



**歸創通橋醫療科技股份有限公司**  
**ZYLOX-TONBRIDGE MEDICAL TECHNOLOGY CO., LTD.**

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

Stock Code : 2190



**Interim Report**  
**2022**

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Jonathon Zhong Zhao (趙中) (*Chairman*)  
Mr. Yang Xie (謝陽)  
Dr. Zheng Li (李崢)

### Non-executive Directors

Mr. Stephen Hui Wang (王暉)  
Dr. Hai Lu (陸海)  
(resigned with effect from 18 May 2022)  
Dr. Steven Dasong Wang (王大松)  
Mr. Dongfang Li (李東方)  
(appointed with effect from 18 May 2022)

### Independent Non-executive Directors

Dr. Jian Ji (計劍)  
Mr. Hongze Liang (梁洪澤)  
Ms. Yun Qiu (邱斌)

## JOINT COMPANY SECRETARIES

Mr. Quanwei Yuan (袁泉衛)  
Mr. Kai Cheong Willie Cheung (張啟昌)  
(resigned with effect from 5 September 2022)  
Ms. Sau In Kwan (關秀妍)  
(appointed with effect from 5 September 2022)

## AUTHORIZED REPRESENTATIVES

Dr. Jonathon Zhong Zhao (趙中)  
Mr. Kai Cheong Willie Cheung (張啟昌)  
(resigned with effect from 5 September 2022)  
Ms. Sau In Kwan (關秀妍)  
(appointed with effect from 5 September 2022)

## SUPERVISORS

Ms. Jie Liang (梁婕)  
Mr. Chunhui Men (門春輝)  
(resigned with effect from 18 May 2022)  
Ms. Hongbo Wang (王宏波)  
Mr. Tao Liu (劉濤)  
(appointed with effect from 18 May 2022)

## AUDIT COMMITTEE

Ms. Yun Qiu (邱斌) (*Chairman*)  
Mr. Hongze Liang (梁洪澤)  
Dr. Jian Ji (計劍)

## REMUNERATION COMMITTEE

Dr. Jian Ji (計劍) (*Chairman*)  
Dr. Jonathon Zhong Zhao (趙中)  
Mr. Hongze Liang (梁洪澤)

## NOMINATION COMMITTEE

Dr. Jonathon Zhong Zhao (趙中) (*Chairman*)  
Ms. Yun Qiu (邱斌)  
Dr. Jian Ji (計劍)

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants and Registered  
Public Interest Entity Auditor*  
22/F, Prince's Building  
Central  
Hong Kong

## REGISTERED OFFICE

1st & 2nd Floors, Building 1  
No. 18 Keji Avenue  
Yuhang Street  
Yuhang District  
Hangzhou, Zhejiang, China

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

1st & 2nd Floors, Building 1  
No. 18 Keji Avenue  
Yuhang Street  
Yuhang District  
Hangzhou, Zhejiang, China

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Previous address:  
40th Floor, Dah Sing Financial Centre  
No. 248 Queen's Road East  
Wanchai  
Hong Kong

New address (with effect from 5 September 2022):  
5/F, Manulife Place  
348 Kwun Tong Road  
Kowloon  
Hong Kong

## PRINCIPAL BANKS

Industrial and Commercial Bank of China  
Hangzhou Xiyuan Branch  
128 Shanxi Yuan Road  
Yuhang Town, Yuhang District  
Hangzhou, China

Bank of China Kechuang Branch  
Building 4, Haichuangyuan  
998 Wenyi West Road  
Yuhang District  
Hangzhou, China

Bank of Nanjing Yuhang Branch  
168 Linping Century Avenue  
Nanyuan Subdistrict  
Yuhang District  
Hangzhou, China

China CITIC Bank Hushu Branch  
195 Hushu South Road  
Gongshu District  
Hangzhou, China

Industrial and Commercial Bank of China  
Hangzhou Kechuang Branch  
998 Wenyi West Road  
Yuhang District  
Hangzhou, China

## COMPLIANCE ADVISER

Rainbow Capital (HK) Limited  
Room 5B, 12/F, Tung Ning Building  
No. 2 Hillier Street  
Sheung Wan  
Hong Kong

## HONG KONG LEGAL ADVISER

Sidley Austin  
39th Floor  
Two International Finance Centre  
8 Finance Street  
Central  
Hong Kong

## PRC LEGAL ADVISER

Grandall Law Firm (Shanghai)  
27/F, Garden Square, 968 West Beijing Road  
Shanghai, China

## H SHARE REGISTRAR

Tricor Investor Services Limited  
17/F, Far East Finance Centre,  
16 Harcourt Road,  
Hong Kong

## STOCK CODE

H Share: 02190

## COMPANY'S WEBSITE

[www.zyloxtb.com](http://www.zyloxtb.com)

# Financial and Business Highlights

## FINANCIAL HIGHLIGHTS

	<u>Six months ended June 30,</u>		
	<b>2022</b>	2021	Period
	<b>RMB'000</b>	RMB'000	to period
	<b>(Unaudited)</b>	(Unaudited)	change
Revenue	<b>152,743</b>	71,484	113.7%
<b>Gross profit</b>	<b>115,477</b>	52,124	121.5%
<b>Gross profit margin</b>	<b>75.6%</b>	72.9%	3.7%
<b>Loss before income tax</b>	<b>(25,504)</b>	(69,717)	63.4%
<b>Add:</b>			
Share-based compensation	<b>34,145</b>	22,455	52.1%
Listing expenses	—	25,852	(100.0%)
<b>Non-IFRS adjusted net profit/(loss) for the period<sup>(1)</sup></b>	<b>8,641</b>	(21,410)	N/A

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

## BUSINESS HIGHLIGHTS

During the Reporting Period, we achieved a revenue of RMB152.7 million, representing an increase of 113.7% as compared to the corresponding period of 2021, among which 73.1% was derived from the neurovascular interventional products business and 26.9% was derived from the peripheral interventional products business. The significant growth of our revenue was attributable to several factors, including (i) strong adoption of commercialized products by hospitals and physicians; (ii) a more effective and efficient sales, marketing and distribution network; and (iii) a continuously expanded product portfolio with products launched after June 30, 2021, such as neurovascular embolization coils and carotid Rx PTA balloon catheter. In overseas markets, we continue to expand our international sales efforts by establishing distribution relationship with local partners and communicating with local KOLs and medical community in-depth.

During the Reporting Period, we obtained NMPA approvals for two products and completed patient enrollment for the clinical trials of two products. Since June 30, 2022 and up to the date of this report, we have obtained NMPA approval for one product and completed patient enrollment for the clinical trial of one product. As at the date of this report, we have a total of 17 products approved by the NMPA and eight products with CE Mark, which makes us one of the leading companies with the most comprehensive product portfolios in the vascular interventional medical device industry in China.

## *Financial and Business Highlights*

With continuous dedication to high product quality and manufacturing efficiency, we continue to improve our integrated R&D and manufacturing platforms. As a result, our gross profit margin increased from 72.9% in the first half of 2021 to 75.6% in the first half of 2022.

With increased revenue scale and operational efficiency, we were able to continue to reduce our net loss despite increased R&D expenses. Our net loss decreased from RMB69.7 million in the first half of 2021 to RMB25.5 million in the first half of 2022. Excluding the impact of share-based compensation and listing expenses, we generated a non-IFRS adjusted net profit of RMB8.6 million in the first half of 2022, as compared to a non-IFRS adjusted net loss of RMB21.4 million in the first half of 2021.

# Management Discussion and Analysis

## I. BUSINESS REVIEW

### Overview

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

### Business Highlight

During the Reporting Period, we achieved a revenue of RMB152.7 million, representing an increase of 113.7% as compared to the corresponding period of 2021, among which 73.1% was derived from the neurovascular interventional products business and 26.9% was derived from the peripheral interventional products business. The significant growth of our revenue was attributable to several factors, including (i) strong adoption of commercialized products by hospitals and physicians; (ii) a more effective and efficient sales, marketing and distribution network; and (iii) a continuously expanded product portfolio with products launched after June 30, 2021, such as neurovascular embolization coils and carotid Rx PTA balloon catheter.

During the Reporting Period, we obtained NMPA approvals for two products and completed patient enrollment for the clinical trials of two products. Since June 30, 2022 and up to the date of this report, we also obtained NMPA approval for one product and completed patient enrollment for the clinical trial of one product. As at the date of this report, we have a total of 17 products approved by the NMPA and eight products with CE Marks, which makes us one of the leading companies with the most comprehensive product portfolios in the vascular interventional medical device industry in China.

With continuous dedication to high product quality and manufacturing efficiency, we continue to improve our R&D and manufacturing platforms, such as balloon forming and manufacturing platform, braiding and coiling catheter development and manufacturing platform and stent forming and processing center. Our integrated development and manufacturing process enables smooth collaborations and accelerates the development process during the full product life cycle and therefore helps us improve our cost efficiency. Our current main manufacturing centers are located in Hangzhou and Zhuhai and both are expanding with larger scale, advanced manufacturing capability and efficiency. As a result, our gross profit margin increased from 72.9% in the first half of 2021 to 75.6% in the first half of 2022.

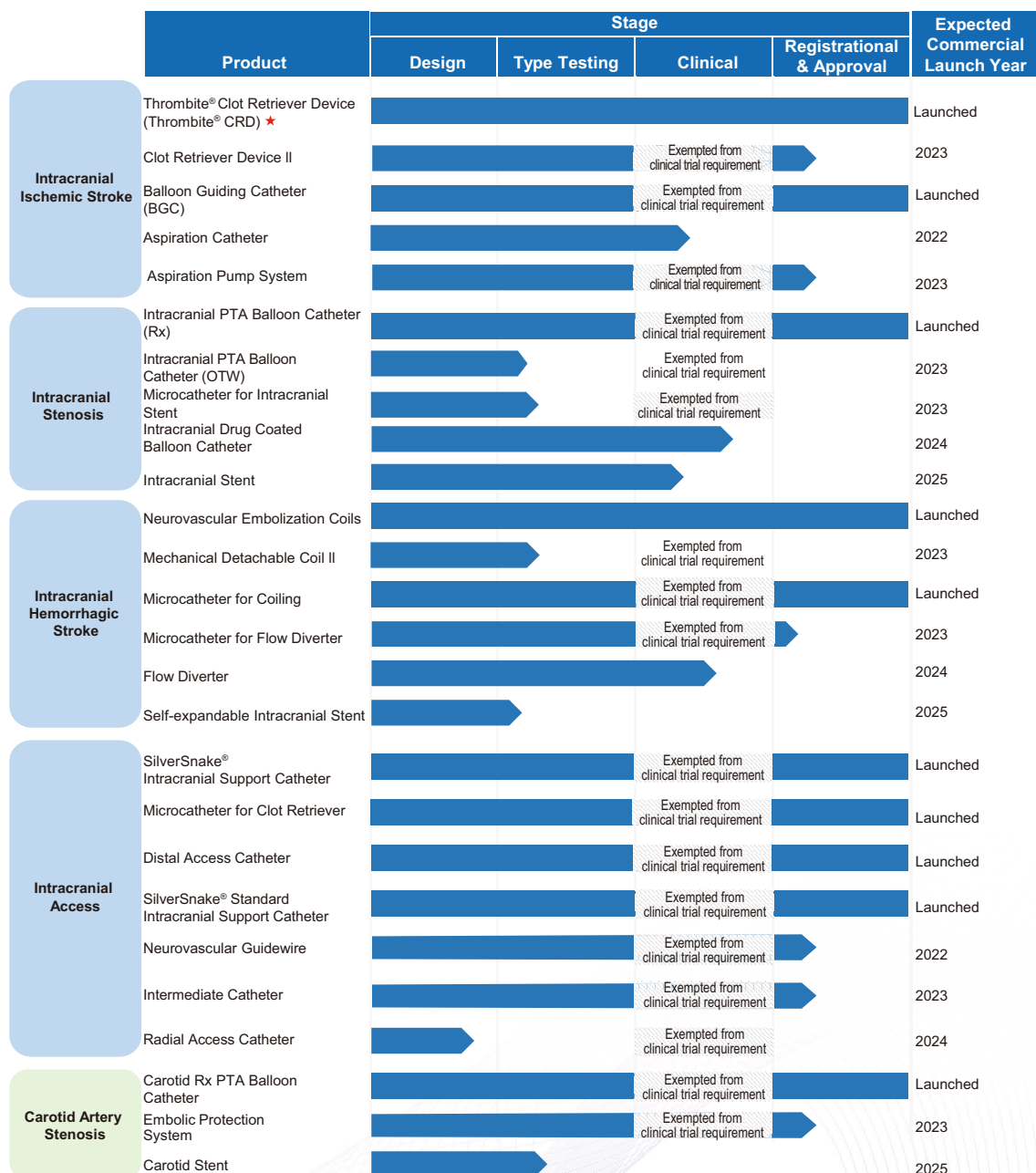
With increased revenue scale and operational efficiency, we were able to continue to reduce our net loss despite increased R&D expenses. Our net loss decreased from RMB69.7 million in the first half of 2021 to RMB25.5 million in the first half of 2022. Excluding the impact of share-based compensation and listing expenses, we generated a non-IFRS adjusted net profit of RMB8.6 million in the first half of 2022, as compared to a non-IFRS adjusted net loss of RMB21.4 million in the first half of 2021.

### Our Products and Product Pipeline

As China’s leading interventional medical device company in developing minimally invasive vascular interventional medical devices, we have built a comprehensive product portfolio including neurovascular and peripheral-vascular interventional surgical devices. As at the date of this report, we have strategically developed a total of 55 products and product candidates, including 17 products approved in China and eight products approved in Europe.

The following chart summarizes the development status of our products and product candidates as at the date of this report:

#### Product Portfolio for Neurovascular Interventional Devices in China Market:



★ Core Product; further R&D includes post-approval study, product improvement and indication expansion



**Product Portfolio for Peripheral-Vascular Interventional Devices and Vascular Closure Devices in China Market**

	Product	Stage			Expected Commercial Launch Year
		Design	Type Testing	Clinical	
Arterial	UltraFree® Drug Coated PTA Balloon Catheter (UltraFree® DCB) ★	[Progress bar: 100%]			Launched
	Second Generation UltraFree® Drug Coated PTA Balloon Catheter	[Progress bar: 100%]		Exempted from clinical trial requirement	2022
	PTA Balloon Catheter	[Progress bar: 100%]		Exempted from clinical trial requirement	Launched
	Second Generation PTA Balloon Catheter	[Progress bar: 100%]		Exempted from clinical trial requirement	2022
	Peripheral Drug-Eluting Stent System	[Progress bar: 80%]			2025
	Endovascular Snare	[Progress bar: 100%]		Exempted from clinical trial requirement	Launched
	PTA Scoring Balloon Catheter	[Progress bar: 90%]			2024
	Multi-spot Stent System	[Progress bar: 90%]			2024
	Drug Coated PTA Balloon Catheter-BTK	[Progress bar: 90%]			2024
	IVL System	[Progress bar: 80%]			2025
	Venous	Snare Retrieval Kit for IVC Filter	[Progress bar: 100%]		Exempted from clinical trial requirement
Endovenous Radiofrequency Ablation (RFA) Catheter		[Progress bar: 100%]			Launched
Radiofrequency Generator		[Progress bar: 100%]		Exempted from clinical trial requirement	2023
PTA Balloon Catheter Large Diameter		[Progress bar: 100%]		Exempted from clinical trial requirement	Launched
Infusion Catheter		[Progress bar: 100%]		Exempted from clinical trial requirement	2023
Peripheral Venous Stent System		[Progress bar: 90%]			2023
Varicose Vein Closure System		[Progress bar: 60%]			2024
Peripheral Thrombectomy System		[Progress bar: 40%]			2024
Retrievable Inferior Vena Cava Filter		[Progress bar: 100%]			2022
Mechanical Thrombectomy Device	[Progress bar: 80%]			2025	
Hemodialysis Access	High Pressure PTA Balloon Catheter	[Progress bar: 100%]		Exempted from clinical trial requirement	Launched
	Second Generation High Pressure PTA Balloon Catheter	[Progress bar: 100%]		Exempted from clinical trial requirement	2022
	Drug Coated PTA Balloon Catheter-AV Fistula	[Progress bar: 90%]			2024
Aortic Intervention	Thoracic Aorta Stent Graft System	[Progress bar: 80%]			2025
Peripheral Embolization Intervention	Peripheral Detachable Embolization Coils	[Progress bar: 90%]			2024
Radiological Intervention	TIPS Access Set	[Progress bar: 100%]		Exempted from clinical trial requirement	2023
	TIPS Endoprosthesis	[Progress bar: 80%]			2024
Vascular Closure Devices	Suture-mediated Closure System	[Progress bar: 90%]			2023
	Vascular Closure System	[Progress bar: 80%]			2024

★ Core Product; further R&D includes post-approval study, product improvement and indication expansion

**Product Portfolio for Overseas Market**

	Product	Phase			Expected Commercial Launch Year
		Preclinical	Clinical Trials	Registration & Approval	
Peripheral-vascular Interventional Devices	UltraFree® Drug Coated PTA Balloon Catheter	CE	Exempted from clinical trial requirement		CE Launched
	PTA Balloon Catheter	CE	Exempted from clinical trial requirement		CE Launched
	Peripheral Stent System	CE	Exempted from clinical trial requirement		CE Launched
	Peripheral Drug-Eluting Stent System	CE	Exempted from clinical trial requirement		CE Launched
	High Pressure PTA Balloon Catheter	CE	Exempted from clinical trial requirement		CE Launched
	Peripheral Venous Stent System		MDR Registration Preparation		2024
	IVL System		MDR Clinical Preparation		2024
Neurovascular Interventional Devices	Thrombite® Clot Retriever Device	CE	Exempted from clinical trial requirement		CE Launched
	Aspiration Catheter	CE	Exempted from clinical trial requirement		CE Launched
	Microcatheter for Clot Retriever	CE	Exempted from clinical trial requirement		CE Launched
	Neurovascular Embolization Coil		MDR Registration Submitted		2023
			FDA 510K Registration Submitted		2023
	Flow Diverter		MDR Clinical Preparation		2024

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

**Our Neurovascular Products**

Our current neurovascular product portfolio covers a full suite of products for five major categories, namely ischemic stroke, hemorrhagic stroke, intracranial stenosis, carotid artery stenosis and intracranial access devices. As at the date of this report, we have obtained Class III registration certificates for 10 neurovascular interventional products and four product candidates are at clinical stage. We expect to have 16 more neurovascular interventional products approved by the NMPA by the end of 2025.

### ***Intracranial Ischemic Stroke Treatment***

In the field of ischemic neurovascular diseases, in particular intracranial ischemic stroke, we have five product offerings, among which we have launched Thrombite® CRD, intracranial support catheter and balloon guiding catheter (BGC) successfully as a complete three-piece solution to physicians. We have strategically developed a suite of products covering the full procedure cycle for major vascular diseases, offering seamless treatment solutions with better prognosis. We are actively promoting our BADDASS (i.e. Balloon guide with large bore Distal access catheter with Dual Aspiration with Stent-retriever as Standard approach) clot-retrieval modality. We believe our BADDASS approach with the three-piece suite of Thrombite® CRD, intracranial support catheter and BGC will result in higher first-time recanalization rate of intracranial blood vessels, shorter recanalization time and lower escape rate at the distal end of the thrombus, which can effectively improve the procedure success rate, reduce operation time and occurrence of post procedure complications. We are one of the few domestic interventional device companies that can provide a complete three-piece solution.

#### *Thrombite® Clot Retriever Device (Thrombite® CRD)*

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

#### *Clot Retriever Device II (Thrombite® CRD II)*

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

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

### *Intracranial Hemorrhagic Stroke Treatment*

In the field of intracranial hemorrhagic stroke, we have two launched products and are developing four product candidates, including four treatment products (the neurovascular embolization coils, the Mechanical Detachable Coil II, the flow diverter and the self-expandable intracranial stent (previously named as stent for stent assisted coiling)) and two microcatheters (microcatheter for coiling and microcatheter for flow diverter).

#### *Neurovascular Embolization Coils*

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

### *Mechanical Detachable Coil II (Second Generation Neurovascular Embolization Coils)*

We are upgrading our neurovascular embolization coils to improve their basket-forming performance. Expected to be launched in the year of 2023, the second-generation neurovascular embolization coils come in more specifications and sizes, offering more options for physicians when dealing with different size of intracranial aneurysms. We are also working to optimize the design of delivery system.

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

### *Flow Diverter*

We are currently conducting two clinical trials for the flow diverter for two indications in China, namely giant unruptured intracranial aneurysms and small unruptured intracranial aneurysms. Both studies have completed patient enrollment and achieved significant progress in less than one year despite the negative impact of the COVID-19 pandemic, showing our strong capability in R&D and clinical trial execution. We will use domestic clinical trial data, supplemented by European clinical data, to apply for the CE Mark and support further commercialization of our flow diverter in European market in the future.

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

### ***Our Peripheral-Vascular Products***

With seven NMPA approved products and 20 product candidates in China, we have a comprehensive peripheral-vascular interventional product portfolio covering a full spectrum of arterial and venous products including stents, balloons, catheters and filters. We have six products at the registration stage and nine at the clinical trial stage as at the date of this report. We expect to have 20 more peripheral-vascular interventional products approved by the NMPA by the end of 2025.

### ***Peripheral Arterial Vascular Diseases Treatment***

Our peripheral arterial vascular diseases treatment pipeline includes a total of 10 products.

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

Since its launch in November 2020, we have mainly focused our commercialization effort in China. We also obtained CE Mark in October 2020 and commercialized UltraFree® DCB in Europe in the second half of 2021. We have initiated the post-approval clinical surveillance to collect on-label use data in a real-world setting to gather more clinical performance data of UltraFree® DCB, which will provide more data to further evaluate the safety and efficacy of the product.

The indication expansion of UltraFree® DCB includes the following:

- Drug Coated PTA Balloon Catheter — BTK: We initiated the clinical trial preparation in the second half of 2021 and are in the process of patient enrollment.
- Drug Coated PTA Balloon Catheter — Dialysis Access: We commenced a clinical trial in 2021 and are in the process of patient enrollment.

### *Second Generation UltraFree® DCB*

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

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

### ***Peripheral Venous Vascular Diseases Treatment***

Our peripheral venous vascular diseases treatment pipeline includes a total of 10 products and product candidates, including our retrievable inferior vena cava filter and peripheral venous stent system.

### *Peripheral Venous Stent System*

We completed patient enrollment for the clinical trial of peripheral venous stent system in July 2021. We have finished the 12-month follow-up, plan to submit the registration application for our peripheral venous stent system with the NMPA in the early fourth quarter of 2022 and expect to receive NMPA approval in 2023. We are in the process of preparing the registration documents for CE Mark and expect to launch this product in Europe in 2024.

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

### ***Our Vascular Closure Product***

In addition, our product portfolio also includes two vascular closure device candidates which makes us the first domestic medical device company that has developed suture-mediated vascular closure device candidate.

### *Suture-mediated Closure System*

Our suture-mediated closure system is used to suture the femoral artery access site after diagnostic/therapeutic interventional procedures and is applicable to procedures with bore sizes ranging between 5F and 29F. We are in the process of patient enrollment with a target of 228 patients in total according to current clinical trial plan.

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

### **Our Platform**

As we build our pipeline, we have developed an integrated platform for the discovery, development, manufacture and commercialization of interventional medical devices including neurovascular and peripheral-vascular interventional surgical devices for neurovascular and peripheral-vascular diseases.

### **Sales, Marketing and Distribution**

To mitigate the impact of the COVID-19 pandemic, we timely adjusted our sales and marketing strategies, such as organizing more educational programs and meetings online and at local levels, even at hospital levels, to reduce the impact of travel restrictions. In the meantime, we accelerated our penetration into hospitals in lower-tier cities, which we have been focusing on since the early stage of our product commercialization in 2021. We also proactively work with our national and regional distributors to adjust our distribution strategies to accommodate restrictions and inconvenience caused by the COVID-19 pandemic.

Revenue from both business units experienced significant growth. The revenue from sales of neurovascular interventional products increased by 160.1% as compared to the corresponding period of 2021, primarily because (i) our products had extensive market penetration and our sales recovered rapidly as the COVID-19 pandemic gradually alleviated in most parts of China in the first half of 2022. Most of the revenue from sales of neurovascular interventional products was derived from products that had penetrated almost all provinces and regions and that had entered a large number of hospitals (between 150 and 700 hospitals, depending on the length of the respective product's commercialization period) and (ii) a significant portion of revenue came from products for ischemic stroke. The sales of ischemic stroke products grew substantially because of our substantial effort in adjusting our business strategy to accommodate the rapidly changing market condition during the first half of 2022.

## Management Discussion and Analysis

Revenue from sales of peripheral-vascular interventional products increased by 43.9% as compared to the corresponding period of 2021 because of our continuous efforts in gaining market access, increasing hospital penetration and expanding distribution network.

With a proven track record of commercializing 16 products domestically and eight products in Europe, we had established an extensive distribution network covering over 2,300 hospitals across 31 provinces and municipalities in China as at June 30, 2022. Over the years, we have developed strong collaborations with and established a well-recognized brand among KOLs, leading physicians and hospitals in China in the field of neuro- and peripheral-vascular intervention. With a combination of increased revenue and effective sales and marketing strategy, our sales and marketing cost as a percentage of total revenue decreased from 36.0% in the first half of 2021 to 34.9% in the first half of 2022.

### R&D

We have established leading in-house R&D technology platforms to facilitate continuous innovation and technological breakthroughs. Our expertise in fundamental technology know-how cross different disciplines enables rapid prototyping and expedites the transformation of prototypes to ready-to-commercialize products. We have an integrated product innovation process, covering product design to mass production, and have successfully leveraged our internal platforms to deliver quality products. For example, we launched the self-developed carotid Rx PTA balloon catheter and PTA balloon catheter — large diameter in China this April. The two products are developed and manufactured on our balloon forming and manufacturing platform on which we have produced all our balloon catheter products with consistent high quality and efficiency. Benefitting from our continuous efforts in building an advanced program in developing various balloon catheters to meet the needs in neurovascular and peripheral intervention, we have witnessed that the newly launched products continue the excellent performance of our earlier commercialized products, which we believe will facilitate adoption among physicians.

With our extensive clinical and registration experience and established strong collaboration with leading physicians and hospitals, despite the headwinds of the COVID-19 pandemic, we are conducting clinical trials at a steady pace. In the first half of 2022, we completed patient enrollment for the clinical trials of two products. As at the date of this report, we have 13 products in the clinical trial stage.

### **Manufacturing**

The manufacturing process of vascular interventional products is complex and technologically challenging. Over the years, we have accumulated extensive expertise and know-how in developing and manufacturing vascular interventional products and obtained a number of patents for our proprietary technologies. Our manufacturing expertise and know-how combined with advanced technologies applied during our manufacturing process ensure the quality and efficiency of our production. We are expanding our production capacity with an additional area of approximately 13,000 sq.m. in Hangzhou and are constructing a new manufacturing site in Zhuhai with an area of approximately 20,000 sq.m in preparation for the commercialization of our further expanded product portfolio.

### **Impact of the COVID-19 Pandemic**

An outbreak of a respiratory disease COVID-19 was first reported in December 2019 and continues to expand globally. Significant rises in COVID-19 cases have been reported since then, causing governments around the world to implement unprecedented measures such as city lockdowns, travel restrictions, quarantines and business shutdowns. Despite the foregoing, we achieved a revenue of RMB152.7 million for the first half of 2022, representing an increase of 113.7% as compared to the corresponding period of 2021. The pandemic did not have material adverse effect on the Group's commercialization in China and Europe for the first half of 2022. We do not expect our planned commercialization in China will be adversely affected by COVID-19. As the future impact of COVID-19 in Europe is still uncertain, we expect our business operations, planned regulatory process and commercialization in Europe will be subject to the impact of the COVID-19 pandemic.

It is uncertain when, and whether, COVID-19 could be contained. The above analysis is made by our management team based on currently available information concerning COVID-19. Management of the Company cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our results of operations.



## II. FINANCIAL REVIEW

### Overview

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

### Revenue

During the Reporting Period, our revenue was mainly generated from sales of our commercialized products including Thrombite® CRD, Ultrafree® DCB, intracranial support catheter, PTA balloon catheter, intracranial PTA balloon catheter (Rx) and neurovascular embolization coils.

The Group's revenue for the six months ended June 30, 2022 was RMB152.7 million, representing an increase of 113.7% compared to RMB71.5 million for the six months ended June 30, 2021. The significant growth of our revenue was attributable to several factors, including (i) strong adoption of commercialized products by hospitals and physicians; (ii) a more effective and efficient sales, marketing and distribution network; and (iii) continuous expansion of product portfolio with products launched after June 30, 2021, such as neurovascular embolization coils and carotid Rx PTA balloon Catheter.

The following table sets forth a breakdown of our revenue by product category and by geographic market:

Revenue	Six months ended June 30, 2022 (Unaudited)		Six months ended June 30, 2021 (Unaudited)		Period to period change
	RMB'000	Proportion	RMB'000	Proportion	
Neurovascular interventional devices	111,630	73.1%	42,912	60.0%	160.1%
Peripheral-vascular interventional devices	41,113	26.9%	28,572	40.0%	43.9%
<b>Total</b>	<b>152,743</b>	<b>100.0%</b>	<b>71,484</b>	<b>100.0%</b>	<b>113.7%</b>

Revenue	Six months ended June 30, 2022 (Unaudited)		Six months ended June 30, 2021 (Unaudited)		Period to period change
	RMB'000	Proportion	RMB'000	Proportion	
The PRC	150,017	98.2%	69,654	97.4%	115.4%
Overseas Markets	2,726	1.8%	1,830	2.6%	49.0%
<b>Total</b>	<b>152,743</b>	<b>100.0%</b>	<b>71,484</b>	<b>100.0%</b>	<b>113.7%</b>

### Cost of Sales

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

The Group's cost of sales for the six months ended June 30, 2022 was RMB37.3 million, representing an increase of 92.5% compared to RMB19.4 million for the six months ended June 30, 2021. The increase was primarily attributable to increase in raw materials and consumables used for sales of our products in line with increased commercialization of our marketed products in the second half of 2021 and the first half of 2022, and the increase in employee benefits expenses as a result of increase in the number of our employees for expanded production and operation.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, the gross profit of the Group increased by 121.5% from RMB52.1 million for the six months ended June 30, 2021 to RMB115.5 million for the six months ended June 30, 2022. The gross profit margin of the Group increased from 72.9% for the six months ended June 30, 2021 to 75.6% for the six months ended June 30, 2022, mainly due to (i) reduction of raw material price and unit manufacturing cost due to increased production volume; and (ii) continuous optimization of manufacturing efficiency.

### Research and Development Expenses

The Group's research and development expenses for the six months ended June 30, 2022 was RMB94.0 million, representing an increase of 92.0% compared to RMB49.0 million for the six months ended June 30, 2021. The increase was primarily attributable to increased R&D activities, clinical trials and registration of products, which resulted in (i) increased employee benefits expenses from RMB25.5 million for the six months ended June 30, 2021 to RMB48.3 million for the six months ended June 30, 2022, including an increased relevant share-based payment from RMB9.5 million for the six months ended June 30, 2021 to RMB18.6 million for the six months ended June 30, 2022; (ii) increased testing, clinical trial and professional service fees from RMB10.0 million for the six months ended June 30, 2021 to RMB21.7 million for the six months ended June 30, 2022; and (iii) increased raw materials and consumables used from RMB8.7 million for the six months ended June 30, 2021 to RMB19.1 million for the six months ended June 30, 2022.

## Management Discussion and Analysis

The following table sets forth a breakdown of research and development expenses:

	<b>Six months ended June 30, 2022 (Unaudited) RMB'000</b>	Six months ended June 30, 2021 (Unaudited) RMB'000
<b>Research and Development Expenses</b>		
Employee benefits expenses	<b>48,266</b>	25,514
Testing, clinical trial and professional services fees for research and development	<b>21,670</b>	9,961
Raw materials and consumables used	<b>19,062</b>	8,725
Others	<b>5,041</b>	4,779
<b>Total</b>	<b>94,039</b>	48,979

### Selling and Distribution Expenses

The Group's selling and distribution expenses for the six months ended June 30, 2022 was RMB53.3 million, representing an increase of 107.1% compared to RMB25.7 million for the six months ended June 30, 2021. Selling and distribution expense as percentage of overall revenue decreased from 36.0% for the six months ended June 30, 2021 to 34.9% for the same period of 2022. The increase was primarily attributable to the expansion of our sales and marketing team which led to an increased employee benefit expenses, including relevant share-based payment from RMB5.3 million for the six months ended June 30, 2021 to RMB7.3 million for the six months ended June 30, 2022 and an increased market development expenses, mainly associated with (i) the commercialization of newly launched products; and (ii) preparation for the sales and distribution of our products that are close to be approved.

### Administrative Expenses

The Group's administrative expenses for the six months ended June 30, 2022 was RMB49.3 million, representing a decrease of 9.0% compared to RMB54.2 million for the six months ended June 30, 2021. The decrease was primarily because the Group incurred listing fees for its IPO in the six months ended June 30, 2021, but did not incur such expenses for the same period in 2022. The decrease was partially offset by an increase in our employee benefit expenses, including an increase in relevant share-based payment from RMB7.1 million for the six months ended June 30, 2021 to RMB8.1 million for the six months ended June 30, 2022, and an increase in office and utility expenses due to our business growth.

### Other Expenses

The Group's other expenses for the six months ended June 30, 2022 was RMB0.4 million, representing an increase of 51.8% compared to RMB0.3 million for the six months ended June 30, 2021.

### **Other Income**

The Group's other income for the six months ended June 30, 2022 was RMB4.1 million, representing an increase of 430.2% compared to RMB0.8 million for the six months ended June 30, 2021. The increase was primarily attributable to the increase of government grants and rental income in the first half of 2022.

### **Other Gains — net**

The Group's other gains — net for the six months ended June 30, 2022 was RMB16.2 million, representing an increase of 270.5% compared to RMB4.4 million for the six months ended June 30, 2021. The increase was primarily attributable to an increase in foreign exchange gains.

### **Finance Income — net**

The Group's finance income — net for the six months ended June 30, 2022 was RMB35.9 million, representing an increase from RMB2.2 million for the six months ended June 30, 2021. The increase in finance income was primarily attributable to an increase in bank interest income in the first half of 2022.

### **Income Tax Expense**

The Group did not incur income tax expense for the six months ended June 30, 2022 and 2021 as it had no assessable profit.

### **Non-IFRS Measures**

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

## Management Discussion and Analysis

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

The following table shows its reconciliation to profit/loss for the periods indicated:

	<b>Six months ended June 30, 2022 (Unaudited) (RMB'000)</b>	Six months ended June 30, 2021 (Unaudited) (RMB'000)
<b>Loss for the period</b>	<b>(25,504)</b>	(69,717)
Add:		
Share-based compensation <sup>(1)</sup>	<b>34,145</b>	22,455
Listing expenses <sup>(2)</sup>	<b>—</b>	25,852
<b>Non-IFRS adjusted net profit/(loss) for the period</b>	<b>8,641</b>	(21,410)

Notes:

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

### Capital Management

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

### Liquidity and Financial Resources

The Group's liquidity and financial resources include three main categories: (i) the cash and cash equivalents as at June 30, 2022 were RMB1,057.1 million, representing a decrease of 25.5% compared to RMB1,418.4 million as at December 31, 2021; (ii) the term deposits as at June 30, 2022 were RMB1,600.0 million as compared to RMB1,500.0 million as at December 31, 2021; and (iii) the financial assets measured at fair value were RMB142.8 million as at June 30, 2022 as compared to RMB10.5 million as at December 31, 2021. The management is confident that the Group's financial resource is sufficient for our daily operations.

We rely on capital contributions by our shareholders as the major sources of liquidity. We also generate cash from our sales revenue of existing commercialized 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, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

### Borrowings and Gearing Ratio

As at June 30, 2022, we have no borrowings.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2022 was 0.4%, representing an increase of 33.3% compared to 0.3% as at December 31, 2021.

### Net Current Assets

The Group's net current assets as at June 30, 2022 were RMB2,859.6 million, representing a decrease of 2.3% compared to net current assets of RMB2,927.1 million as at December 31, 2021.

### Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, other financial assets, other payables and other financial liabilities 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.

### Pledge of Shares

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

### **Significant Investments, Material Acquisitions and Disposals**

As at June 30, 2022, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

### **Capital Expenditure**

For the six months ended June 30, 2022, the Group's total capital expenditure amounted to approximately RMB69.0 million, which was used in purchase of property, plant and equipment and intangible assets.

### **Charge on Assets**

As at June 30, 2022, there was no charge on assets of the Group.

### **Contingent Liabilities**

As at June 30, 2022, we did not have any contingent liabilities.

### **Employees and Remuneration Policies**

As at June 30, 2022, we had 594 employees in total.

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

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

### **Future Investment Plans and Expected Funding**

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

### III. PROSPECTS

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

#### **Continue to accelerate product development and expand our product portfolio to provide total solutions**

We believe our leadership is, and will continue to be, attributable to our successful development of a robust portfolio of complementary and advanced products. We will continue to accelerate product development and expand our product portfolio.

We currently have an extensive portfolio with 55 products and product candidates in different development stages. We plan to obtain NMPA approvals for six more products in 2022 and obtain NMPA approvals for other candidates by 2025. We plan to accelerate the clinical trial and registration of such product candidates. We currently have 13 products in the clinical trial stage. We will leverage our close relationships with KOLs and leading hospitals to accelerate patient enrollment for our clinical trials. Some of our product candidates are eligible for clinical trial exemption under the Catalogue of Medical Devices Exempted from Clinical Trials (《免於進行臨床試驗醫療器械目錄》) issued by the NMPA. We will further enhance our development efforts in type testing, animal study and product registration for these exempted product candidates in order to further enrich our product portfolio.

In addition, we plan to expand our portfolio to cover more indications in neuro- and peripheral-vascular areas and provide more effective solutions to patients and physicians, gradually increasing our market penetration. Based on the breadth of our portfolio, we are confident to provide total solutions to the full spectrum of neuro- and peripheral-vascular diseases.

#### **Further advance R&D capabilities to support our long-term growth**

We plan to further enhance our R&D capabilities focusing on interventional solutions tailored for neuro- and peripheral-vascular diseases in China. We will continue to invest in technology innovations to support the development of next generation products. We also plan to improve our R&D efficiency leveraging our synergistic technology platforms in neuro- and peripheral-vascular fields.

To advance our R&D efforts, we plan to recruit more talent to strengthen our internal R&D teams. We intend to strengthen our collaboration with KOLs and leading physicians and hospitals to gain first-hand knowledge of current and unmet clinical needs, surgeons' preferences and clinical trends, in order to enhance the clinical utility of our products and increase the market potential of our product candidates.





## Management Discussion and Analysis

In addition, we may strategically collaborate with academic institutions or medical associations on developing new products to broaden our product portfolio. We also plan to complement our organic growth with prudent investment, acquisition or partnership. Particularly, we plan to opportunistically acquire product candidates which have advanced technologies or have synergies with our existing research and development infrastructure. To pursue such opportunities, we will explore suitable investment and partnership arrangements, including establishing strategic alliances, joint ventures and in-licensing relationships. We believe that our extensive industry knowledge and R&D expertise, and proven product development speed will not only empower us to promptly identify and capture potential targets to enhance our R&D capabilities, but also make us a more desirable acquirer or partner than our competitors.

### **Further strengthen our commercialization capabilities to solidify our leadership in China**

We plan to further strengthen our commercialization capabilities to accelerate sales of our approved product and late-stage product candidates. We will further deepen our collaboration with KOLs and physicians and continue to actively participate in academic promotion such as providing product education to physicians to further increase adoption of our products and enhance recognition for our product offering and innovation. To increase penetration among our covered hospitals and enter into new hospitals, we expect to further expand the distribution network for both of our existing and future commercialized products by cooperating with additional distributors who have impressive sales records in high-growth regions in China. We plan to coordinate our sales and marketing team to support these distributors to reach their sales targets. In preparation for the sales expansion of our marketed products and upcoming commercialization of our product candidates at registration stage, we intend to further scale up our sales and marketing team by hiring additional experienced sales personnel.

We also endeavor to enhance our manufacturing capabilities to support the sales of our approved products and expedite the commercialization of our products candidates. We believe that the ability to cost-effectively manufacture high-quality products on a commercial scale is key to meeting the fast-growing market needs and capturing additional growth opportunities. As at the date of this report, the new facilities in Hangzhou had been preliminarily used to manufacture sample of our candidates and are expected to be in full operation by the end of 2022. In addition, we plan to expand the manufacturing facilities in Zhuhai to capture the market demand of our products. We also plan to further enhance our manufacturing capacities by investing in automation technology to meet growing market needs.

### **Further develop our integrated platform and enhance operational efficiency**

We plan to further streamline our integrated platform with comprehensive R&D, manufacturing and commercialization capabilities. With our continuously growing operation scale, we will further centralize and unify our management in procurement, clinical trial, registration, manufacturing and quality control, in order to enhance our overall operational efficiency. We believe that manufacturing capability and quality control are critical to the expansion of our product portfolio. We plan to strengthen our production efficiency by streamlining supply chain management, quality control systems and reducing raw material and processing costs. We intend to continue in-house production for all our future marketed products.

With the successful registrations for various products and our regulatory experience with the NMPA registration process and CE Mark, we plan to further implement centralized product registration management which allows us to share such experience among various registration processes and to reduce the costs and time involved in the clinical trial and product registration for our product candidates.

We plan to enhance the core competency of every aspect of our integrated platform, from R&D, manufacturing to commercialization, which in turn will further promote the overall competitiveness of our Company. We aim to upgrade ourselves from an R&D-driven company to a full-powered integrated platform. We will maximize the synergy of our integrated platform to use the revenue from our commercialized products and other resources to support the development and commercialization of our pipeline candidates, which in turn will generate more revenue thereby mitigating the uncertainties and risks involved in the development of innovative medical devices and ensuring sustainable growth.

### **Selectively expand our global footprint**

As at the date of this report, we had obtained CE Mark for eight products and commercialized all of them in Europe, including Thrombite® CRD, aspiration catheter, PTA balloon catheter and HP PTA balloon catheter. Leveraging our successful overseas registration and sales experience, we intend to pursue geographical expansion in selected markets based on different product demands, adopting tailored strategies to commercialize our products in different target jurisdictions, including joint development, granting commercial rights to third parties and cooperation with distributors. We hold global rights of our products and product candidates through patent registration and protection over proprietary technologies. We may enter into partnership arrangements to expand our market coverage and maximize the global value of our products. In particular, we have considered the geographical distance, disease similarity, regional competitive landscape of medical device, and local regulatory conditions for our plan to expand geographical coverage. Aiming to enhancing the brand recognition of our products in Europe, getting closer to local partners and customers and being more responsive to their demands, we are setting up an European office to bring local professionals on board to help us finetune our strategy.

## **Corporate Governance and Other Information**

### **H SHARE FULL CIRCULATION**

On November 26, 2021, the Company received a formal official approval from the China Securities Regulatory Commission regarding the implementation of the full circulation of H Shares, pursuant to which up to 194,099,746 Domestic Shares can be converted into H Shares, and their listing thereof on the Stock Exchange. On January 18, 2022, the Stock Exchange granted approval for the listing of and permission to deal in 194,099,746 H Shares, representing the maximum number of Domestic Shares to be converted to H Shares. On March 3, 2022, the conversion of 194,099,746 Domestic Shares into H Shares was completed and listing of such Shares on the Stock Exchange commenced on March 4, 2022. For more related details, please refer to the Company's announcements dated November 26, 2021, February 28, 2022 and March 3, 2022.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

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

### **CORPORATE GOVERNANCE**

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Part 2 of Appendix 14 to the Listing Rules as its own code of corporate governance practices. Save for the deviation for reasons set out below, during the Reporting Period, the Company had complied with the CG Code. According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Up to the date of this report, the roles of chairman and chief executive officer were performed by Dr. Jonathon Zhong Zhao, which may be inconsistent with code provision C.2.1. Nevertheless, the Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing another individual as the chief executive officer when it thinks appropriate.

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

### **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

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

## EVENTS AFTER THE REPORTING PERIOD

Since June 30, 2022 and up to the date of this report, the Company obtained NMPA approval for Endovenous Radiofrequency Ablation (RFA) Catheter. Save for this, the Company is not aware of any other material subsequent events from June 30, 2022 to the date of this report.

## REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Ms. Yun Qiu, Mr. Hongze Liang and Dr. Jian Ji. The chairman of the Audit Committee is Ms. Yun Qiu who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group For the six months ended June 30, 2022 with the management and the auditor of the Company.

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

## INTERIM DIVIDEND

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

## USE OF NET PROCEEDS FROM IPO AND OVER-ALLOTMENT OPTION

The net proceeds from IPO amounted to approximately HK\$2,477.4 million (equivalent to RMB2,063.6 million); and on July 28, 2021, the Company also received net proceeds of approximately HK\$347.3 million (equivalent to RMB289.7 million) from the full exercise of the Over-allotment Option (collectively, the “**Net Proceeds**”). The Net Proceeds amounts were arrived at after deducting the underwriting commissions payable by us in connection with the Global Offering.

The Company expects to utilize the Net Proceeds in accordance with the intended use and expected timeline previously disclosed in the Prospectus. For further details, please refer to the section headed “Future Plans and Use of Proceeds” in the Prospectus.

## Corporate Governance and Other Information

As at the end of the Reporting Period, the Group has used the Net Proceeds as follows:

Intended use of Net Proceeds	Allocation of Net Proceeds RMB in million	Percentage of total Net Proceeds	Net Proceeds utilized as at the end of the Reporting Period RMB in million	Net Proceeds unutilized as at the end of the Reporting Period RMB in million	Expected time of full utilization
(1) Ongoing research and development, production and commercialization of our Core Products, namely Thrombite® CRD and Ultrafree® DCB	870.7	37%	283.5	587.2	Yr2024
(2) Ongoing research and development, production and commercialization of our other five major products, namely our neurovascular embolization coil, flow diverter, retrievable inferior vena cava filter, peripheral venous stent system and suture-mediated closure	258.9	11%	82.5	176.4	Yr2024
(3) Other 38 products and pipeline candidates in order to develop our product portfolio to provide total solution	941.3	40%	180.3	761.0	Yr2025
(4) Further upgrade our research and development facility, including software and hardware infrastructures in both Hangzhou and Zhuhai, and planned office expansion and upgrade in Zhuhai	70.6	3%	18.6	52.0	Yr2024
(5) Potential strategic acquisition, investments, in-licensing or collaborations	94.1	4%	0	94.1	Yr2025
(6) Working capital and general corporate purposes	117.7	5%	56.3	61.4	Yr2023
<b>Total</b>	<b>2,353.3</b>	<b>100%</b>	<b>621.2</b>	<b>1,732.2</b>	

## **CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS**

Save as disclosed below, during the Reporting Period and from June 30, 2022 up to the date of this report, there was no change to information which was required to be disclosed by the Directors, Supervisors and senior management members pursuant to Rule 13.51B(1) of the Listing Rules.

Dr. Hai Lu (陸海) has resigned as a non-executive Director and Mr. Chunhui Men (門春輝) has resigned as a shareholders' representative Supervisor, both with effect from May 18, 2022, due to other work commitment.

Mr. Dongfang Li (李東方) was appointed as a non-executive Director of the first session of the Board and Mr. Tao Liu (劉濤) was appointed as a shareholders' representative Supervisor of the first session of the Supervisory Committee, both with effect from May 18, 2022.

For details of the abovementioned resignation and appointment of Directors and Supervisors, please refer to the announcement of the Company dated April 7, 2022.

## **DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES OR DEBENTURES**

As at the end of the Reporting Period, other than the Pre-IPO Share Option Scheme, none of the Directors, Supervisors or their respective spouses or minor children under the age of 18 years were granted with rights, or had exercised any such rights, to acquire benefits by means of purchasing Shares or debentures of the Company. No member of the Group was a party to any arrangements to enable the Directors, Supervisors or their respective spouses or minor children under the age of 18 years to acquire such rights from any other body corporates.

During the Reporting Period, the Company did not grant any rights to acquire benefits by means of the acquisition of Shares or debentures of the Company to any Directors or Supervisors or their respective spouses or minor children under 18, and none of them has exercised such rights.

## DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at June 30, 2022, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors and chief executive(s) of the Company are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Nature of Interest	Number and class of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
Dr. Jonathon Zhong Zhao (趙中) <sup>(2)</sup>	Executive Director	Beneficial owner	37,297,792 H Shares (L)	11.49%	12.78%
			5,197,203 <sup>(5)</sup> Domestic Shares (L)	66.79%	
		Interest in controlled corporations	32,733,529 H Shares (L)	10.08%	10.94%
			3,637,058 Domestic Shares (L)	46.74%	
		Interests held jointly with another person	18,588,910 H Shares (L)	5.73%	5.66%
			239,427 Domestic Shares (L)	3.08%	
Mr. Stephen Hui Wang (王暉) <sup>(3)</sup>	Non-executive Director	Interest in controlled corporations	29,262,592 H Shares (L)	9.01%	8.80%
Dr. Zheng Li (李嶼) <sup>(2)</sup>	Executive Director	Beneficial owner	239,427 <sup>(6)</sup> Domestic Shares (L)	3.08%	0.07%
		Interests held jointly with another person	88,620,231 H Shares (L)	27.30%	29.31%
			8,798,261 Domestic Shares (L)	113.07%	

## Corporate Governance and Other Information

Name	Position	Nature of Interest	Number and class of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
Mr. Yang Xie (謝陽) <sup>(4)</sup>	Executive Director	Beneficial owner	167,599 <sup>(7)</sup> Domestic Shares (L)	2.15%	0.05%
		Interest in controlled corporation	14,251,425 H Shares (L)	4.39%	4.76%
			1,583,492 Domestic Shares (L)	20.35%	
Ms. Jie Liang (梁婕)	Chairman of the Supervisory Committee and employee Supervisor	Beneficial owner	179,571 <sup>(8)</sup> Domestic Shares (L)	2.31%	0.05%
Ms. Hongbo Wang (王宏波)	Employee Supervisor	Beneficial owner	71,828 <sup>(9)</sup> Domestic Shares (L)	0.92%	0.02%

### Notes:

- (1) The calculation is based on the total number of 7,781,257 Domestic Shares in issue and 324,619,744 H Shares (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme) in issue as at June 30, 2022. The letter "L" denotes the shareholder's long position in such Shares.
- (2) Pursuant to a concert party agreement dated January 21, 2021 (the "**Concert Parties Agreement I**") entered into by and between, among others, Dr. Jonathon Zhong Zhao (趙中) ("**Dr. Zhao**"), Dr. Shengping Sam Zhong (鍾生平) ("**Dr. Zhong**"), Dr. Zheng Li (李崢) ("**Dr. Li**"), Ms. Na Wei (衛娜) ("**Ms. Wei**"), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)) ("**Zhuhai Tongqiao**"), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涇江投資合夥企業(有限合夥)) ("**Hangzhou Fujiang**"), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)) ("**Zhuhai Guichuang**"), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) ("**Huzhou Guiqiao**"), WEA Enterprises, LLC ("**WEA**") and Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)) ("**Nanjing Yuyihui**") (each, a "**Concert Party**"), the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party is also deemed to be interested in the interest of other Concert Parties.



## Corporate Governance and Other Information

- (3) Pursuant to a concert party agreement dated March 11, 2021 (the “**Concert Parties Agreement II**”) entered into by and between, among others, Highlight Medical Limited (“**Highlight Medical**”), Ourea Biotech HK Limited (“**Ourea Biotech**”), Five Investment Limited (“**Five Investment**”), Homehealth Investment Limited (“**Homehealth**”), Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (“**Ningbo Tiesi**”), Suzhou Taihong Jinghui Investment Center (Limited Partnership) (“**Taihong Jinghui**”) and Ganzhou Titan Equity Investment Partnership (Limited Partnership) (“**Ganzhou Titan**”) (together, the “**Honghui Shareholders**”), the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders’ meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment, Highlight Medical and Homehealth are controlled by Highlight Capital Partners I L.P., which was managed by its general partner, Highlight Capital GP I Company Limited, which is in turn controlled by Mr. Stephen Hui Wang (王暉) (“**Mr. Wang**”). Thus, Highlight Capital Partners I L.P., Highlight Capital GP I Company Limited and Mr. Wang are deemed to be interested in the interest of Five Investment, Highlight Medical and Homehealth. Ourea Biotech is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Wang are deemed to be interested in the interest of Ourea Biotech. Ningbo Tiesi and Ganzhou Titan are both managed by their general partner, Shanghai Hehong Jinghui Equity Investment Management Co., Ltd. (上海合弘暉股權投資管理有限公司) (“**Hehong Jinghui**”), which is controlled by Mr. Wang. Thus, Hehong Jinghui and Mr. Wang are deemed to be interested in the interest of Ningbo Tiesi and Ganzhou Titan. Taihong Jinghui is managed by its general partner, Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership) (蘇州煜暉股權投資管理合夥企業(有限合夥)) (“**Suzhou Yuhui**”), which is in turn managed by its general partner, Jiangsu Highlight Equity Investment Management Co., Ltd. (江蘇弘暉股權投資管理有限公司) (“**Jiangsu Highlight**”), which is controlled by Mr. Wang. Therefore, Suzhou Yuhui, Jiangsu Highlight and Mr. Wang are deemed to be interested in the interest of Taihong Jinghui.
- (4) Mr. Yang Xie (謝陽) (“**Mr. Xie**”) was granted 36.36% of economic interest in Zhuhai Tongqiao and 46.02% economic interest in Hangzhou Fujiang, both being the Employee Incentive Platforms, and therefore, under the SFO, Mr. Xie is deemed to be interested in 1,015,198 Domestic Shares through Zhuhai Tongqiao and 568,294 Domestic Shares through Hangzhou Fujiang.
- (5) This includes (i) 4,144,199 Domestic Shares beneficially held by Dr. Zhao, and (ii) Dr. Zhao’s entitlement to receive up to 1,053,004 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (6) Dr. Li is entitled to receive up to 239,427 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (7) Mr. Xie is entitled to receive up to 167,599 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (8) Ms. Jie Liang (梁婕) is entitled to receive up to 179,571 Domestic Shares pursuant to the options granted to her under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (9) Ms. Hongbo Wang (王宏波) is entitled to receive up to 71,828 Domestic Shares pursuant to the options granted to her under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

Save as disclosed above, as at June 30, 2022 (upon the completion of the full exercise of the Over-allotment Option), none of the Directors, Supervisors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

To the best knowledge of the Company based on the public information, as at June 30, 2022, the interests or short positions of the following persons (other than the Directors, Supervisors and chief executives of the Company) in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which any such persons other than the Directors, Supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Number and class of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
Dr. Shengping Sam Zhong (鍾生平) <sup>(2)(3)</sup>	Interest in controlled corporations	13,476,617 H Shares (L)	4.15%	4.05%
	Interests held jointly with another person	75,143,614 H Shares (L)	23.15%	25.34%
		9,073,688 Domestic Shares (L)	116.61%	
WEA Enterprises, LLC <sup>(2)(3)</sup>	Beneficial owner	13,476,617 H Shares (L)	4.15%	4.05%
	Interests held jointly with another person	75,143,614 H Shares (L)	23.15%	25.34%
		9,073,688 Domestic Shares (L)	116.61%	
Ms. Na Wei (衛娜) <sup>(2)(4)</sup>	Interests held jointly with another person	88,620,231 H Shares (L)	27.30%	29.32%
		8,834,261 Domestic Shares (L)	113.53%	
	Deemed interest	239,427 Domestic Shares (L)	3.08%	0.07%
Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥)) <sup>(2)(4)</sup>	Beneficial owner	4,983,293 H Shares (L)	1.54%	1.50%
	Interests held jointly with another person	83,636,938 H Shares (L)	25.76%	27.89%
		9,073,688 Domestic Shares (L)	116.61%	
Zhuhai Tongqiao Investment Centre (Limited Partnership) (珠海通橋投資中心(有限合夥)) <sup>(2)</sup>	Beneficial owner	9,136,780 H Shares (L)	2.81%	3.05%
	Interests held jointly with another person	1,015,198 Domestic Shares (L)	13.05%	
		79,483,451 H Shares (L)	24.49%	26.34%
Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)) <sup>(2)</sup>	Beneficial owner	5,114,645 H Shares (L)	1.58%	1.71%
		568,294 Domestic Shares (L)	7.30%	
	Interests held jointly with another person	83,505,586 H Shares (L)	25.72%	27.68%
		8,505,394 Domestic Shares (L)	109.31%	

## Corporate Governance and Other Information

Name of Shareholder	Nature of Interest	Number and class of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
Zhuhai Guichuang Equity Investment Centre (Limited Partnership) (珠海歸創股權投資中心(有限合夥)) <sup>(2)</sup>	Beneficial owner	9,862,718 H Shares (L)	3.04%	3.30%
		1,095,857 Domestic Shares (L)	14.08%	
	Interests held jointly with another person	78,757,513 H Shares (L) 7,977,831 Domestic Shares (L)	24.26% 102.53%	
Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)) <sup>(2)</sup>	Beneficial owner	8,619,386 H Shares (L)	2.66%	2.88%
		957,709 Domestic Shares (L)	12.31%	
	Interests held jointly with another person	80,000,845 H Shares (L) 8,115,979 Domestic Shares (L)	24.64% 104.30%	
Highlight Medical Limited <sup>(5)</sup>	Beneficial owner	6,263,113 H Shares (L)	1.93%	8.80%
	Interests held jointly with another person	22,999,479 H Shares (L)	7.09%	
Ourea Biotech HK Limited <sup>(5)</sup>	Beneficial owner	5,792,319 H Shares (L)	1.78%	8.80%
	Interests held jointly with another person	23,470,273 H Shares (L)	7.23%	
Homehealth Investment Limited <sup>(5)</sup>	Beneficial owner	1,135,349 H Shares (L)	0.35%	8.80%
	Interests held jointly with another person	28,127,243 H Shares (L)	8.66%	
Five Investment Limited <sup>(5)</sup>	Beneficial owner	9,227,691 H Shares (L)	2.84%	8.80%
	Interests held jointly with another person	20,034,901 H Shares (L)	6.17%	
Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership) (寧波保稅區帖斯以股權投資合夥企業(有限合夥)) <sup>(5)</sup>	Beneficial owner	2,927,696 H Shares (L)	0.90%	8.80%
	Interests held jointly with another person	26,334,896 H Shares (L)	8.11%	
Suzhou Taihong Jinghui Investment Center (Limited Partnership) (蘇州泰弘景暉投資中心(有限合夥)) <sup>(5)</sup>	Beneficial owner	2,609,641 H Shares (L)	0.80%	8.80%
	Interests held jointly with another person	26,652,951 H Shares (L)	8.21%	
Ganzhou Titan Equity Investment Partnership (Limited Partnership) (贛州提坦股權投資合夥企業(有限合夥)) <sup>(5)</sup>	Beneficial owner	1,306,810 H Shares (L)	0.40%	8.80%
	Interests held jointly with another person	27,955,782 H Shares (L)	8.61%	
OAP IV (HK) Limited <sup>(6)</sup>	Beneficial owner	25,335,535 H Shares (L)	7.81%	7.62%

## Corporate Governance and Other Information

Name of Shareholder	Nature of Interest	Number and class of Shares held <sup>(1)</sup>	Approximate percentage of shareholding in the relevant class of Shares <sup>(1)</sup>	Approximate percentage of shareholding in the total share capital of our Company <sup>(1)</sup>
Future Industry Investment Fund (Limited Partnership) (先進製造產業投資基金(有限合伙)) <sup>(7)</sup>	Beneficial owner	20,470,199 H Shares (L)	6.31%	6.16%
Lake Bleu Capital (Hong Kong) Limited <sup>(8)</sup>	Investment Manager	18,052,991 H Shares (L)	5.56%	5.43%
AIHC Master Fund <sup>(9)</sup>	Beneficial Owner	18,270,742 H Shares (L)	5.63%	5.50%
Schroders Plc	Investment manager	19,476,000 H Shares (L)	5.99%	5.86%
Quanwei Yuan (袁泉衛) <sup>(10)</sup>	Beneficial owner	718,282 Domestic Shares (L)	9.23%	0.22%
Ning Pan (潘寧) <sup>(11)</sup>	Beneficial owner	586,597 Domestic Shares (L)	7.54%	0.18%

### Notes:

- (1) The calculation is based on the total number of 7,781,257 Domestic Shares in issue and 324,619,744 H Shares (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme) in issue as at upon the completion of the full exercise of the Over-allotment Option. The letter "L" denotes the shareholder's long position in such Shares.
- (2) Pursuant to the Concert Parties Agreement I, the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party including among others, Dr. Zhong, WEA, Ms. Wei, Nanjing Yuyihui, Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang and Huzhou Guiqiao, are also deemed to be interested in the interest of other Concert Parties.
- (3) Dr. Zhong holds 100% of the equity interests in WEA, which holds 13,476,617 H Shares of our Company (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme). Therefore, under the SFO, Dr. Zhong is deemed to be interested in 13,476,617 H Shares of our Company through WEA.
- (4) Dr. Li and Ms. Wei are spouses and therefore, under the SFO, Ms. Wei is deemed to be interested in the entitlement of Dr. Li to receive up to 239,427 Domestic Shares pursuant to the options granted to Dr. Li under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (5) Pursuant to the Concert Parties Agreement II, the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the concert party agreement. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment, Highlight Medical and Homehealth are controlled by Highlight Capital Partners I L.P., which was managed by its general partner, Highlight Capital GP I Company Limited, which is in turn controlled by Mr. Wang. Thus, Highlight Capital Partners I L.P., Highlight Capital GP I Company Limited and Mr. Wang are deemed to be interested in the interest of Five Investment, Highlight Medical and Homehealth. Ourea Biotech is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Wang are deemed to be interested in the interest of Ourea Biotech. Ningbo Tiesi and Ganzhou Titan are both managed by their general partner, Hehong Jinghui, which is controlled by Mr. Wang. Thus, Hehong Jinghui and Mr. Wang are deemed to be interested in the interest of Ningbo Tiesi and Ganzhou Titan. Taihong Jinghui is managed by its general partner, Suzhou Yuhui, which is in turn managed by its general partner, Jiangsu Highlight, which is controlled by Mr. Wang. Therefore, Suzhou Yuhui, Jiangsu Highlight and Mr. Wang are deemed to be interested in the interest of Taihong Jinghui.

## Corporate Governance and Other Information

- (6) OAP IV (HK) Limited (“**OAP**”) is wholly-owned by OrbiMed Asia Partners IV, L.P., which was managed by OrbiMed Asia GP IV L.P., which was in turn managed by OrbiMed Advisors IV Limited, a company jointly controlled by David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon. Therefore, OrbiMed Asia Partners IV, L.P., OrbiMed Asia GP IV L.P., OrbiMed Advisors IV Limited, David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon are deemed to be interested in the interest of OAP under the SFO.
- (7) Future Industry Investment Fund (Limited Partnership) (“**FIIF**”) was managed by its general partner SDIC Fund Management Co., Ltd. (國投創新投資管理有限公司), which was held as to 40% by China State Investment High-Tech Industrial Investment Co., Ltd. (中國國投高新產業投資有限公司), which in turn was controlled by State Development and Investment Corporation (國家開發投資集團有限公司). Therefore, SDIC Fund Management Co., Ltd., China State Investment High-Tech Industrial Investment Co., Ltd. and State Development and Investment Corporation are deemed to be interested in the interest of FIIF under the SFO.
- (8) Lake Bleu Capital (Hong Kong) Limited (“**LBC Capital**”) manages both Lake Bleu Prime Healthcare Master Fund Limited (“**Lake Bleu Prime**”) and LBC Sunshine Healthcare Fund II L.P. (“**LBC Sunshine**”) as a fund manager. LBC Sunshine is an existing Shareholder of the Company and holds 11,353,491 H Shares as at June 30, 2022. Lake Bleu Prime is a cornerstone investor of the Company and subscribed for 3,763,000 H Shares based on the Offer Price of HK\$41.25 (being the mid-point of the Offer Price range) in the Global Offering. Lake Bleu Prime holds 6,699,500 H Shares as at June 30, 2022. LBC Capital is controlled by Mr. Bin Li. Therefore, Mr. Bin Li is deemed to be interested in the 18,052,991 H Shares held by LBC Capital under the SFO.
- (9) AIHC Master Fund (“**AIHC**”) is an existing Shareholder and a cornerstone investor of the Company, and holds 18,270,742 H Shares. AIHC is wholly-owned by AIH Capital Group Limited, which is in turn wholly-owned by Wei Zhang. Therefore, AIH Capital Group Limited and Wei Zhang are deemed to be interested in the 18,270,742 H Shares held by AIHC under the SFO.
- (10) Mr. Quanwei Yuan (袁泉衛) is entitled to receive up to 718,282 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.
- (11) Dr. Ning Pan (潘寧) is entitled to receive up to 586,597 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

Save as disclosed above, as at June 30, 2022, no person (other than the Directors, Supervisor and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## EMPLOYEES INCENTIVE SCHEMES

The Employee Incentive Schemes were approved and adopted by our Board on July 15, 2016, February 24, 2017, June 17, 2020, and January 18, 2021, respectively, and as amended from time to time (collectively, the “**EI Schemes**”). The terms of the EI Schemes are not subject to the provisions of Chapter 17 of the Listing Rules. Given the underlying Shares under the EI Schemes had already been issued, there will not be any dilution effect to the issued Shares upon the vesting of the awards under the EI Schemes.

As at June 30, 2022, the Company had established four Employee Incentive Platforms, namely Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao and Huzhou Guiqiao. The four Employee Incentive Platforms, in aggregate, held 3,637,058 Domestic Shares and 32,733,529 H Shares.

During the Reporting Period, no further awards were granted. Movements of the outstanding awards under the EI Schemes during the six months ended June 30, 2022 are set out below:

Name of Director or Supervisor	Relevant Employee Incentive Platforms	Date of grant of awards	Number of shares underlying the awards outstanding as at January 1, 2022	Number of shares underlying the awards during the Reporting Period			Number of shares underlying the awards outstanding as at June 30, 2022
				Granted during the Reporting Period	Forfeited during the Reporting Period	Vested during the Reporting Period	
<b>1. Connected Person</b>							
Mr. Yang Xie (謝陽)	Zuhai Guichuang	August 1, 2020	913,215	—	—	—	913,215
Dr. Zheng Li (李嶼)	Zuhai Tongqiao	February 27, 2017	1,616,093	—	—	—	1,616,093
	Zuhai Guichuang	August 1, 2020	876,686	—	—	—	876,686
Ms. Jie Liang (梁捷)	Zuhai Tongqiao	February 27, 2017	43,755	—	—	—	43,755
	Zuhai Guichuang	August 1, 2020	365,286	—	—	—	365,286
Ms. Wang Hongbo (王宏波)	Zuhai Guichuang	August 1, 2020	127,854	—	—	—	127,854
<b>2. Other employees</b>							
	Zuhai Tongqiao	February 27, 2017	1,077,023	—	—	—	1,077,023
	Zuhai Tongqiao	August 1, 2020	136,981	—	—	—	136,981
	Hangzhou Fujiang	August 1, 2020	251,628	—	—	58,081	193,547
	Zuhai Guichuang	August 1, 2020	7,269,188	—	36,529	365,286	6,867,373

Notes:

- (1) The outstanding awards disclosed above shall generally have a vesting period from 2021 to 2023 and may be subject to other vesting conditions.
- (2) Upon the conversion of 194,099,746 Domestic Shares into H Shares on 3 March 2022, the total number of Domestic Shares in issue reduced from 201,881,003 to 7,781,257.

## PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme was adopted and approved by resolutions in writing by the Board on January 18, 2021. The purpose of the Scheme is to strengthen the human resources management of our Company by providing a means through which the Company may grant equity-based incentives to attract and retain skilled management, R&D, business and marketing personnel in order to raise the competitiveness of our Company. All shares to be issued under the Pre-IPO Share Option Scheme are Domestic Shares of our Company. The Scheme is not subject to the provisions of Chapter 17 of the Listing Rules as it will not involve the grant of options by us after the Listing.

As at June 30, 2022, share options have been granted to 22 grantees, including 3 Directors, 2 Supervisors and 17 other employees of our Group (who were granted options to subscribe for 1,460,030 Shares, 251,399 Shares and 3,077,118 Shares, respectively), to subscribe for an aggregate of 4,788,547 Shares, of which options to subscribe for 95,770 Shares have been canceled. During the year ended December 31, 2021 and the six months ended June 30, 2022, respectively, options to subscribe for 1,407,833 Shares have become exercisable and options to subscribe for 83,800 Shares have become exercisable, respectively.

Below sets out the details in relation to the movements during the six months ended June 30, 2022 of the outstanding options granted to the Directors and Supervisors of our Group under the Pre-IPO Share Option Scheme. No option under the Pre-IPO Share Option Scheme has been granted to other connected persons of our Group. In relation to the fair value of the options granted under the Pre-IPO Share Option Scheme, please refer to Note 25 to the Interim Condensed Consolidated Financial Information in this report.

Name of Director or Supervisor	Outstanding as at January 1, 2022	Date of Grant <sup>(1)</sup>	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022	Exercise Price per Option (RMB)	Exercisable Period (subject to conditions)
Dr. Jonathon Zhong Zhao (趙中)	1,053,004	June 10, 2021	0	0	0	0	1,053,004	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>
Mr. Yang Xie (謝陽)	167,599	June 10, 2021	0	0	0	0	167,599	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>
Dr. Zheng Li (李焜)	239,427	June 10, 2021	0	0	0	0	239,427	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>

## Corporate Governance and Other Information

Name of Director or Supervisor	Outstanding as at January 1, 2022	Date of Grant <sup>(1)</sup>	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022	Exercise Price per Option (RMB)	Exercisable Period (subject to conditions)
Ms. Jie Liang (梁婕)	179,571	June 10, 2021	0	0	0	0	179,571	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>
Ms. Wang Hongbo (王宏波)	71,828	June 10, 2021	0	0	0	0	71,828	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>

(1): Shares of the Company were not yet listed on the Stock Exchange when these options were granted.

Below sets out the details in relation to the movements during the six months ended June 30, 2022 of the outstanding options granted to the employees of our Group under the Pre-IPO Share Option Scheme:

Number of Grantee	Outstanding as at January 1, 2022	Date of Grant	Granted during the Reporting Period	Exercised during the Reporting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2022	Exercise Price per Option (RMB)	Exercising Period (subject to conditions)
17 employees	2,981,348	June 10, 2021	0	0	0	0	2,981,348	2.13	<ul style="list-style-type: none"> <li>30% of which have become exercisable on December 1, 2021</li> <li>30% of which is expected to become exercisable on December 1, 2022</li> <li>40% of which is expected to become exercisable on December 3, 2023</li> </ul>



## **H SHARE SCHEME**

The Board has resolved at a meeting of the Board held on August 30, 2021, to propose the adoption of the H Share Scheme. The H Share Scheme has been approved by the Shareholders at the extraordinary general meeting held on September 23, 2021. The H Share Scheme does not constitute a share option scheme or an arrangement similar to a share option scheme as defined and regulated under Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

For the principal terms and further details of the H Share Scheme, please refer to the announcement of the Company dated August 30, 2021 and the circular of the Company dated September 7, 2021.

During the reporting period, the Trustee has purchased a total number of 2,012,000 Shares on the market at an average price of HKD13.75, pursuant to the H Share Scheme. As at June 30, 2022, 2,497,500 H shares had been purchased and were held under the H share Scheme.

The Company may instruct the Trustee to make further purchases pursuant to the H Share Scheme and may make further announcements on the status of the H Share Scheme, including the number and price of the Shares purchased, from time to time. The share purchase was funded by the Company's own financial resources other than proceeds from the Listing.

As at June 30, 2022, no award under the H Share Scheme has been granted.

# Report On Review of Interim Financial Information

**To the Board of Directors of Zylox-Tonbridge Medical Technology Co., Ltd.**  
*(incorporated in the People's Republic of China with limited liability)*

## Introduction

We have reviewed the interim financial information set out on pages 42 to 76, which comprises the interim condensed consolidated balance sheet of Zylox-Tonbridge Medical Technology Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) as at June 30, 2022 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six months period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting”. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

### **PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, August 15, 2022

# Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2022

	Note	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Revenue	7	152,743	71,484
Cost of sales	8	(37,266)	(19,360)
<b>Gross profit</b>		<b>115,477</b>	52,124
Selling and distribution expenses	8	(53,331)	(25,747)
Administrative expenses	8	(49,284)	(54,164)
Research and development expenses	8	(94,039)	(48,979)
Other income	9	4,051	764
Other expenses	8	(413)	(272)
Other gains — net	10	16,153	4,360
Net impairment losses on financial assets		10	—
<b>Operating loss</b>		<b>(61,376)</b>	(71,914)
Finance income	11	36,304	2,290
Finance costs	11	(432)	(93)
Finance income — net		35,872	2,197
<b>Loss before income tax</b>		<b>(25,504)</b>	(69,717)
Income tax expense	12	—	—
<b>Loss for the period</b>		<b>(25,504)</b>	(69,717)
<b>Loss attributable to equity holders of the Company</b>		<b>(25,504)</b>	(69,717)
<b>Loss and total comprehensive loss for the period attributable to the equity holders of the Company</b>		<b>(25,504)</b>	(69,717)
<b>Loss per share attributable to the equity holders of the Company</b>			
Basic and diluted loss per share (in RMB per share)	13	(0.08)	(0.27)

The above interim condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Balance Sheet

As at June 30, 2022

	Note	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	211,549	178,270
Right-of-use assets	15	35,996	34,115
Intangible assets	16	4,041	4,889
Prepayments and other receivables	19	25,997	6,804
<b>Total non-current assets</b>		<b>277,583</b>	224,078
<b>Current assets</b>			
Inventories	18	80,486	57,272
Prepayments, other receivables and other current assets	19	76,967	37,616
Trade receivables	20	277	446
Financial assets at fair value through profit or loss	21	142,784	10,515
Term deposits	22	1,600,000	1,500,000
Cash and cash equivalents	22	1,057,086	1,418,359
<b>Total current assets</b>		<b>2,957,600</b>	3,024,208
<b>Total assets</b>		<b>3,235,183</b>	3,248,286
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	23	332,401	332,401
Share premium	23	2,270,033	2,270,033
Other reserves	24	875,152	841,007
Treasury shares	23	(31,868)	(9,149)
Accumulated losses		(315,122)	(289,618)
<b>Total equity</b>		<b>3,130,596</b>	3,144,674

## Interim Condensed Consolidated Balance Sheet

As at June 30, 2022

	Note	As at June 30, 2022 RMB'000 (Unaudited)	As at December 31, 2021 RMB'000 (Audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	15	6,537	6,509
<b>Total non-current liabilities</b>		<b>6,537</b>	6,509
<b>Current liabilities</b>			
Trade and other payables	26	83,056	86,307
Contract liabilities	7	1,348	3,420
Lease liabilities	15	4,744	2,896
Other current liabilities		8,902	4,480
<b>Total current liabilities</b>		<b>98,050</b>	97,103
<b>Total liabilities</b>		<b>104,587</b>	103,612
<b>Total equity and liabilities</b>		<b>3,235,183</b>	3,248,286

The above interim condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

Director: Jonathon Zhong Zhao

Director: Yang Xie

# Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended June 30, 2022

	Note	Share capital/ paid-in capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total equity RMB'000
<b>Balance as at January 1, 2021 (audited)</b>		225,062	—	561,147	—	(361,515)	424,694
<b>Comprehensive income:</b>							
Loss for the period		—	—	—	—	(69,717)	(69,717)
<b>Transactions with equity holders of the Company:</b>							
Capital injection from equity holders before initial public offering	23,24	38,339	—	475,235	—	—	513,574
Conversion into a joint stock company	24	—	—	(271,586)	—	271,586	—
Share-based compensation expenses	25	—	—	22,455	—	—	22,455
<b>Balance as at June 30, 2021 (unaudited)</b>		263,401	—	787,251	—	(159,646)	891,006
<b>Balance as at December 31, 2021 (audited)</b>		<b>332,401</b>	<b>2,270,033</b>	<b>841,007</b>	<b>(9,149)</b>	<b>(289,618)</b>	<b>3,144,674</b>
<b>Comprehensive income:</b>							
Loss for the period		—	—	—	—	(25,504)	(25,504)
<b>Transactions with equity holders of the Company:</b>							
Purchase of treasury shares	23	—	—	—	(22,719)	—	(22,719)
Share-based compensation expenses	25	—	—	34,145	—	—	34,145
<b>Balance as at June 30, 2022 (unaudited)</b>		<b>332,401</b>	<b>2,270,033</b>	<b>875,152</b>	<b>(31,868)</b>	<b>(315,122)</b>	<b>3,130,596</b>

The above interim condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2022

	Note	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Cash flows used in operating activities</b>			
Cash used in operations		(86,352)	(46,959)
Interest received		36,186	2,290
<b>Net cash used in operating activities</b>		<b>(50,166)</b>	<b>(44,669)</b>
<b>Cash flows used in investing activities</b>			
Purchases of property, plant and equipment and intangible assets		(69,019)	(32,963)
Purchase of term deposits		(1,180,000)	—
Proceeds from term deposits upon maturity		1,080,000	100,000
Purchases of financial assets at fair value through profit or loss		(189,790)	(1,177,000)
Proceeds from disposals of financial assets at fair value through profit or loss		68,333	658,934
<b>Net cash used in investing activities</b>		<b>(290,476)</b>	<b>(451,029)</b>
<b>Cash flows (used in)/generated from financing activities</b>			
Cash paid for purchase of treasury shares	23	(22,719)	—
Principal elements of lease payments		(2,862)	(1,732)
Interest elements of lease payments		(432)	(86)
Payments of listing expenses		(870)	(4,543)
Capital injection from equity holders	23,24	—	513,574
Proceeds from borrowings		—	5,000
Repayment of borrowings		—	(35,000)
Interest paid for borrowings		—	(7)
<b>Net cash (used in)/generated from financing activities</b>		<b>(26,883)</b>	<b>477,206</b>
<b>Net decrease in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the period		1,418,359	59,556
Exchange gain on cash and cash equivalents		6,252	47
<b>Cash and cash equivalents at end of the period</b>	22	<b>1,057,086</b>	<b>41,111</b>

The above interim condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

## 1 General information

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

The Company and its subsidiaries (together, the “**Group**”) are providing solutions to patients and physicians with the product portfolio covering peripheral-vascular interventional devices and neurovascular interventional devices in the PRC and other countries.

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

The interim condensed consolidated financial information is presented in thousands of Renminbi (“**RMB’000**”), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on August 15, 2022.

## 2 Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial information of the Group for the year ended December 31, 2021, which have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 and any public announcements made by the Company during the interim reporting period.

## 3 Significant accounting policies

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

### (a) New and amended standards adopted by the Group

The following new and amended standard has been adopted by the Group for the first time for the financial period beginning on or after January 1, 2022:

- Amendments to IAS 16, IFRS 3, IAS 37 and Annual Improvements to IFRS Standards 2018–2020

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



For the six months ended June 30, 2022

### 3 Significant accounting policies (Continued)

#### (b) New Standards, amendments to standards and interpretations not yet adopted

Certain new accounting standards, amendments and interpretations that have been issued but not yet effective and not been early adopted by the Group for the reporting period are as follows:

	<b>New standards, amendments</b>	<b>Effective for annual periods beginning on or after</b>
IFRS 17	Insurance contracts and related amendments	January 1, 2023
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	January 1, 2023
Amendments to IFRS 4	Extension of the temporary exemption from applying IFRS 9	January 1, 2023
Amendments to IAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the related impact of the above standards and amendments to standards which are relevant to the Group's operation. There are no other standards that are not yet effective and that are expected to have a material impact on the Group's financial performance and position.

## **4 Estimation**

The preparation of interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial information of the Group for the year ended December 31, 2021.

## **5 Financial risk management**

### **(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial information of the Group for the year ended December 31, 2021. There have been no changes in the risk management policies since December 31, 2021.

### **(b) Fair value estimation**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (for example, publicly traded derivatives and equity securities) is based on quoted market at each of the reporting dates. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 5 Financial risk management (Continued)

#### (b) Fair value estimation (Continued)

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The fair value of the financial assets which are measured at amortized cost, approximate their carrying amount as at June 30, 2022 and December 31, 2021.

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the six months ended June 30, 2022 and for the year ended December 31, 2021.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at June 30, 2022 and December 31, 2021.

The following table presents the Group's financial assets measured and recognized at fair value at June 30, 2022 and December 31, 2021 on a recurring basis:

#### As at June 30, 2022:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Financial assets at fair value through profit or loss ("FVPL")	—	—	142,784	142,784

#### As at December 31, 2021:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>Assets:</b>				
Financial assets at FVPL	—	—	10,515	10,515

## 5 Financial risk management (Continued)

### (b) Fair value estimation (Continued)

There were no changes in valuation techniques for the six months ended June 30, 2022 and 2021.

The following table presents the changes in level 3 items for the six months ended June 30, 2022 and 2021:

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Opening balance	<b>10,515</b>	157,700
Additions	<b>198,790</b>	1,177,000
Disposals	<b>(68,333)</b>	(658,934)
Gains recognized in profit or loss ( <i>Note 10</i> )	<b>1,812</b>	5,969
Closing balance	<b>142,784</b>	681,735

The finance department of the Group manages the valuation exercise of the investments on a case by case basis. Least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The components of the level 3 instruments mainly include investments in wealth management products, venture fund and strategic investment. Wealth management products are issued by banks in the PRC with floating return of investment. The Group used discounted cash flows approach to value the fair value of the financial product as at period end and the inputs are expected return rate ranging from 1.4% to 3.4% per annum.

The Group used recent valuation report and transaction prices to value the fair value of the venture fund and strategic investment as at June 30, 2022 and December 31, 2021.

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the loss before income tax for the six months ended June 30, 2022 would have been RMB14,278,400 lower/higher (six months ended June 30, 2021: RMB68,173,500).

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 6 Segment

The management of the Company has determined the operating segments based on the reports reviewed by the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive Directors of the Company. On this basis, the Group has determined that it only has one operating segment which is the production and sales of neurovascular and peripheral-vascular interventional surgical devices during the six months ended June 30, 2022 and 2021.

#### (i) Revenue from external customers

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
The PRC	<b>150,017</b>	69,654
Others	<b>2,726</b>	1,830
	<b>152,743</b>	71,484

The geographical information above is based on the locations of the customers.

#### (ii) Non-current assets

All of the non-current assets of the Group are physically located in the PRC.

### 7 Revenue

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Revenue from sales of goods — at a point in time	<b>152,743</b>	71,484
	<b>152,743</b>	71,484

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>RMB'000</b> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Revenue from sales of goods		
— Neurovascular interventional devices	<b>111,630</b>	42,912
— Peripheral-vascular interventional devices	<b>41,113</b>	28,572
	<b>152,743</b>	71,484

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 7 Revenue (Continued)

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

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Contract liabilities	<b>1,348</b>	3,420

Contract liabilities represent advance from customers and are recognized when payments are received before the transfer of goods. As at June 30, 2022 and December 31, 2021, there are no material unsatisfied performance obligations resulting from contracts.

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

	<b>Six months ended June 30, 2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Revenue from sales of goods	<b>3,420</b>	134

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 8 Expenses by nature

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Employee benefits expenses	131,098	67,652
Raw materials and consumables used		
— Cost of sales	24,024	11,686
— Research and development expenses	19,062	8,725
Testing and clinical trial fees	19,704	5,871
Utilities and office expenses	10,261	4,911
Professional services	8,014	6,065
Depreciation of property, plant and equipment (Note 14(iii))	7,650	2,856
Market development expenses	5,370	4,696
Travelling and transportation expenses	3,422	2,589
Depreciation of right-of-use assets, net of amounts capitalized in property, plant and equipment (Note 15(c))	2,743	1,454
Amortization of intangible assets (Note 16(a))	1,381	1,334
Auditor's remuneration		
— Audit service	—	886
— Non-audit service	650	786
Listing expenses	—	25,852
Others	954	3,159
Total cost of sales, selling and distribution expenses, administration expenses, research and development expenses and other expenses	<b>234,333</b>	148,522

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 9 Other income

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Government grants (i)	2,559	340
Rental income	1,492	424
	<b>4,051</b>	764

- (i) The government grants mainly represent subsidies received from the government as support on expenses relating to certain research and development projects and the reward for the successful IPO. There are no unfulfilled conditions or other contingencies attached to these grants.

### 10 Other gains

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Foreign exchange gains/(losses) — net	14,428	(1,564)
Net fair value gains from FVPL (Note 5(b))	1,812	5,969
Losses on disposal of property, plant and equipment	(29)	(9)
Others	(58)	(36)
<b>Total</b>	<b>16,153</b>	4,360



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 11 Finance income — net

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
<b>Finance income:</b>		
Bank interest income	36,304	2,290
<b>Finance costs:</b>		
Interest expense on lease liabilities (Note 15(c))	(432)	(86)
Interest expense on bank borrowings	—	(463)
Less: borrowing costs capitalized in qualifying assets (Note 14(i))	—	456
	(432)	(93)
Finance income — net	35,872	2,197

### 12 Income tax expense

There is no provision for taxation for the Group as the companies comprising the Group have no assessable profits for the period.

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

#### (i) Mainland China

Pursuant to the PRC Corporate Income Tax Law and the respective regulations (the “**CIT Law**”), the Group is subject to enterprise income tax at a rate of 25% on the taxable income other than the Company's subsidiary Zhuhai Tonbridge Medical Technology Co., Ltd. (“**Zhuhai Tonbridge**”). In December, 2021, Zhuhai Tonbridge was accredited as a “High and New Technology Enterprise” (“**High-New Tech Enterprise**”) with a valid period within 3 years. It is eligible for a corporate income tax rate of 15% for the six months ended June 30, 2022.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that has been effective from 2021 onwards, manufacturing enterprises are entitled to claim 200% of their research and development expenses incurred as tax deductible expenses.

The tax losses will normally expire within 5 years. Zhuhai Tonbridge was qualified as a Small and Medium-sized Technological Enterprise in 2018 and as a High-New Tech Enterprise since 2021. Pursuant to the relevant regulations on extending the expiry date of tax losses of High-New Tech Enterprise and Small and Medium-sized Technological Enterprises issued in July 2018, which took effect retroactively from January 1, 2018, the expiry date of the unused tax losses of Zhuhai Tonbridge was extended from 5 years to 10 years from then on.

## 12 Income tax expense (Continued)

### (ii) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended June 30, 2022.

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

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

## 13 Loss per share

Basic loss per share is calculated by dividing the loss of the Group attributable to equity holders of the Company by weighted average number of ordinary shares outstanding during the six months ended June 30, 2022 excluding treasury shares.

For the six months ended June 30, 2022 and 2021, the Group had potential dilutive shares related to the shares held for Pre-IPO Share Option Scheme (Note 25(b)). Due to the Group's losses, the potential dilutive shares are not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the diluted loss per share is the same as basic loss per share.

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

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>(Unaudited)</b>	2021 (Unaudited)
Loss attributable to equity holders of the Company (RMB'000)	<b>(25,504)</b>	(69,717)
Weighted average number of ordinary shares in issue during the period (thousand)	<b>330,993</b>	259,218
Basic and diluted loss per share (RMB)	<b>(0.08)</b>	(0.27)

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 14 Property, plant and equipment

	Buildings RMB'000	Office equipment and furniture RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Landscape RMB'000	Total RMB'000
<b>As at December 31, 2021 (Audited)</b>								
Cost	139,250	5,874	33,399	3,973	5,849	13,965	5,963	208,273
Accumulated depreciation	(582)	(1,652)	(13,457)	(1,046)	—	(13,167)	(99)	(30,003)
Net book value	138,668	4,222	19,942	2,927	5,849	798	5,864	178,270
<b>Six months ended June 30, 2022 (Unaudited)</b>								
Opening net book value	138,668	4,222	19,942	2,927	5,849	798	5,864	178,270
Additions	—	581	7,945	—	32,341	91	—	40,958
Disposals	—	(1)	(28)	—	—	—	—	(29)
Transfer upon completion	—	—	4,848	—	(9,543)	4,695	—	—
Depreciation charge (Note 8)	(2,670)	(710)	(2,875)	(461)	—	(338)	(596)	(7,650)
Closing net book value	135,998	4,092	29,832	2,466	28,647	5,246	5,268	211,549
<b>As at June 30, 2022 (Unaudited)</b>								
Cost	139,250	6,454	46,164	3,973	28,647	18,751	5,963	249,202
Accumulated depreciation	(3,252)	(2,362)	(16,332)	(1,507)	—	(13,505)	(695)	(37,653)
Net book value	135,998	4,092	29,832	2,466	28,647	5,246	5,268	211,549

- (i) The Group has capitalized borrowing costs of RMB456,000 at the weighted average of its borrowings rate of 4.9% per annum on qualifying assets for the six months ended June 30, 2021. The borrowings were fully repaid in April 2021.
- (ii) During the six months ended June 30, 2022, the Group has capitalized the depreciation of right-of-use assets amounting to RMB114,000 to the construction in progress (for the six months ended June 30, 2021: RMB146,000).
- (iii) Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive income as follows:

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Research and development expenses	3,423	1,295
Administrative expenses	2,713	703
Cost of sales	1,000	730
Other expenses	413	—
Selling and distribution expenses	101	128
<b>Total</b>	<b>7,650</b>	<b>2,856</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 15 Right-of-use assets

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Right-of-use assets		
— Land use rights (a)	<b>24,568</b>	24,828
— Buildings (b)	<b>11,428</b>	9,287
	<b>35,996</b>	34,115

#### (a) Land use rights

The Group's interests in land use rights represent prepaid operating lease payments for land located in the PRC and the lease term is 50 years. The movement of land use rights is analyzed as follows:

	<b>Land use rights RMB'000</b>
<b>As at December 31, 2021 (Audited)</b>	
Cost	26,035
Accumulated amortization	(1,207)
Net book value	24,828
<b>Six months ended June 30, 2022 (Unaudited)</b>	
Opening net book value	<b>24,828</b>
Amortization charge	<b>(260)</b>
Closing net book value	<b>24,568</b>
<b>As at June 30, 2022 (Unaudited)</b>	
Cost	<b>26,035</b>
Accumulated amortization	<b>(1,467)</b>
Net book value	<b>24,568</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 15 Right-of-use assets (Continued)

#### (b) Buildings

- (i) The Group leases offices for own use. Information about leases for which the Group is a lessee is presented below:

	<b>Buildings</b> <i>RMB'000</i>
<b>As at December 31, 2021 (Audited)</b>	
Cost	21,126
Accumulated depreciation	(11,839)
Net book value	9,287
<b>Six months ended June 30, 2022 (Unaudited)</b>	
Opening net book value	9,287
Additions	4,738
Depreciation charge	(2,597)
Closing net book value	11,428
<b>As at June 30, 2022 (Unaudited)</b>	
Cost	25,864
Accumulated depreciation	(14,436)
Net book value	11,428

- (ii) Lease liabilities recognized in the balance sheets:

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 <i>RMB'000</i> (Audited)
Lease liabilities		
— current	4,744	2,896
— non-current	6,537	6,509
	<b>11,281</b>	9,405

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 15 Right-of-use assets (Continued)

#### (b) Buildings (Continued)

(iii) Present value of lease liabilities due:

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Within 1 year	<b>4,744</b>	2,896
Between 1 and 2 years	<b>3,643</b>	2,717
Between 2 and 5 years	<b>2,894</b>	3,792
	<b>11,281</b>	9,405

(c) The amounts recognized in the consolidated statements are as follows:

	<b>Six months ended June 30,</b>	
	<b>2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Unaudited)
Depreciation and amortization charge of right-of-use assets		
— Land use rights	<b>260</b>	146
— Buildings	<b>2,597</b>	1,454
Less: amounts capitalized in property, plant and equipment ( <i>Note 14 (ii)</i> )	<b>(114)</b>	(146)
	<b>2,743</b>	1,454
Interest expense ( <i>Note 11</i> )	<b>432</b>	86

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 16 Intangible assets

	<b>Non-proprietary technologies</b> <i>RMB'000</i>	<b>Softwares</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>As at December 31, 2021 (Audited)</b>			
Cost	26,670	—	26,670
Accumulated amortization	(21,781)	—	(21,781)
Net book value	4,889	—	4,889
<b>Six months ended June 30, 2022 (Unaudited)</b>			
Opening net book value	4,889	—	4,889
Additions	—	533	533
Amortization charge ( <i>Note 8</i> )	(1,334)	(47)	(1,381)
Closing net book value	3,555	486	4,041
<b>As at June 30, 2022 (Unaudited)</b>			
Cost	26,670	533	27,203
Accumulated amortization	(23,115)	(47)	(23,162)
Net book value	3,555	486	4,041

- (a) Amortization of intangible assets has been charged to the consolidated statements of comprehensive income as follows:

	<b>Six months ended June 30,</b>	
	<b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	2021 <i>RMB'000</i> (Unaudited)
Research and development expenses	1,344	1,334
Administrative expenses	37	—
<b>Total</b>	<b>1,381</b>	1,334

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 17 Financial instruments by Category

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
<b>Financial assets at amortized cost</b>		
Cash and cash equivalents (Note 22)	<b>1,057,086</b>	1,418,359
Term deposits (Note 22)	<b>1,600,000</b>	1,500,000
Trade receivables (Note 20)	<b>277</b>	446
Prepayment, other receivables and other current assets (excluding non-financial assets) (Note 19)	<b>7,543</b>	6,118
	<b>2,664,906</b>	2,924,923
<b>Financial assets at FVPL (Note 21)</b>	<b>142,784</b>	10,515
<b>Financial liabilities at amortized cost</b>		
Trade and other payables (excluding non-financial liabilities) (Note 26)	<b>34,484</b>	46,443
Lease liabilities (Note 15 (b)(ii))	<b>11,281</b>	9,405
	<b>45,765</b>	55,848

### 18 Inventories

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Raw materials	<b>48,276</b>	34,225
Finished goods	<b>27,184</b>	16,761
Work in progress	<b>5,026</b>	6,286
	<b>80,486</b>	57,272

As at June 30, 2022 and December 31, 2021, no inventory provision was made as the net realisable value of the inventory balances were higher than their carrying amounts.



## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 19 Prepayments, other receivables and other current assets

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
<b>Included in non-current assets</b>		
<b>Prepayments:</b>		
Prepayments for purchase of property, plant and equipment	17,449	5,790
Prepayments for purchase of intangible assets	7,172	—
<b>Other receivables:</b>		
Deposits for leases	1,376	1,014
<b>Total</b>	<b>25,997</b>	6,804
<b>Included in current assets</b>		
<b>Prepayments:</b>		
Prepayments for purchase of goods	49,746	23,636
Prepayments for purchase of service	17,673	5,764
<b>Other receivables:</b>		
Deposits for industrial land project performance guarantee and leases	3,521	3,147
Staff advances	133	68
Others	636	131
Less: loss allowance	(8)	(9)
<b>Others:</b>		
Value-added tax recoverable	3,381	3,112
Accrued interest receivable	1,885	1,767
<b>Total</b>	<b>76,967</b>	37,616

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 20 Trade receivables

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Trade receivables from contracts with customers	<b>279</b>	458
Less: loss allowance	<b>(2)</b>	(12)
	<b>277</b>	446

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

As at June 30, 2022 and December 31, 2021, the ageing analysis of the trade receivables based on invoice date was as follows:

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Up to 3 months	<b>279</b>	458

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

As at June 30, 2022 and December 31, 2021, a provision of RMB2,000 and RMB12,000 was made against the gross amounts of trade receivables respectively.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 21 Financial assets at fair value through profit or loss

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Wealth management products (a)	<b>100,416</b>	—
Investment in venture fund (b)	<b>24,368</b>	10,515
Strategic investment (c)	<b>18,000</b>	—
	<b>142,784</b>	10,515

- (a) The Group entered into contracts to subscribe wealth management products from banks with expected but not guaranteed rates of return ranging from 1.4% to 3.4% per annum for the six months ended June 30, 2022 (2021: Nil). The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL as at June 30, 2022. As at December 31, 2021, the balance of wealth management products was nil as the Group redeemed all wealth management products before year end.
- (b) On September 1, 2021, the Company entered into an agreement with a venture fund for investments in the healthcare sector. The Company subscribed for non-voting participating shares of the venture fund.
- (c) On January 17, 2022, the Company signed an investment agreement with Wire Sciences Medical Technology (Suzhou) Co., Ltd as a strategic investor. The Company agreed to make cash contribution in the amount of RMB18,000,000 to subscribe for 8% of the registered capital of Wire Sciences and RMB9,000,000 were paid during the six months ended June 30, 2022.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 22 Cash and cash equivalents and term deposits

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Cash in bank and financial institution	<b>2,657,086</b>	2,918,359
Less: term deposits with initial term of over three months(a)	<b>(1,600,000)</b>	(1,500,000)
	<b>1,057,086</b>	1,418,359
	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Cash and cash equivalents and term deposits are denominated in:		
— RMB	<b>2,514,039</b>	2,583,994
— HKD	<b>135,321</b>	329,221
— USD	<b>7,726</b>	5,144
	<b>2,657,086</b>	2,918,359

- (a) The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at June 30, 2022.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 23 Share capital/paid-in capital and share premium

	Number of ordinary shares	Share capital/ paid-in capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Total RMB'000
Issued and fully paid					
<b>As at January 1, 2021 (audited)</b>	N/A	225,062	—	—	225,062
Capital injection from equity holders (Note (a))	N/A	38,339	—	—	38,339
Conversion into a joint stock company (Note (b))	263,401,001	—	—	—	—
<b>As at June 30, 2021 (unaudited)</b>	263,401,001	263,401	—	—	263,401
<b>As at January 1, 2022 (audited)</b>	<b>332,401,001</b>	<b>332,401</b>	<b>2,270,033</b>	<b>(9,149)</b>	<b>2,593,285</b>
Purchase of treasury shares (Note (d))	—	—	—	(22,719)	(22,719)
<b>As at June 30, 2022 (unaudited)</b>	<b>332,401,001</b>	<b>332,401</b>	<b>2,270,033</b>	<b>(31,868)</b>	<b>2,570,566</b>

- (a) On January 19, 2021, Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership), which was controlled by Jonathon Zhong Zhao, entered into a subscription agreement with the Company to increase registered capital of RMB9,577,095 at the consideration of RMB20,400,000 for the purpose of the Employee Incentive Scheme.

On January 20, 2021, several new investors and the existing equity holders of the Company entered into a capital increase agreement to subscribe for the increased registered capital of RMB28,762,178 at a total consideration of USD76,000,000 (equivalent to RMB493,173,273).

The above transactions during the period ended June 30, 2021 resulted in increases in paid-in capital and other reserves of RMB38,339,273 and RMB475,235,000 respectively.

- (b) In March 2021, the Company was converted from a limited liability company into a joint stock company with limited liability under PRC Company Law. The net assets of the Company as at the conversion base date, including paid-in capital, other reserve and accumulated losses, amounting to RMB974,022,365 were converted into 263,401,001 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

## 23 Share capital/paid-in capital and share premium (Continued)

- (c) On July 5, 2021, the Company successfully completed its global offering of 60,000,000 shares at HK\$42.70 per H Share, and its shares were listed on the Main Board of the Stock Exchange. The gross proceeds from initial public offering amounted to HK\$2,562 million, which approximated to RMB2,134 million.

On July 25, 2021, the Over-allotment Option described in the Prospectus has been fully exercised by the Joint Representatives, on behalf of the International Underwriters, in respect of an aggregate of 9,000,000 H Shares at the Offer Price of HK\$42.70 per H Share. The gross proceeds from the full exercise of the Over-allotment Option amounted to HK\$384.3 million, which approximated to RMB321 million.

- (d) On August 13, 2021, the Company entered into an agreement with Futu Trustee Limited (the “**Trustee**”), where Trustee will purchase shares from the open market and hold on trust for the eligible employees for the H Share Scheme. As at June 30, 2022, 2,497,500 H shares in the amount of RMB31,867,635 had been purchased, at average price of HK\$15.56 per share and were held as treasury shares.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 24 Other reserves

	Capital reserve <i>RMB'000</i>	Share-based compensation <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
<b>As at January 1, 2021 (Audited)</b>	452,923	63,172	45,052	561,147
Share-based compensation expenses ( <i>Note 25</i> )	—	22,455	—	22,455
Capital injection from equity holders ( <i>Note 23 (a)</i> )	475,235	—	—	475,235
Conversion into a joint stock company ( <i>Note 23 (b)</i> )	(271,586)	—	—	(271,586)
<b>As at June 30, 2021 (Unaudited)</b>	656,572	85,627	45,052	787,251
	<b>Capital reserve <i>RMB'000</i></b>	<b>Share-based compensation <i>RMB'000</i></b>	<b>Others <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
<b>As at January 1, 2022 (Audited)</b>	<b>656,572</b>	<b>139,383</b>	<b>45,052</b>	<b>841,007</b>
Share-based compensation expenses ( <i>Note 25</i> )	—	34,145	—	34,145
<b>As at June 30, 2022 (Unaudited)</b>	<b>656,572</b>	<b>173,528</b>	<b>45,052</b>	<b>875,152</b>

## 25 Share-based payments

### (a) Employee Incentive Scheme

Certain eligible employees of the Group were granted with shares of the Company through Hangzhou Fujiang Investment Partnership (Limited Partnership), Zhuhai Tongqiao Investment Center (Limited Partnership) and Zhuhai Guichuang Equity Investment Center (Limited Partnership) as rewards for their services and in exchange for their full-time devotion and professional expertise. Under these employee incentive schemes, the employees were required to complete a service period and meet specified performance targets.

- (i) The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted is measured at the market value of the share award at the grant date, which is by reference to the transaction value during the recent rounds of financing.
- (ii) Movements in the number of shares granted but not vested for the six months ended June 30, 2022 and 2021 are as follows:

	<b>Six months ended June 30,</b>	
	<b>2022</b> <b>(Unaudited)</b>	2021 (Unaudited)
At the beginning of the period	<b>12,678</b>	13,430
Vested during the period	<b>(423)</b>	—
Forfeited during the period	<b>(37)</b>	—
At the end of the period	<b>12,218</b>	13,430



For the six months ended June 30, 2022

## 25 Share-based payments (Continued)

### (b) Pre-IPO Share Option Scheme

On January 18, 2021, the Board of Directors ratified and adopted an equity-settled Pre-IPO Share Option Scheme with an aggregate of 4,788,547 shares of the Company. All the options were granted to certain eligible employees of the Group (collectively, the “Grantees”) in June 2021 and will be vested in batches on vesting dates and shall be subject to the Group’s and the relevant Grantee’s performance target. The first batch is vested in December 2021.

- (i) The movements in the number of share options outstanding (after taking into account of vesting impact) and their related exercise prices under the Pre-IPO Share Option Scheme are as follows:

	<b>Outstanding options</b>
<b>As at January 1, 2022</b>	<b>3,284,944</b>
Vested during the period	<b>(83,800)</b>
<b>As at June 30, 2022</b>	<b>3,201,144</b>

- (ii) The share options outstanding as at June 30, 2022 have the following vesting dates and exercise prices:

<b>Vesting date</b>	<b>Exercise price per share RMB</b>	<b>Number of options</b>
1 December 2022	<b>2.13</b>	<b>1,371,919</b>
3 December 2023	<b>2.13</b>	<b>1,829,225</b>
	<b>2.13</b>	<b>3,201,144</b>

The contractual life of above options is ten years.

**25 Share-based payments (Continued)****(b) Pre-IPO Share Option Scheme (Continued)****(iii) Fair value of options granted**

The fair value at grant date is independently determined using binomial model, the significant inputs were listed as below:

	<b>Pre-IPO Share Option Scheme</b>
Expected price volatility	59%
Expected option life (year)	10
Risk free interest rate	3.38%
Fair value of ordinary shares (RMB)	25.68–25.90

The volatility factor estimated was based on the historical share price movement of the comparable companies for the period close to the expected time to exercise.

**(c) Expenses arising from share-based payment transactions**

Total expense for the share-based payments has been charged to the consolidated statements of comprehensive income as follows:

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Research and development expenses	<b>18,629</b>	9,544
Administrative expenses	<b>8,074</b>	7,132
Selling and distribution expenses	<b>7,275</b>	5,343
Cost of sales	<b>167</b>	436
<b>Total</b>	<b>34,145</b>	22,455

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 26 Trade and other payables

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Staff salaries and welfare payables	40,826	35,396
Payables for purchase of property, plant and equipment	13,753	22,450
Payables to strategic investment (Note 21(c))	9,000	—
Accrued taxes other than income tax	7,746	4,468
Trade payables (a)	7,031	14,114
Payables to suppliers of service	3,729	7,463
Accrued listing expense	—	1,762
Others	971	654
	<b>83,056</b>	<b>86,307</b>

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

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Within 1 year	5,985	14,114
Between 1 and 2 years	1,046	—
	<b>7,031</b>	<b>14,114</b>

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 27 Commitments and contingent liabilities

#### (a) Capital commitments

Capital expenditures contracted for at each balance sheet date, but not yet incurred are as follows:

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Property, plant and equipment	<b>118,086</b>	8,467
Investment in venture fund	<b>8,732</b>	21,668
	<b>126,818</b>	30,135

#### (b) Operating lease commitments

Minimum lease payments under non-cancellable leases (short-term or low-value lease) for at the end of each reporting period but not recognized in the financial statements are as follows:

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Operating lease contract	<b>436</b>	376

(c) The Group had no material contingent liabilities as at June 30, 2022 and December 31, 2021.

## Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2022

### 28 Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control.

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the six months ended June 30, 2022 and 2021 respectively.

#### (a) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Salaries, wages and bonuses	5,346	3,408
Housing fund, medical insurance and other social insurance	119	141
Share-based compensation expenses	17,311	8,135
	<b>22,776</b>	11,684

### 29 Dividend

No dividend has been paid or declared by the Company for each of the six months ended June 30, 2022 and 2021 respectively.

### 30 Subsequent events

There is no subsequent event after the reporting period which has material impact to the interim condensed consolidated financial information of the Group.

## Definitions

“AIS — acute ischemic stroke”	one subtype of ischemic intracranial vascular diseases, which is caused by thrombotic or embolic occlusion of an intracranial artery
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Audit Committee”	the audit committee of the Board
“BGC — balloon guiding catheter”	a large lumen catheter with a compliance balloon at the distal tip of the catheter. intending to facilitate the insertion and guidance of an intravascular catheter
“Board of Directors” or “Board”	our board of Directors
“CE Mark”	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
“CG Code”	the “Corporate Governance Code” as contained in Part 2 of Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which for the purpose of this interim results report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”, “Group”, “our Group”, “We” “our” or “us”	Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a limited liability company incorporated in the PRC on November 6, 2012 and converted into a joint stock limited liability company incorporated in the PRC on March 2, 2021, whose predecessor was Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) and the H Shares of which are listed on the Hong Kong Stock Exchange (stock code: 2190) and which includes its subsidiaries (from time to time) as required by the context
“Core Products”	Thrombite® CRD and Ultrafree® DCB, the designated “core products” as defined under Chapter 18A of the Listing Rules
“CRD — clot retriever device”	a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke
“DCB — drug-coated balloon”	angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent

## Definitions

“Director(s)”	the director(s) of the Company or any one of them
“Domestic Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each, which are subscribed for or credited as paid in Renminbi
“Employee Incentive Platforms”	Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)) and Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥))
“Global Offering”	the Hong Kong Public Offering and the International Offering (each as defined in the Prospectus)
“H Share(s)”	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
“H Share Scheme”	the 2021 H Share Award and Trust Scheme adopted by the Company on September 23, 2021
“HKD” or “HK\$”	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IFRS”	International Financial Reporting Standards
“ischemic stroke”	a stroke caused by a blockage in an artery that supplies blood to the brain
“IVC — inferior vena cava”	a large vein that carries the deoxygenated blood from the lower and middle body into the right atrium of the heart
“KOL(s)”	Key Opinion Leader(s), renowned physicians that are able to influence their peers’ medical practice

“Listing” or “IPO”	the listing of the H Shares on the Main Board of the Stock Exchange on July 5, 2021
“Listing Date”	the date on which our H Shares are listed and from which dealings are permitted to take place on the Stock Exchange, being July 5, 2021
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange (as amended from time to time)
“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with GEM of the Hong Kong Stock Exchange
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
“Over-allotment Option”	the over-allotment option which had been granted by the Company to the relevant underwriters to allot and issue up to an aggregate of 9,000,000 additional H Shares, representing 15% of the offer shares initially available under the Global Offering
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法)
“Pre-IPO Share Option Scheme” or “Scheme”	the pre-IPO share option scheme of our Company approved and adopted by the Board on January 18, 2021, as amended from time to time
“Prospectus”	the prospectus issued by the Company dated June 22, 2021
“PTA — percutaneous transluminal angioplasty”	a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
“Reporting Period”	the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (as amended from time to time)



## Definitions

“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each
“Shareholder(s)”	holder(s) of the Shares
“Single Largest Group of Shareholders”	refers to Dr. Jonathon Zhong Zhao (趙中), Dr. Shengping Sam Zhong (鍾生平), Dr. Zheng Li (李嶸), Ms. Na Wei (衛娜), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Huzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (湖州歸橋企業管理合夥企業(有限合夥)), WEA Enterprises, LLC and Nanjing Yuyihui Investment Partnership (Limited Partnership) (南京語意慧投資合夥企業(有限合夥))
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“Trustee”	the trustee appointed by the Company for the purpose of the H Share Scheme
“Unlisted Foreign Shares”	ordinary share(s) issued by the Company, with a nominal value of RMB1.0 each, which is/are subscribed for or credited as paid in a currency other than Renminbi, held by foreign investors and not listed on any stock exchange
“USD”	United States dollars, the lawful currency of the United States of America
“VCD — vascular closure device”	a medical device used to achieve hemostasis of the small hole in the artery after a cardiovascular procedure of endovascular surgery requiring a catheterization
“%”	percent