25,938**	12,263
After 1 year but within 2 years	**25,692**	11,420
After 2 years but within 5 years	**71,991**	24,101
After 5 years but within 10 years	**100,376**	–
	198,059	35,521
	223,997	47,784

16 DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended December 31, 2023 (for the year ended December 31, 2022: 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 around 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 clinical needs for vascular interventional treatments, so as to provide solutions of full-body vascular interventional treatments to patients worldwide and safeguard their health and wellness.

BUSINESS HIGHLIGHTS

In 2023, we continued to drive innovation and iteration in technology and processes and achieved significant progress in product research and development. During the Reporting Period, our three products completed product finalization, four products were under clinical trials, four products had applied for registration with the NMPA, and four products had been approved by the NMPA for marketing. In 2023, we successfully registered 19 patents and applied for registration of 26 additional patents.

Besides our significant progress in research and development, our admission efforts to hospital are also advancing. As of December 31, 2023, our ATK DCB (Above-The-Knee Drug-Coated Balloons) had been admitted into 1,600 hospitals (1,400 hospitals as of December 31, 2022); our BTK DCB (Below-The-Knee Drug-Coated Balloons) had been admitted into 770 hospitals (700 hospitals as of December 31, 2022); our Peripheral Aspiration System (AcoStream®) had been admitted into 1,300 hospitals (1,000 hospitals as of December 31, 2022); and our Radiofrequency Ablation System (AcoArt Cedar®), which was approved by the NMPA in April 2022, had been admitted into 350 hospitals. 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 RMB473.8 million, representing a year-on-year increase of approximately 19.8%. 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 2023.

In 2023, we obtained the NMPA approvals for four of our products. Two of these products represent upgrade and iteration of existing products, namely the 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), which introduced a multi-angel catheter tips design to improve blood clots removal efficiency; and the Paclitaxel Coated High-pressure Balloon (ACOART AVENS®), which has undergone optimizations to its design and coating, enhancing treatment effectiveness and operational convenience. The other two products that received the NMPA approvals, namely the Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) further expanded our product portfolio in the field of cardiology.

We continued to diversify our business by launching new products and accelerating our globalization process.

In 2023, in addition to revenue generated from our Core Products, we continued to diversify our revenue stream from venous intervention, vascular access and other products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®) and PTA balloons products (AcoArt Iris® & Jasmin® and AcoArt Lily® & Rosmarin®)), which contributed a revenue of approximately RMB150.3 million, accounting for approximately 31.7% of the total revenue. As of December 31, 2023, we had obtained market approvals for three products in cardiology, one product in nephrology and one product in neurology. We anticipate that these approved products will contribute to sustained revenue generation, thereby enhancing the diversification of our income sources.

Our international business development accelerated in 2023. Both of the Peripheral Support Catheter (Vericor®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) obtained market approvals in Japan and Thailand, expanding the commercialization of our products to a total of 15 foreign countries worldwide. In July 2023, we entered into the Master Collaboration Agreement and the Master Service Agreement with Boston Scientific Group plc, outlining collaboration in product commercialization, manufacturing services and product development over the next three years. The signing of these two framework agreements enables us to seize vast sales opportunities globally and elevate our brand influence. We are of the view that the acceleration of our internationalization progress will further diversify our sources of income and facilitate us to respond to market changes more flexibly.

Our product pipelines were comprehensive and diversified.

We have cultivated a diverse product portfolio spanning vascular surgery, cardiology, nephrology, neurology, and andrology, comprising over 30 products. Our early recognition of the treatment demand for venous vascular disease prompted us to proactively develop products in this area, allowing us to gain a first-mover advantage in the market. The rapid revenue growth generated from venous intervention products following their market approval stand as a testament to our expertise in pipeline development. This remarkable achievement is attributable to two reasons: our insight into judgment of and prediction of market potentials and our first-class execution capabilities. We will continue to introduce competitive products to the market.

In 2023, significant progress was made in the research and clinical trial work of our product pipeline. In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application from the U.S. Food and Drug Administration (FDA), indicating the clinical research for the BTK DCB in the United States will commence after receiving approval from the Institutional Review Board (IRB). This marks a significant milestone in advancing the product's market entry in the U.S. In December 2023, we released clinical trial data for our intracranial DCB (AcoArt Daisy®). The 6-month follow-up showed the target vessel restenosis rate of 6.85% for the DCB group, which was significantly lower than that of the Stent group. This confirms the significant clinical efficacy and good safety of the AcoArt Daisy® in the treatment of intracranial atherosclerotic stenosis (ICAS).

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 been slack in 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 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, 2023, we had 638 employees in total. The number of members of our research and development team increased to 127, and the expertise our technical team covers material science, mechanical design, chemistry and biomedical engineering. During the Reporting Period, we have conducted campus recruitment at several top-tier universities. This strategic endeavor enabled us to enrich our team with professional talents in fields such as, among others, clinical medicine and pharmaceuticals, which further enhanced our talent pool. We believe that the support of talents with different expertise will accelerate the implementation of our multi product pipeline projects.

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, we obtained the NMPA approvals for four of our products. Two of these products came from the upgrade and iteration of existing products, namely the 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), which introduced a multi-angel catheter tips design, thereby improving thrombus clearance efficiency; and the Paclitaxel Coated High-pressure Balloon (ACOART AVENS®), which has undergone optimizations to its design and coating, enhancing treatment effectiveness and operational convenience. The other two products that received the NMPA approvals, namely the Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®) further expanded our product portfolio in the field of cardiology. The progress of production development had been advancing at a 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 results announcement, including 15 commercialized products, the indication expansion for our Core Products in three therapeutic areas, and 11 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★[Note 1]	Superficial fem oral 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		
	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		Exempted from clinical trial	NMPA Approval★	/
				U.S.			FDA Approval★	/
				Brazil			ANVISA Approval★	/
				Thailand			TFDA Approval★	/
				Japan			MHLW Approval★	/
	PTA Balloon (P-Conic®)	PTA	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
	2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)▲	DVT, ALI	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
	Peripheral Spot Stent	SFA and PPA disease	Polymer materials	China				2026
	Lower Limb Sirolimus DCB	SFA and PPA disease	Drug coating technology	China				2026
	Peripheral Scoring Balloon	SFA and PPA disease	Polymer materials	China				2024
	Peripheral Coil	Embolization	Polymer materials	China				2024
	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		Exempted from clinical trial	NMPA Approval★	/
	Coronary CTO Recanalization Balloon (RT-Zero®)▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
	Coronary CTO Antegrade Micro-Catheter (Vericor-14®)▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial	NMPA Approval★	/
				Japan			MHLW Approval★	/
				Thailand			TFDA Approval★	/
	AcoArt Camellia® (DCB)	Coronary small vessel diseases	Drug coating technology	China				2024
	Coronary Sirolimus DCB	Bifurcation lesions	Drug coating technology	China				2024
	Coronary Retrograde Micro-Catheter▲	Coronary CTO	Polymer materials	China		Exempted from clinical trial		2024
	Coronary IVL System	Coronary lesion calcium	Polymer materials	China				2026
Nephrology	AcoArt Orchid® & Dhalia®/Orchid Plus☆(DCB)	Arteriovenous fistula stenosis	Drug coating technology	China			NMPA Approval★	/
	Paclitaxel Coated High-pressure Balloon (ACOART AVENS®)▲	AVF PTA procedure	Drug coating technology	China			NMPA Approval★	/
	AV Scoring Balloon (Peridge®)[Note 2]	AVF PTA procedure	Polymer materials	China			NMPA Approval★	/
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				2026
	AcoArt Tulip® & Litos®☆	Vasculogenic erectile dysfunction	Drug coating technology	China				2026

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. AV Scoring Balloon (Peridge®) obtained the registration approval from the NMPA on January 30, 2024.

3. 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, 2023, we had also launched AcoArt Orchid® in thirteen other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey, Thailand and Brazil. As of December 31, 2023, 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. In May 2018, we initiated an RCT for our AcoArt Orchid® & cDhalia® 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, we are expanding the indication of AcoArt Orchid® & Dhalia® in the treatment of vertebral atherosclerotic stenosis. The subject enrollment of RCT completed in 2022, 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 RMB274.6 million, representing a year-on-year increase of approximately 1.4%.

2. AcoArt Tulip® & Litos®

AcoArt Tulip® & Litos® is a paclitaxel coated 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, 2023, we had also launched AcoArt Tulip® & Litos® in 12 other countries including Germany, Italy, Switzerland, Czech Republic, Ecuador, Estonia, Hungary, India, South Africa, Spain, Turkey and Brazil. As of December 31, 2023, 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. In November 2023, the Group received the approval of IDE (Investigational Device Exemption) application from the US Food and Drug Administration (FDA), indicating the clinical research for the BTK DCB in the United States will commence after receiving approval from the Institutional Review Board (IRB).

For the Reporting Period, our revenue generated from the sales of AcoArt Tulip® & Litos® in China and overseas amounted to approximately RMB49.0 million, representing a year-on-year increase of approximately 34.2%.

Other Key Product Candidates

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

Devices Targeting Vascular Surgery

Other than our Core Products, we have seven commercialized products, namely AcoArt Iris® & Jasmin®, AcoArt Lily® & Rosmarin®, Peripheral Aspiration System (AcoStream®), Radiofrequency Ablation System (AcoArt Cedar®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), Peripheral Support Catheter (Vericor®), PTA Balloon (P-Conic®) and six 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, 2023, 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, 2023, 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 2021 and November 2021, respectively. As of December 31, 2023, 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, 2023, 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, and received Brazil ANVISA approval in September 2022, the section 510(k) registration approval from the U.S. Food and Drug Administration in November 2022. We further received the registration approval from the Food and Drug Administration of Thailand in March 2023 and registration approval from Ministry of Health, Labour and Welfare ("**MHLW**") in Japan in September 2023. As of December 31, 2023, 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, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

7. **2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®)** is the upgraded product of our current peripheral aspiration system product. The renewal peripheral aspiration catheter is used for removal of blood clots in human peripheral vascular system with improved design to further enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of December 31, 2023, 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, vascular access and other products, primarily including but not limited to AcoArt Iris® & Jasmin®, AcoArt Lily® & Rosmarin®, Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®), and other products was approximately RMB150.3 million, representing a year-on-year increase of approximately 70.3%.

Product Candidates in Pipeline

8. **Peripheral Spot Stent** is designed for treatment of atherosclerotic lesions in femoropopliteal arteries and post-PTA vascular dissections. Our peripheral spot stent is currently under clinical trial. We expect to receive the NMPA approval in 2026.

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

9. **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 under clinical trial. We expect to receive the NMPA approval in 2026.

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

10. **Peripheral Scoring Balloon** has a scoring element embedded on the balloon. We have submitted the product registration to the NMPA in 2023 and expect to receive the NMPA approval in 2024.

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

11. **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. We expect to receive the NMPA approval in 2026.

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

12. **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.

13. **Peripheral Coil** is designed to embolize peripheral vessel or aneurysm. 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 three commercialized product, namely Semi-compliant PTCA balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade MicroCatheter (Vericor-14®) and four 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, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **Coronary CTO Recanalization Balloon (RT-Zero®)** 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. We received the NMPA approval in March 2023. As of December 31, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

3. **Coronary CTO Antegrade Micro-Catheter (Vericor-14®)** is intended to provide support to facilitate the placement of guide wires in stenotic lesions of the coronary and peripheral vasculatures, and can be used to exchange one guide wire for another. This product is also intended to assist in the delivery of normal saline or contrast media into the coronary and peripheral vasculatures. We received the NMPA approval in April 2023. As of December 31, 2023, 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, vascular access and other products (for other products in cardiology, primarily including but not limited to Semi-compliant PTCA balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro Catheter (Vericor-14®)) was approximately RMB150.3 million, representing a year-on-year increase of approximately 70.3%.

Product Candidates in Pipeline

4. **Coronary Retrograde Micro-Catheter** is designed for treating coronary artery CTO with a retrograde passing technique. We have submitted the product registration to the NMPA in 2023 and expect to receive the NMPA approval in 2024.

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

5. **AcoArt Camellia®** is a paclitaxel coated DCB indicated for the treatment of coronary small vessel diseases (SVD). We have completed clinical trial for AcoArt Camellia® and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2024.

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

6. **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 have completed clinical trial for Coronary Sirolimus DCB and submitted the product registration to the NMPA in 2023. We expect to receive the NMPA approval in 2024.

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

7. **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. 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. We have received approvals from NMPA for Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®) and AV Scoring Balloon (Peridge®) in April 2023 and January 2024, respectively.

Commercialized Products

1. **Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)** is used in PTA for treating AVF stenosis of hemodialysis patients. We have improved the product design, optimized coating technology and applied new material to enhance the treatment effect and ease of operation. We received the NMPA approval in April 2023. As of December 31, 2023, there had not been any material unexpected or adverse changes since the date we received the relevant regulatory approvals or registrations.

2. **AV Scoring Balloon (Peridge®)** is used for the treatment of stenotic lesions in autologous or synthetic arteriovenous fistulae for hemodialysis. AV Scoring Balloon (Peridge®) provides effective anchoring points and aids in the directed opening of lesions, reducing the incidence and severity of elastic recoil for plaques or proliferative intimal tissue and flow-limiting dissections while dilating the vessel lumen, thereby minimizing excessive vascular injury. We received the NMPA approval for AV Scoring Balloon (Peridge®) in January 2024. As of the date of this annual results announcement, 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, vascular access and other products (for other products in nephrology, primarily including but not limited to revenue from Paclitaxel Coated High-Pressure Balloon (ACOART AVENS®)) was approximately RMB150.3 million, representing a year-on-year increase of approximately 70.3%.

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, 2023, 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, vascular access and other products (for other products in neurology, primarily including but not limited to revenue from Intracranial PTA Balloon (NEO-Skater®)) was approximately RMB150.3 million, representing a year-on-year increase of approximately 70.3%.

Product Candidates in Pipeline

2. **AcoArt Daisy®** is a rapid exchange system DCB indicated for the treatment of intracranial atherosclerotic stenosis (ICAS). We completed the subject enrollment of the RCT for our AcoArt Daisy® in 2022 and submitted the product registration to the NMPA in 2023. 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 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 2026.

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 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, 2023, we had a robust intellectual property portfolio, consisting of 66 registered patents and 30 pending patent applications.

During the Reporting Period, we supplemented our research and development team with technicians in the field of mechanical design, polymer materials, medicine, pharmacy, and chemistry, which further improved our talent pool.

Manufacturing

In 2023, we rent a new premises which located in Beijing for the purposes of research, development, testing and manufacturing of medical devices. For details, please refer to the announcement issued by the Company dated March 13, 2023. As of December 31, 2023, our production facility in Beijing has an aggregate gross floor area of approximately 35,000 sq.m., and our production facility in Shenzhen has an aggregate gross floor area of approximately 9,100 sq.m.. As of December 31, 2023, 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 760,043, 307,412, and 40.4%, 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 RMB323.5 million and approximately RMB150.3 million from the sales of our Core Products and our venous intervention, vascular access and other products, respectively, representing a year-on-year increase of approximately 5.3% and approximately 70.3%, 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, 2023, we had a strong sales and marketing team with extensive experience in China, thus laying the foundation for the commercialization of our products. 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, 2023, we had 66 registered patents and 148 registered trademarks, as well as 30 pending patent applications and 25 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.

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, made 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 ("**Ms. 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.

Continuing Connected Transactions

On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Collaboration Agreement to govern the collaboration between the Parties on the commercialization of the products of the Parties from time to time. On July 20, 2023 (after trading hours), the Company and BSG entered into the Master Service Agreement to govern the mutual provision of R&D Supporting Services and CSO Services from time to time. BSG is the Controlling Shareholder of the Company holding approximately 65.0% of the issued share capital of the Company. Therefore, BSG is a connected person of the Company under the Listing Rules, and the transactions contemplated under each of the Framework Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The transactions contemplated under each of the Framework Agreements were duly passed by the Shareholders as ordinary resolutions in the EGM held on August 11, 2023.

For capitalized terms and details, please refer to the announcements of the Company dated July 20, 2023 and August 11, 2023, and the circular of the Company dated July 28, 2023.

Following the signing of the Master Collaboration Agreement and the Master Service Agreement, our cooperation with BSC has entered the phase of practical implementation. As of December 31, 2023, pursuant to the Framework Agreements, both parties have entered into distribution agreements for peripheral DCB products (including AcoArt Orchid®, AcoArt Tulip® and AcoArt Litos®) in the European market. In the Chinese market, distribution agreements have been entered into for coronary products (including Semi-compliant PTCA Balloon (YAN), Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®)), peripheral products (Peripheral DCB (AcoArt Orchid®) and Peripheral PTA Balloon (AcoArt Iris®)) and AVF products (Paclitaxel Coated High-pressure Balloon (ACOART AVENS®)) in 2023, which enabled BSC to begin selling our products in domestic market. In 2024, we will introduce a broader range of products for launch in the domestic market, therefore to enhance the scope of collaboration between the two parties. Furthermore, we are currently progressing with the overseas registration of various products.

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 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 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 advance a diversified development path, employing different marketing strategies tailored to varied market demands and product characteristics. For the Core Products, our objective is to sustainably increase the sales of products in hospitals where we have already been admitted. We will continue to implement and enhance a systematic DCB training program to expedite physician education and we will organize patient education activities to enhance the awareness of DCB among Chinese patients, thereby promoting our DCB products. As for venous intervention products (primarily including but not limited to Peripheral Aspiration System (AcoStream®), 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®)), we will continue to expand hospital coverage, particularly targeting more lower-tier city hospitals. In addition, we will provide comprehensive training to physicians to elevate the treatment concepts and surgical proficiency. On July 20, 2023, we have entered into the Framework Agreements with BSG, offering our products the opportunity to gain sales exposure in the global market, furthering the diversification of product revenue.

To enjoy early-mover advantage, we will rapidly advance the clinical development and commercialization of our late-staged product candidates. We expect to broaden our sales and expand our presence globally after entering into the Framework Agreements with BSG.

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 annual results announcement.

Revenue

During the Reporting Period, all our revenue was generated from sales of medical devices. Sales of DCB products, our Core Products, 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, 2023 was approximately RMB473.8 million, representing an increase of approximately 19.8% compared to approximately RMB395.5 million for the year ended December 31, 2022. The increase was primarily attributable to (i) an increase in the sales of core product AcoArt Tulip® & Litos®; and (ii) an increase in the sales of venous intervention, vascular access and other products like Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (AcoArt Cedar®). It is noted that such number of surgeries performed with our medical devices recorded an increase compared to the year ended December 31, 2022. For the year ended December 31, 2023, revenue from sales of venous intervention, vascular access and other products accounted for approximately 31.7% of our total revenue, representing an increase of approximately 70.3%, as compared to approximately 22.3% for the year ended December 31, 2022.

The following table sets forth a breakdown of our revenue:

Revenue	**Year ended December 31, 2023**		Year ended December 31, 2022	
	RMB'000	***Proportion***	*RMB'000*	*Proportion*
Core Products	**323,536**	**68.3%**	307,283	77.7%
AcoArt Orchid® & Dhalia®	**274,586**	**58.0%**	270,810	68.5%
AcoArt Tulip® & Litos®	**48,950**	**10.3%**	36,473	9.2%
Venous intervention, vascular access and other products*Note*	**150,312**	**31.7%**	88,262	22.3%
Total	**473,848**	**100.0%**	395,545	100.0%

Note: The venous intervention, vascular access and other products primarily including but not limited to PTA balloon products, Peripheral Aspiration System (AcoStream®) and Radiofrequency Ablation System (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, 2023 was approximately RMB96.4 million, representing an increase of approximately 62.9% compared to approximately RMB59.2 million for the year ended December 31, 2022. The increase was primarily attributable to (i) increase of sales volume of AcoArt Tulip® & Litos®; (ii) the rapid growth of the sales volume of Peripheral Aspiration System (AcosTream®) and Radiofrequency Ablation System (AcoArt Cedar®) in China; 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 12.2% from approximately RMB336.4 million for the year ended December 31, 2022 to approximately RMB377.4 million for the year ended December 31, 2023, 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 approximately 85.0% for the year ended December 31, 2022 to approximately 79.6% for the year ended December 31, 2023, mainly due to an increase in sales volume of venous intervention, vascular access and other products which have relatively lower sales prices, which in turn led to a decrease in overall gross profit margin.

Other Income

The Group recorded other income for the year ended December 31, 2023 of approximately RMB35.4 million, representing an increase of approximately 25.8% compared to approximately RMB28.1 million for the year ended December 31, 2022, primarily attributable to an increase in government grants.

Other Net (Losses)/Gains

The other net (losses)/gains primarily consisted of net foreign exchange (losses)/gain, fair value change of financial assets measured at fair value and others.

The Group recorded other net losses for the year ended December 31, 2023 of approximately RMB16.6 million, compared to approximately RMB52.0 million gains for the year ended December 31, 2022 which was mainly due to that net foreign exchange loss of approximately RMB13.7 million was recorded for the year ended December 31, 2023 compared to approximately RMB53.0 million net foreign exchange gain for the year ended December 31, 2022.

Selling and Distribution Costs

The Group's selling and distribution costs for the year ended December 31, 2023 was approximately RMB97.5 million, representing an increase of approximately 34.2% compared to approximately RMB72.7 million for the year ended December 31, 2022. The increase was primarily attributable to (i) an increase in the number of sales staffs and therefore an increase in staff cost; and (ii) the fact that more marketing activities were held and more travelling expenses occurred after COVID-19.

R&D Costs

The Group's R&D costs for the year ended December 31, 2023 was approximately RMB190.1 million, representing an increase of approximately 3.4% compared to approximately RMB183.8 million for the year ended December 31, 2022. The increase was primarily attributable to the increase in staff cost due to the increase number of R&D staff.

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

	Year ended December 31,			
	2023		2022	
	RMB'000	***%***	*RMB'000*	*%*
Employee benefits expenses*Note*	**86,120**	**45.3%**	68,229	36.0%
Material consumed	**38,418**	**20.2%**	43,446	21.6%
Third-party contracting expenses	**28,713**	**15.1%**	46,102	25.1%
Consultancy fee	**20,945**	**11.0%**	14,311	6.7%
Depreciation and amortisation	**8,722**	**4.6%**	5,542	3.1%
Others	**7,152**	**3.8%**	6,166	7.5%
	190,070	**100.00%**	183,796	100.00%

Note: Employee benefits expense includes share-based compensation.

Administrative Expenses

The Group's administrative expenses for the year ended December 31, 2023 was approximately RMB83.8 million, representing a decrease of approximately 4.6% compared to approximately RMB87.8 million for the year ended December 31, 2022. The decrease was primarily attributable to (i) the decreased staff cost due to less share-based payments expense occurred compared with that in 2022; and (ii) increased depreciation and amortization expenses due to the new lease of properties in both Beijing and Shenzhen.

Finance Costs

The Group's finance costs for the year ended December 31, 2023 was approximately RMB10.0 million, representing an increase of approximately 467.1% compared to approximately RMB1.8 million for the year ended December 31, 2022. The change was primarily attributable to the increased interest expense on lease liabilities.

Income Tax

The Group's income tax credits for the year ended December 31, 2023 was approximately RMB35,000, compared to the income tax expense of approximately RMB0.2 million for the year ended December 31, 2022. The decrease was primarily attributable to the reversal of deferred tax liabilities.

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 net foreign exchange losses, share-based payments expenses and one-off transaction cost. 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, 2023 ***RMB'000***	Year ended December 31, 2022 *RMB'000*
Profit for the year	**14,487**	70,142
add:		
Share-based payments[(1)]	**5,260**	15,251
Net foreign exchange losses/(gains) [(2)]	**13,704**	(52,973)
One-off transaction cost [(3)]	**8,984**	2,346
Adjusted net profit for the year[(4)]	**42,435**	34,766

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) The amounts represent the net foreign exchange losses/(gains) was included under other net (losses)/gains, which was primarily arised from the fluctuations in foreign currency exchange rates and may not directly correlate with the underlying performance of our business operations.

(3) The one-off transaction cost refers to the one-off expenses related to the voluntary partial cash offer made by Boston Scientific Group plc, and the Master Collaboration Agreement and the Master Service Agreement entered into with Boston Scientific Group plc.

(4) We consider share-based payments, the net foreign exchange losses/(gains) and one-time consultancy fee 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, the net foreign exchange losses/(gains) and one-time consultancy fee as non-operational or one-off expenses 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.

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 and time deposits as at December 31, 2023 were approximately RMB879.2 million, representing a decrease of approximately 10.9% compared to approximately RMB986.5 million as at December 31, 2022. The decrease was primarily attributable to the increase in operating and capital expenditures.

We rely on capital contributions by our shareholders and also generate cash from our sales revenue of existing commercialized products, including Core Products and venous intervention and vascular access products. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of existing commercialized products and by launching new products, as a result of the broader market acceptance of our existing products and our continued efforts in marketing and expansion.

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, 2023, the Group's total borrowings are interest-bearing bank borrowings which were RMB10.0 million, compared to nil as at December 31, 2022.

Gearing ratio is calculated by dividing total liabilities by total equity and multiplying the result by 100%. As at December 31, 2023, the gearing ratio of the Group increased to approximately 24.3% from approximately 10.5% as at December 31, 2022 mainly due to the increased balances of lease liabilities.

Net Current Assets

As at December 31, 2023, the Group's net current assets was approximately RMB1,094.9 million, representing a decrease of approximately 5.4% compared to net current assets of approximately RMB1,157.8 million as at December 31, 2022, which was mainly due to the increase of lease liabilities.

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, 2023, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures (for the year ended December 31, 2022: nil).

Capital Expenditure

For the Reporting Period, the Group's total capital expenditure amounted to approximately RMB84.4 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, 2023, there was no charge on assets of the Group (for the year ended December 31, 2022: nil).

Contingent Liabilities

As at December 31, 2023, we did not have any contingent liabilities (for the year ended December 31, 2022: nil).

Employees and Remuneration Policies

As of December 31, 2023, we had 638 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

There was no significant event that took place after Reporting Period which requires additional disclosure or adjustment.

USE OF NET PROCEEDS FROM GLOBAL OFFERING

The 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, were approximately RMB1,294.0 million. The Group has been applying and will 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, 2023:

Intended use of proceeds as stated in the Prospectus	**Percentage to total amount** *%*	**Net proceeds from the IPO** *RMB'000*	**Utilized amount as at December 31, 2023** *RMB'000*	**Unutilized amount as at December 31, 2023** *RMB'000*	**Expected timeline for unutilized amount**
Development and commercialization of our Core Products	32	414,067	219,151	194,916	Year 2027
Development and commercialization of other 24 products	23	297,611	224,753	72,858	Year 2024
Expand our production capacity and strengthen our manufacturing capabilities	7	90,577	64,837	25,740	Year 2024
Expand our product portfolio through in-house research and development, collaboration, mergers and acquisitions, in-licensing or equity investments	24	310,550	98,441	212,109	Year 2027
Working capital and other general corporate purposes	8	103,517	79,554	23,962	Year 2025
Repay the Loan	6	77,638	77,638	–	N/A
Total	**100**	**1,293,960**	**764,374**	**529,586**	

The Board is not aware of any material change to the planned use of the Net Proceeds as at the date of this annual results announcement.

OUTLOOK

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

In 2023, we obtained the NMPA approvals for four of our products for market launch. Two of these products represent upgrades and iterations of existing similar products, namely, the 2nd Gen Peripheral Aspiration System (2nd Generation AcoStream®), which introduced a multi-angel catheter tips design, to improve thrombus clearance efficiency; and the Paclitaxel Coated High-pressure Balloon (ACOART AVENS®), which has undergone optimizations to its design and coating, enhancing treatment effectiveness and operational convenience. The other two products that received the NMPA approvals, namely, the Coronary CTO Recanalization Balloon (RT-Zero®) and Coronary CTO Antegrade Micro-Catheter (Vericor-14®), further expanded our product portfolio in the field of cardiology. 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 synergies of 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 area of vascular interventional therapies. We have built a multi-pronged product pipeline covering 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. Boston Scientific may also partner with the Company to identify new areas of product development not currently in one or both party's portfolio.

As our multiple products entered into their commercialization stages, our revenue composition gradually diversified. During the reporting period, the venous intervention, vascular access and other products achieved a revenue of approximately RMB150.3 million, accounting for approximately 31.7% of the total revenue. 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. As our international business development accelerated in 2023, we are of the view that the overseas business will further diversify the company's sources of income and facilitate us to respond to market changes more flexibly.

To enjoy early-mover advantage, we will rapidly push forward 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. Boston Scientific may also assess opportunities to partner with the Company to register and commercialize the Company's products globally, including in the United States.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2023.

CLOSURE OF THE REGISTER OF MEMBERS

The Company will hold the AGM on Friday, June 28, 2024. The register of members of the Company will be closed from Tuesday, June 25, 2024 to Friday, June 28, 2024, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the AGM, during which period no share transfers will be registered. To be eligible to attend the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, June 24, 2024.

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, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2023 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 25, 2024. 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 2023 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 2023 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 C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this annual results announcement and for geographical reference only, excludes Hong Kong, Macau and Taiwan
"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
"IASB"	International Accounting Standards Board
"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 C3 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, 2023
"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 25, 2024

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.