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## **OrbusNeich Medical Group Holdings Limited**

**業聚醫療集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 6929)**

### **ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022**

The Board is pleased to announce the consolidated annual results of the Group for the year ended December 31, 2022, together with the comparative figures for the year ended December 31, 2021.

#### **FINANCIAL HIGHLIGHTS**

	<b>For the year ended</b>		<b>Year-on-year change</b>
	<b>December 31, 2022</b>	<b>2021</b>	
	<b>US\$'000</b>	<b>US\$'000</b>	
Revenue	<b>136,824</b>	116,462	+17.5%
Cost of sales	<b>(44,366)</b>	(35,290)	+25.7%
Gross profit	<b>92,458</b>	81,172	+13.9%
			Profit
Profit/(loss) before income tax	<b>21,791</b>	(1,318)	Turnaround
Profit/(loss) for the year attributable to owners of the Company	<b>18,491</b>	(4,444)	Turnaround
Basic earnings/(loss) per share (US cents)	<b>3.17</b>	(0.77)	Turnaround
Diluted earnings/(loss) per share (US cents)	<b>2.55</b>	(0.77)	Turnaround
<b>Non-HKFRS Measures</b>			
Adjusted profit for the year	<b>26,666</b>	21,352	+24.9%

## Non-HKFRS Measures

To supplement our consolidated annual results, which are prepared and presented in accordance with HKFRS, we use certain additional financial measures which are not required by or presented in accordance with HKFRS. Such measures include adjusted profit for the year (non-HKFRS measure) and adjusted profit margin (non-HKFRS measure). Our adjusted profit for the year (non-HKFRS measure) are not calculated in accordance with HKFRS, and they are considered non-HKFRS measures. We believe that the adjusted profit for the year (non-HKFRS measure) is useful for investors in comparing our performance, and it allows investors to consider metrics used by our management in evaluating our performance. Adjusted profit for the year (non-HKFRS measure) and adjusted profit margin for the year (non-HKFRS measure) represent the profit for the year and the profit margin for the year excluding the effect of certain non-cash items and one-time events. These non-HKFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies. Our presentation of these non-HKFRS measures should not be construed as an implication that our future results will be unaffected by unusual or non-recurring items.

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<b><i>Non-HKFRS measures:</i></b>		
Profit/(loss) for the year	18,491	(4,444)
Add:		
Unwinding of interests on convertible redeemable preferred shares	1,336	4,853
Share-based compensation expenses	684	1,339
Fair value losses of convertible redeemable preferred shares	—	14,397
Loss on derecognition of financial liability in relation to convertible redeemable preferred shares	—	559
Listing expenses	6,155	4,648
<b>Adjusted profit for the year</b>	<b>26,666</b>	<b>21,352</b>
<b>Adjusted profit margin for the year</b>	<b>19.5%</b>	<b>18.3%</b>

Our adjusted profit margin for the year (non-HKFRS measure) increased from 18.3% in 2021 to 19.5% in 2022, primarily due to the increase in revenue, interest income from bank deposits and our relatively stable general and administrative and selling and distribution expenses (excluding reconciling items under non-HKFRS measure) in 2022 as compared to 2021.

Adjusted profit for the year (non-HKFRS measure) included the fair value loss of the Commodity Linked Fixed Rate Note of US\$1.2 million, which was non-cash in nature. Should the Company hold the Commodity Linked Fixed Rate Note till maturity in 2023, the Company will earn a predetermined return of 2.8% and the fair value loss recognized in 2022 will be completely offset by a corresponding gain in 2023. Should such fair value loss be excluded, the Group's adjusted profit for the year (non-HKFRS measure) for 2022 would be increased by US\$1.2 million and the Group's adjusted profit margin for 2022 (non-HKFRS measure) would be increased by 0.9 percentage point.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
*for the year ended December 31, 2022*

	<i>Note</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Revenue	3	<b>136,824</b>	116,462
Cost of sales	5	<u><b>(44,366)</b></u>	<u>(35,290)</u>
<b>Gross profit</b>		<b>92,458</b>	81,172
Other income — net		<b>915</b>	1,385
Other losses — net	4	<b>(2,810)</b>	(1,020)
Selling and distribution expenses	5	<b>(32,558)</b>	(30,100)
General and administrative expenses	5	<b>(22,570)</b>	(19,958)
Research and development expenses	5	<b>(14,113)</b>	(12,148)
Net (impairment losses)/reversal of impairment losses on financial assets		<u><b>(250)</b></u>	<u>109</u>
<b>Operating profit</b>		<u><b>21,072</b></u>	<u>19,440</u>
Finance income		<b>2,387</b>	12
Finance costs		<u><b>(1,469)</b></u>	<u>(5,607)</u>
Finance income/(costs) — net	6	<u><b>918</b></u>	<u>(5,595)</u>
Fair value losses of convertible redeemable preferred shares		—	(14,397)
Loss on derecognition of financial liability in relation to convertible redeemable preferred shares		—	(559)
Share of loss of investment in a joint venture		<u><b>(199)</b></u>	<u>(207)</u>
<b>Profit/(loss) before income tax</b>		<b>21,791</b>	(1,318)
Income tax expense	7	<u><b>(3,300)</b></u>	<u>(3,126)</u>
<b>Profit/(loss) for the year attributable to owners of the Company</b>		<u><b>18,491</b></u>	<u>(4,444)</u>
		<i>US cents</i>	<i>US cents</i>
Earnings/(loss) per share	8		
Basic		<u><b>3.17</b></u>	<u>(0.77)</u>
Diluted		<u><b>2.55</b></u>	<u>(0.77)</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*for the year ended December 31, 2022*

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Profit/(loss) for the year	<u>18,491</u>	<u>(4,444)</u>
Other comprehensive income/(loss):		
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Remeasurements of post-employment benefit obligations	292	(340)
<i>Items that may be subsequently reclassified to profit or loss</i>		
Currency translation differences	(2,786)	(3,394)
Realization of accumulated exchange difference upon dissolution of subsidiaries	<u>—</u>	<u>(8)</u>
Other comprehensive loss for the year, net of tax	<u>(2,494)</u>	<u>(3,742)</u>
<b>Total comprehensive income/(loss) for the year</b>	<b><u>15,997</u></b>	<b><u>(8,186)</u></b>

## CONSOLIDATED BALANCE SHEET

as at December 31, 2022

	Note	2022 US\$'000	2021 US\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		8,484	8,874
Right-of-use assets		4,490	4,567
Deferred income tax assets		2,834	2,859
Financial assets at fair value through profit or loss		1,767	2,041
Intangible assets		4,057	4,267
Goodwill		1,749	1,749
Interest in a joint venture		11,648	7,888
Deposits and prepayments		1,756	927
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>36,785</b>	<b>33,172</b>
		<hr/>	<hr/>
<b>Current assets</b>			
Inventories		29,400	29,570
Trade receivables	9	32,322	26,804
Deposits, prepayments and other receivables		4,328	2,796
Amounts due from joint ventures		39	11
Tax recoverable		248	288
Financial assets at fair value through profit or loss		18,792	—
Cash and bank balances		229,146	175,886
		<hr/>	<hr/>
<b>Total current assets</b>		<b>314,275</b>	<b>235,355</b>
		<hr/>	<hr/>
<b>Total assets</b>		<b>351,060</b>	<b>268,527</b>
		<hr/>	<hr/>

	<i>Note</i>	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
<b>EQUITY</b>			
Capital and reserves attributable to owners of the Company			
Share capital		<b>414</b>	288
Other reserves		<b>445,971</b>	325,509
Accumulated losses		<b>(123,819)</b>	(142,685)
<b>Total equity</b>		<b>322,566</b>	183,112
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities		<b>2,349</b>	2,499
Convertible redeemable preferred shares		—	63,711
Retirement benefit obligations		<b>2,333</b>	2,755
<b>Total non-current liabilities</b>		<b>4,682</b>	68,965
<b>Current liabilities</b>			
Trade payables	10	<b>4,065</b>	2,174
Accruals and other payables		<b>15,939</b>	11,866
Amount due to a joint venture		<b>157</b>	—
Current income tax liabilities		<b>1,972</b>	927
Lease liabilities		<b>1,679</b>	1,483
<b>Total current liabilities</b>		<b>23,812</b>	16,450
<b>Total liabilities</b>		<b>28,494</b>	85,415
<b>Total equity and liabilities</b>		<b>351,060</b>	268,527

# NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

OrbusNeich Medical Group Holdings Limited (the “**Company**”) is a limited liability company incorporated and domiciled in the Cayman Islands. The address of its registered office is Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. Pursuant to a reorganization (the “**Reorganization**”) in preparation for the listing of the Company’s shares on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Main Board**”) which was completed on September 28, 2021, the Company became the holding company of the other companies comprising the Group. The Company and its subsidiaries (collectively, the “**Group**”), are principally engaged in the manufacturing, trading, sales and marketing of medical devices/instruments used for the treatment of coronary and peripheral vascular diseases.

The immediate and ultimate holding company is Harmony Tree Limited, a company incorporated in the British Virgin Islands with limited liability. The ultimate controlling shareholders of the Group are Mr. David Chien and Ms. Lau Kwai Ching Denise, spouse of Mr. David Chien (the “**Controlling Shareholders**”).

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong (“**HKSE**”) on December 23, 2022.

These consolidated financial information are presented in thousands of United State Dollar (“**US\$’000**”), unless otherwise stated. These consolidated financial information have been approved for issue by the Board of Directors on March 8, 2023.

## 2 BASIS OF PREPARATION

The consolidated financial information of the Group have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). The consolidated financial information have been prepared under the historical cost basis, except for financial assets and liabilities at fair value through profit or loss or other comprehensive income and convertible redeemable preferred shares, which are carried at fair value.

The preparation of consolidated financial information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management of the Group to exercise its judgment in the process of applying the Group’s accounting policies.

### (a) Amendments to standards, annual improvements and guideline adopted by the Group

The Group has applied the following amendments to standards, annual improvements and guideline for the first time for their annual reporting period commencing on January 1, 2022:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements	Annual Improvements to HKFRS Standards 2018–2020
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concession beyond June 30, 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations



The adoption of these amendments to standards, annual improvements and guideline does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

**(b) New standard, amendments to standards and interpretation not yet adopted by the Group**

Certain new accounting standard, amendments to standards and interpretations have been published that are not mandatory for the year ended December 31, 2022 and have not been early adopted by the Group in preparing the consolidated financial information:

		<b>Effective for accounting year beginning on or after</b>
HKFRS 17	Insurance Contracts and the Related Amendments	January 1, 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	January 1, 2023
Amendments to HKAS 8	Definition of Accounting Estimates	January 1, 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	January 1, 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	January 1, 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	January 1, 2024
Amendments to HKAS 1	Non-current Liabilities with Covenant	January 1, 2024
Amendments to HKFRS 16	Lease Liability in Sales and Leaseback	January 1, 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group will adopt the above new accounting standard, amendments to standards and interpretation as and when they become effective. The directors of the Company have performed preliminary assessment and do not anticipate any significant impact on the Group's financial position and results of operations upon adopting these accounting standard, amendments to accounting standards and interpretation to existing HKFRS.

### 3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) considers the business from a product perspective which is manufacturing, trading, sales and marketing of medical devices/instruments used for the treatment of coronary artery diseases. The CODM regularly reviews the financial information of the Group which is the same as the consolidated financial information of the Group, for the purposes of allocating resources and assessing its performance, so only one operating segment of the Group and, no separate segmental analysis is presented in these consolidated financial information.

The amounts provided to the CODM with respect to total assets and total liabilities are measured in a manner consistent with that in the consolidated balance sheet.

The revenue recognized during the year are as follows:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Sales of goods — at point in time	<u><u>136,824</u></u>	<u><u>116,462</u></u>

#### Geographical information

The Group is organized on a worldwide basis. The analysis of revenue by geographical area is as follows:

	<b>Europe, Middle East &amp; Africa ("EMEA")</b> <i>US\$'000</i>	<b>Japan</b> <i>US\$'000</i>	<b>Asia Pacific region, except Japan and the PRC ("APAC")</b> <i>US\$'000</i>	<b>The PRC</b> <i>US\$'000</i>	<b>United States</b> <i>US\$'000</i>	<b>Total</b> <i>US\$'000</i>
<b>Year ended</b>						
<b>December 31, 2022</b>						
Revenue	71,138	32,440	88,244	62,150	16,623	270,595
Less: inter-segment revenue	<u>(38,854)</u>	<u>—</u>	<u>(56,352)</u>	<u>(38,565)</u>	<u>—</u>	<u>(133,771)</u>
Revenue from external customers	<u><u>32,284</u></u>	<u><u>32,440</u></u>	<u><u>31,892</u></u>	<u><u>23,585</u></u>	<u><u>16,623</u></u>	<u><u>136,824</u></u>
<b>Year ended</b>						
<b>December 31, 2021</b>						
Revenue	78,936	29,807	79,027	56,744	7,468	251,982
Less: inter-segment revenue	<u>(44,814)</u>	<u>—</u>	<u>(51,039)</u>	<u>(39,667)</u>	<u>—</u>	<u>(135,520)</u>
Revenue from external customers	<u><u>34,122</u></u>	<u><u>29,807</u></u>	<u><u>27,988</u></u>	<u><u>17,077</u></u>	<u><u>7,468</u></u>	<u><u>116,462</u></u>

The non-current assets information below is based on the location of assets other than financial instruments and deferred income tax assets.

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
EMEA	3,620	4,286
Japan	1,127	1,594
APAC	14,053	10,417
The PRC	10,191	8,906
United States	<u>2,669</u>	<u>2,541</u>
	<u><u>31,660</u></u>	<u><u>27,744</u></u>

#### 4 OTHER LOSSES — NET

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Net foreign exchange losses	(965)	(903)
Losses on disposals of property, plant and equipment	(29)	(83)
Write-off of property, plant and equipment	(341)	—
Losses on disposals of financial assets at fair value through profit or loss	(7)	(22)
Fair value changes in financial assets at fair value through profit or loss	(1,479)	(29)
Others	<u>11</u>	<u>17</u>
	<u><u>(2,810)</u></u>	<u><u>(1,020)</u></u>

## 5 EXPENSES BY NATURE

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Cost of inventories recognized as expense (including write-down of inventories to net realizable value)	24,318	17,896
Employee benefit expenses	50,585	45,007
Depreciation of property, plant and equipment	1,819	2,255
Depreciation of right-of-use assets	1,548	1,288
Amortization of intangible assets	515	476
Short-term lease expense in respect of office premises	990	1,141
Royalty expenses	3,039	2,824
Auditors' remuneration	216	352
Marketing and advertising expenses	4,045	2,910
Legal and professional fees	2,913	2,146
Clinical trial expenses	193	643
Travel and entertainment expenses	2,565	1,951
Testing material expenses	2,665	1,848
Commission expenses	1,145	1,352
Delivery and warehouse charge	2,902	2,579
Transportation expenses	530	571
Telecommunication expenses	162	297
Insurance expenses	680	581
Listing expenses	6,155	4,648
Other expenses	6,622	6,731
	<u>113,607</u>	<u>97,496</u>

## 6 FINANCE INCOME/(COSTS) — NET

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Finance income:		
— Interest income from bank deposits	2,387	12
Finance costs:		
— Interest expense on bank borrowings	(11)	(525)
— Interest expense on lease liabilities	(116)	(76)
— Interest expense to a related company	—	(151)
— Unwinding of interests on convertible redeemable preferred shares	(1,336)	(4,853)
— Others	(6)	(2)
	<u>(1,469)</u>	<u>(5,607)</u>
Finance income/(costs) — net	<u>918</u>	<u>(5,595)</u>

## 7 INCOME TAX EXPENSE

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
<i>Current income tax:</i>		
Current income tax on profits for the year	3,226	2,556
Under/(over)-provision in prior year	50	(98)
	<u>3,276</u>	<u>2,458</u>
<i>Deferred income tax:</i>		
Relating to the origination and reversal of temporary differences	24	668
	<u>3,300</u>	<u>3,126</u>

The Group is primarily subject to Hong Kong profits tax, PRC corporate income tax (“CIT”), Japan corporate income tax and the Netherlands corporate income tax.

### (a) Hong Kong profits tax

The applicable profits tax rate in Hong Kong is 16.5% (2021: 16.5%) for the year ended December 31, 2022.

### (b) PRC corporate income tax

OrbusNeich Medical (Shenzhen) Company Limited (“OrbusNeich Shenzhen”) is qualified as a National High and New Technology Enterprise (“HNTE”), on December 11, 2020 with a validity of three years therefrom. According to the CIT Law, the enterprise qualifying the HNTE status is entitled to the 15% reduced CIT rate subject to a record-filing to the in-charge tax bureau. OrbusNeich Shenzhen had completed the record-filing with Shenzhen local tax bureau. As such, the applicable CIT rate is 15% (2021: 15%) for the year ended December 31, 2022.

### (c) Japan corporate income tax

The applicable corporate income tax in Japan is 33.58% (2021: 33.58%) for the year ended December 31, 2022.

### (d) The Netherlands corporate income tax

For the year ended December 31, 2022, Netherlands corporate income tax has been provided for at the rate of 25.8% (2021: 25%) on the estimated assessable profits of Netherlands subsidiaries.

## 8 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The basic earnings/(loss) per share is calculated based on the profit attributable to equity holders of the Company for the years ended December 31, 2022 and 2021 divided by the weighted average number of shares in issue during the year.

The shares of the Company were listed on the HKSE on December 23, 2022, whereby 54,633,000 new shares were issued by the Company.

	2022	2021
Profit/(loss) attributable to owners of the Company (US\$'000)	18,491	(4,444)
Weighted average number of ordinary shares in issue (thousand shares)	<u>583,086</u>	<u>576,900</u>
Basic earnings/(loss) per share (US cents)	<u><u>3.17</u></u>	<u><u>(0.77)</u></u>

The weighted average number of ordinary shares in issue used for the calculation of basic loss per share for the year ended December 31, 2021 have been retrospectively adjusted for the issuance of shares of the Company in connection with the Reorganization and share consolidation. Upon initial public offering completed on December 23, 2022, the Company issued new shares and converted convertible redeemable preferred shares into ordinary shares were accounted at time portion basis.

### (b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2022 and 2021, the Company had share options and convertible redeemable preferred shares that are potential ordinary shares. As the Company incurred loss for the year ended December 31, 2021, these potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, the amount of diluted loss per share for the year ended December 31, 2021 were the same as basic loss per share of the year.

For the year ended December 31, 2022, the diluted earnings per share have been calculated as follows:

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2022	2021
Profit/(loss) attributable to owners of the Company (US\$'000)	18,491	(4,444)
Adjustment for convertible redeemable preferred shares	<u>1,336</u>	<u>—</u>
Adjusted profit/(loss) attributable to owners of the Company	<u>19,827</u>	<u>(4,444)</u>
Weighted average number of ordinary shares in issue (thousand shares)	583,086	576,900
Adjustments for:		
Weighted average number of convertible redeemable preferred shares (thousand shares)	191,398	—
Weighted average number of share options (thousand shares)	<u>1,905</u>	<u>—</u>
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)	<u>776,389</u>	<u>576,900</u>
Diluted earnings/(loss) per share (US cents)	<u><u>2.55</u></u>	<u><u>(0.77)</u></u>

## 9 TRADE RECEIVABLES

	2022	2021
	US\$'000	US\$'000
Trade receivables (Note)	34,064	28,391
Loss allowance	<u>(1,742)</u>	<u>(1,587)</u>
Trade receivables, net	<u><u>32,322</u></u>	<u><u>26,804</u></u>

Note:

The majority of the Group's sales are with credit terms of 30 to 180 days. The carrying amounts of trade receivables approximate their fair values.

The ageing analysis of the trade receivables based on invoice date, before provision for impairment, is as follows:

	2022	2021
	US\$'000	US\$'000
0 to 30 days	13,993	11,493
31 to 60 days	8,360	6,770
61 to 90 days	4,943	4,704
Over 90 days	<u>6,768</u>	<u>5,424</u>
	<u><u>34,064</u></u>	<u><u>28,391</u></u>

Movements in the loss allowance of trade receivables are as follows:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
Beginning of year	1,587	2,090
Movement in loss allowance	250	(109)
Trade receivables written-off as uncollectible	—	(265)
Currency translation difference	<u>(95)</u>	<u>(129)</u>
End of year	<u><b>1,742</b></u>	<u>1,587</u>

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The carrying amounts of the Group's trade receivables, net are denominated in the following currencies:

	<b>2022</b> <i>US\$'000</i>	2021 <i>US\$'000</i>
JPY	9,715	9,209
US\$	9,553	5,608
EUR	4,507	4,631
HK\$	2,802	2,767
Other currencies	<u>5,745</u>	<u>4,589</u>
	<u><b>32,322</b></u>	<u>26,804</u>



## 10 TRADE PAYABLES

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
Trade payables	<u>4,065</u>	<u>2,174</u>

The carrying amounts of trade payables approximate their fair values.

Credit terms granted by creditors generally range from 30 to 90 days.

The ageing analysis of the trade payables based on invoice date is as follows:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
0 to 30 days	3,392	1,797
31 to 60 days	288	299
61 to 90 days	191	46
Over 90 days	<u>194</u>	<u>32</u>
	<u>4,065</u>	<u>2,174</u>

Trade payables are denominated in the following currencies:

	2022 <i>US\$'000</i>	2021 <i>US\$'000</i>
US\$	3,322	1,536
RMB	399	243
EUR	311	362
Other currencies	<u>33</u>	<u>33</u>
	<u>4,065</u>	<u>2,174</u>

## 11 DIVIDENDS

The Board does not recommend the payment of dividend for the year ended December 31, 2022 (2021: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Introduction**

We are a major global medical device manufacturer specialized in interventional instruments for PCI/PTA procedures. Headquartered in Hong Kong, China, we sell products to over 70 countries and regions worldwide. In addition to PCI/PTA balloons, we also specialize in coronary stent products and are actively expanding into neurovascular intervention and structural heart disease areas.

Our diversified product portfolio covers all major treatment processes in PCI and PTA procedures. Our approved and marketed products are indicated for lesion access, lesion preparation, lesion therapy and lesion optimization, encompassing semi-compliant balloons and scoring balloons for pre-dilatation and lesion preparation, coronary stents for implantation, non-compliant balloons for post-dilatation, and specialty catheters.

#### **FY2022 Performance**

During 2022, we recorded a record high revenue of US\$136.8 million, representing an increase of 17.5% as compared to the previous year. The growth was mainly attributable to the growth in sales volume from approximately 1.0 million units in 2021 to 1.2 million units in 2022, but was partially offset by the substantial depreciation of Japanese Yen and Euro against US\$. The strong US dollar reduced our Group's revenue by approximately US\$9.6 million, representing 7.0% of our Group's revenue in 2022.

Gross profit increased by 13.9% to approximately US\$92.5 million as a result of increase in sales volume. Adjusted profit for the year (non-HKFRS measure) that excludes certain non-cash and one-off items including unwinding of interests on convertible redeemable preferred shares, share-based compensation expenses, fair value losses of convertible redeemable preferred shares, loss on derecognition of financial liability in relation to convertible redeemable preferred shares and listing expenses for 2022 was US\$26.7 million, up by 24.9% year-on-year. Basic earnings per share for 2022 was US 3.17 cents (2021: loss of US 0.77 cents).

On December 23, 2022, we were successfully listed on the Main Board of the Hong Kong Stock Exchange, raising gross proceeds of approximately HK\$480.8 million. Such funds will enable us to (i) accelerate our R&D and commercialization progress of our pipeline products; (ii) expand our product portfolio, broaden our hospital coverage and increase market penetration; (iii) expand our production capacities; and (iv) maintain the working capital of the Group.

## **Sales and Marketing**

During 2022, our sales network combining our in-house direct sales force and distributors stretched across over 70 countries and regions worldwide. In particular, we have established our direct sales force in 10 countries or regions including the PRC, Hong Kong, Macau, Japan, Malaysia, Singapore, Germany, France, Switzerland and Spain. As of December 31, 2022, we have a total of 148 (2021: 143) sales and marketing personnel and 212 (2021: 174) distributors. During the year, direct sales and distributor sales contributed approximately US\$66.9 million and US\$69.9 million respectively, accounting for 48.9% and 51.1% of the total revenue.

We believe industry exchanges such as symposiums, seminars and conferences provide a platform for us to educate physicians about our products, while at the same time give us the opportunities to interact with KOLs and physicians across the world to understand the unmet clinical needs. During 2022, we held or participated in around 80 seminars, workshops, conferences or discussion panels for physician education or product promotions globally, reaching out to a large number of KOLs and physicians specialized in the endovascular interventional area. In particular, we attended the annual EuroPCR and AICT-AsiaPCR, both being premier meetings for interventional cardiovascular medicine practitioners and physicians.

## **Research and Development**

Our strong in-house R&D capabilities with over twenty years of accumulated product development experience and continued investment in R&D activities empowered us with abundant proprietary know-how in product design, material treatment, manufacturing processes, and enabled us to successfully develop various proprietary technologies. As of December 31 2022, we own more than 180 granted patents globally across key jurisdictions, including over 30 and 55 granted patents in the U.S. and the PRC, respectively. During the year, Sapphire 3 Coronary Dilatation Catheter obtained official registration approval from NMPA. As of December 31, 2022, we had an aggregate of over 40 approved products, including 25 PMDA approved products, 22 products with CE Mark, 14 FDA cleared or approved products and 17 NMPA approved products, respectively. Our Sapphire Neuro balloon, first commercialized product of our neuro intervention devices pipeline, obtained NMPA approval in February 2023.

## **Production Facilities**

The Group has manufacturing facilities in Shenzhen, the PRC and Hoewelaken in the Netherlands. To cope with increasing demand for our products in the medium term, we expanded our production capacity by optimizing the production procedures and the layout of production sites. In 2022, we entered into a lease agreement for a manufacturing site in Shenzhen, the PRC with a gross floor area of approximately 1,900 m<sup>2</sup> for a term of 27 months. With certain production procedures relocated to the new manufacturing site, the aggregate annual production capacity increased to approximately

1.35 million balloon products and 56,400 stent products at the end of 2022. Product quality has always been our top priority. We adhere to the strict Quality Management System (QMS), during 2022, our production facilities in Shenzhen passed 4 audits/inspections from NMPA and Notified Body (BSI).

### **Joint Venture**

To expand into the structural heart field, the Group set up ON P&F, a joint venture principally engaging in the development, manufacturing, and sale of structural heart products, in 2020. During 2022, ON P&F established an R&D and production facility with a gross floor area of approximately 1,800 m<sup>2</sup> in Shenzhen, the PRC. The new facility serves as the base for ON P&F to push forward R&D of products in the pipeline, as well as bring in world-class heart valve devices to the PRC and Asia Pacific region. As of December 31, 2022, ON P&F had a commercialized TTVR product, TricValve, that obtained CE Mark in 2021, and had a comprehensive pipeline for structural heart interventional devices, including Vienna Aortic Valve, a TAVR product; Vienna Mitral Valve — replacement, a TMVR product; Vienna Pulmonary Valve — replacement, a TPVR product, and balloon expandable valves, which are complimentary additions to our series of self-expandable heart valve devices. All the above-mentioned products are based on the proprietary dry pericardium technology and offer physicians and patients safer structural heart intervention solutions.

### **Outlook**

With the expanding ageing population in the world, the improved living standards of the people and the economic growth of developing countries, the global market demand for medical devices has steadily increased. According to CIC report, the global market sizes of PCI instruments and PTA instruments are expected to grow at a CAGR of 12.1% and 11.1%, respectively, while the global market size for PCI balloons, catheters and accessories is expected to grow at a CAGR of 17.2% from 2021 to 2030.

In order to seize the development opportunities and enhance the Group's core competitiveness in the increasingly fierce market competition, the Group will continue to strengthen its development in the year of 2023 by broadening our product lines and advancing our R&D capabilities. We will also keep expanding our distribution network, continuously developing new products and promoting resource integration, so as to further consolidate and strengthen our leading position in the industry.

## FINANCIAL REVIEW

### REVENUE

#### By business line

	<b>2022</b>	2021	<b>Change</b>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	%
<b>Coronary interventional medical devices</b>				
Semi-compliant balloons	<b>26,540</b>	27,427	(887)	-3.2
Non-compliant balloons	<b>25,585</b>	25,948	(363)	-1.4
Scoring balloons	<b>50,805</b>	29,383	21,422	+72.9
Stents	<b>12,667</b>	13,638	(971)	-7.1
<b>Peripheral interventional medical devices</b>				
Balloons	<b>11,410</b>	11,683	(273)	-2.3
<b>Other medical accessories</b>	<b>4,397</b>	3,689	708	+19.2
<b>Third party products</b>	<b>5,420</b>	4,694	726	+15.5
<b>Total</b>	<b><u>136,824</u></b>	<b><u>116,462</u></b>	<b><u>20,362</u></b>	<b>+17.5</b>

Our revenue increased by US\$20.4 million from US\$116.5 million in 2021 to US\$136.8 million in 2022, primarily due to a US\$21.4 million increase in revenue generated from our coronary scoring balloon products, as a result of (i) the increase in sales volume of our Scoreflex NC series in the U.S. market, which was introduced to the U.S. market in 2022; (ii) the increase in sales volume of our Scoreflex series in the PRC market in 2022; and (iii) increase in sales volume of our Scoreflex Trio series in the Japan market.

## By geographical area

	<b>2022</b>	2021	<b>Change</b>	
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>%</i>
Japan	<b>32,440</b>	29,807	2,633	+8.8
EMEA	<b>32,284</b>	34,122	(1,838)	-5.4
APAC	<b>31,892</b>	27,988	3,904	+13.9
The PRC	<b>23,585</b>	17,077	6,508	+38.1
United States	<b>16,623</b>	7,468	9,155	+122.6
<b>Total</b>	<b><u>136,824</u></b>	<b><u>116,462</u></b>	<b><u>20,362</u></b>	<b>+17.5</b>

Our revenue increased by US\$20.4 million from US\$116.5 million in 2021 to US\$136.8 million in 2022, primarily due to (i) a US\$9.2 million increase in revenue generated from the U.S. market, mainly attributable to the increase in sales volume of our Scoreflex NC series, which was introduced in 2022; (ii) a US\$6.5 million increase in revenue generated from the PRC market, mainly because of the increase in sales volume of our Scoreflex series, in connection with our continuous effort in the expansion of hospital coverage and wider market recognition of our products by physicians; (iii) a US\$3.9 million increase in revenue generated from the APAC market, which was mainly due to the increase in sales of our coronary balloons in the Hong Kong and Singapore markets; and (iv) a US\$2.6 million increase in revenue generated from the Japan market primarily as a result of the increase in sales volume of our Scoreflex Trio series. The increase in revenue from 2021 to 2022 was slightly offset by the decrease in revenue in our EMEA market.

The Group's revenue is exposed to currency risk from various currency exposures (including Japanese Yen, Euro and Renminbi). During the year ended December 31, 2022, the substantial appreciation of US dollar reduced our Group's revenue by approximately US\$9.6 million, representing 7.0% of our Group's revenue in 2022. Despite the strong US\$ impact, the Group's revenue in 2022 hit a record high of US\$136.8 million, representing a 17.5% growth year-on-year.

## **Cost of sales**

For the year ended December 31, 2022, the Group's cost of sales was US\$44.4 million, representing a 25.7% increase as compared to US\$35.3 million for the year ended December 31, 2021. Such increase was primarily attributable to the increased sales volume in all regions including the United States, the PRC, APAC, Japan and EMEA.

## **Gross profit and gross profit margin**

As a result of the foregoing factors, the Group's gross profit increased by 13.9% from US\$81.2 million for the year ended December 31, 2021 to US\$92.5 million for the year ended December 31, 2022, primarily due to the increase in sales volume.

The Group's gross profit margin slightly decreased to 67.6% for the year ended December 31, 2022 as compared to 69.7% for the year ended December 31, 2021, primarily due to the decrease in average selling price in US dollar in our Japan and EMEA markets, as affected by the substantial depreciation of Japanese Yen and Euro against US\$ in 2022, but partially offset by the increase in sales volume of scoring balloons, which have a higher gross profit margin. Our cost of sales mainly consisted of costs denominated in US dollar and Renminbi.

## **Other income**

Other income decreased by 33.9% from US\$1.4 million in 2021 to US\$0.9 million in 2022, primarily due to the decrease in government grants from the PRC government that support our R&D activities in Shenzhen, the PRC.

## **Other losses — net**

Other losses — net increased by 175.5% from US\$1.0 million in 2021 to US\$2.8 million in 2022, primarily due to (i) the fair value loss of the Commodity Linked Fixed Rate Note of US\$1.2 million; and (ii) the increase in fair value loss of US\$0.2 million in relation to our employee life insurance policies.

## **Selling and distribution expenses**

Selling and distribution expenses increased by 8.2% from US\$30.1 million in 2021 to US\$32.6 million in 2022, primarily due to (i) the increase in employee benefit expenses, such as sales commission, along with the increase in revenue; and (ii) the increase in marketing expenses as a result of the resumption of marketing activities such as medical congresses and trade shows following the recovery from COVID-19.

### **General and administrative expenses**

General and administrative expenses increased by 13.1% from US\$20.0 million in 2021 to US\$22.6 million in 2022, primarily due to the increase in Listing expenses and employee benefit expenses in 2022.

### **Research and development expenses**

Research and development expenses increased by 16.2% from US\$12.1 million in 2021 to US\$14.1 million in 2022, primarily due to (i) the increase in employee benefit expenses as a result of the increase in R&D headcount and overall salary increment; (ii) the increase in material costs for R&D activities; and (iii) the increase in our outsourced R&D consultation services from professional medical research institutes and consulting companies for our pipeline products.

### **Finance income/(costs) — net**

Finance income/(costs) — net turned from a net finance costs of US\$5.6 million in 2021 to a net finance income of US\$0.9 million in 2022, primarily due to the increase in interest income from bank deposits and the decrease in interest expense on convertible redeemable preferred shares and bank borrowings.

### **Fair value losses of convertible redeemable preferred shares and loss on derecognition of financial liabilities in relation to convertible redeemable preferred shares**

Our fair value losses on convertible redeemable preferred shares and loss on derecognition of financial liabilities in relation to convertible redeemable preferred shares decreased from US\$15.0 million in 2021 to nil in 2022, due to all convertible redeemable preferred shares have been reclassified to equity upon the fulfilment of conditions attached in the relevant agreement in 2022.

### **Share of losses of investment in a joint venture**

Share of losses of investment in a joint venture amounted to US\$0.2 million and US\$0.2 million in 2021 and 2022, respectively.

### **Income tax**

We recorded income tax expense of US\$3.1 million and US\$3.3 million in 2021 and 2022, respectively. Effective income tax rate for the year ended December 31, 2022 was 15.1%. Loss before income tax in 2021 was mainly due to the fair value loss of convertible redeemable preferred shares, unwinding of interest on convertible redeemable preferred shares and Listing expenses.



## **Profit for the year attributable to owners of the Company**

As a result of the foregoing, we achieved profit turnaround with the profit for the year attributable to owners of the Company amounted to US\$18.5 million, as compared to a loss of US\$4.4 million in 2021, and our net profit margin was 13.5% in 2022, mainly attributable to the increase in gross profit of US\$11.3 million as a result of the increase in revenue, and we did not incur fair value losses of convertible redeemable preferred shares of US\$14.4 million and the loss on derecognition of financial liability in relation to convertible redeemable preferred shares of US\$0.6 million upon the reclassification to equity in 2022, partially offset by the fair value loss of the Commodity Linked Fixed Rate Note of US\$1.2 million, the increase in selling and distribution expenses of US\$2.5 million, the increase in general and administrative expenses of US\$2.6 million and the increase in research and development expenses of US\$2.0 million.

## **CAPITAL MANAGEMENT**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, return capital to Shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the debt to asset ratio. The capital structure of the Group consists of Shareholders' equity. Capital is managed so as to maximize the return to Shareholders while maintaining a capital base to allow the Group to operate effectively in the market and sustain future development of the business. This ratio is calculated by total liabilities divided by total assets.

## **LIQUIDITY AND FINANCIAL RESOURCES**

In 2022, the Group mainly financed its operations with its own working capital and equity funding.

As at December 31, 2022, the Group had cash and bank balances of US\$229.1 million, as compared to US\$175.9 million as at December 31, 2021. Such increase was mainly attributable to (i) the gross proceeds from Listing of US\$61.6 million received upon Listing in December 2022 and (ii) net operating cash inflow of US\$23.4 million generated in 2022.

The Group recorded total current assets of approximately US\$314.3 million as at December 31, 2022 (2021: approximately US\$235.4 million) and total current liabilities of approximately US\$23.8 million as at December 31, 2022 (2021: approximately US\$16.5 million). As at December 31, 2022, total current liabilities of the Group primarily included trade payables and other payables amounting to approximately US\$20.0 million (2021: approximately US\$14.0 million), which included accruals and other payables of approximately US\$15.9 million (2021: approximately US\$11.9 million) which mainly included accruals for employee benefit expenses of US\$5.5 million and US\$3.2 million of Listing expenses.

Trade receivables turnover days was decreased to 83 days in 2022 (2021: 89 days), while trade payables turnover days was increased to 26 days in 2022 (2021: 18 days).

Current ratio (calculated by dividing the total current assets by total current liabilities) of the Group was approximately 13.2 times as at December 31, 2022 (2021: approximately 14.3 times).

### **NET CURRENT ASSETS**

The Group's net current assets as at December 31, 2022 were US\$290.5 million, as compared to US\$218.9 million as at December 31, 2021, primarily due to (i) increase in cash and bank balances as a result of the net proceeds from the issuance of new shares upon Listing; and (ii) the reclassification of financial assets at fair value through profit or loss from non-current assets to current assets, as the Commodity Linked Fixed Rate Note will mature within 12 months from December 31, 2022.

### **FOREIGN EXCHANGE EXPOSURE**

The Group is exposed to currency risk primarily from various currency exposures, primarily with respect to the Japanese Yen, Euro and Renminbi. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency, US dollar.

Our management manages the foreign exchange risks by performing regular review and monitoring our foreign exchange exposure. Our management has also set up a policy to require the subsidiaries of our Group to manage their foreign exchange risk against their functional currency.

For the year ended December 31, 2022, the Group recorded a net foreign exchange loss of US\$1.0 million, as compared to a net foreign exchange loss of US\$0.9 million for the year ended December 31, 2021.

## **CAPITAL EXPENDITURE**

During the year ended December 31, 2022, the Group's total capital expenditures amounted to approximately US\$4.2 million, which principally consisted of expenditures for the purchases of property, plant and equipment, intangible assets and right-of-use assets.

## **CHARGE ON ASSETS**

As at December 31, 2022, the Group did not have any charged assets.

## **TREASURY POLICY**

The Directors will continue to follow the Group's prudent treasury policy to manage its financial resources, with the objective of maintaining its highly liquid position to ensure future growth opportunities would be captured when they arise.

## **SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

As at December 31, 2022, the Group had a Commodity Linked Fixed Rate Note with fair value of US\$18,792,000, which accounted for 5.4% of the total assets of the Group.

Our Group's investment strategy for significant investments is to identify investment opportunities with growth potential that facilitate our expansion of product portfolio, strengthen our R&D capabilities, broaden our hospital coverage and increase our market penetration.

The Group intends to utilize the net proceeds raised from the Global Offering according to the plans set out in the section headed "Use of Proceeds from Listing" in this announcement.

Saved as disclosed above, there were no other significant investments held with carrying amount accounting for more than 5% of the Group's total assets as at December 31, 2022, nor was there any plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

## **MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES, AND JOINT VENTURES**

There were no material acquisitions or disposals of subsidiaries and joint ventures during the year ended December 31, 2022.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at December 31, 2022.

## **FINANCIAL INSTRUMENT**

Apart from the Commodity Linked Fixed Rate Note mentioned above, the Group did not have any outstanding hedge contracts or financial derivative instruments as at December 31, 2022.

## **EMPLOYEES AND REMUNERATION POLICIES**

As of December 31, 2022, we employed 915 full-time employees, among which 656 were based in the PRC, 111 were based in Japan, 65 were based in European countries, 51 were based in Hong Kong, 17 were based in Malaysia, 8 were based in Singapore and 7 were based in the U.S..

The employee benefit expense, including Directors' remuneration, was approximately US\$50.6 million for the year ended December 31, 2022, as compared to approximately US\$45.0 million for the year ended December 31, 2021. The remuneration package of employees generally includes salary and bonus elements. In general, the Group determines the remuneration package based on the qualifications, position and performance of its employees. The Group also makes contributions to statutory social insurance fund (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and childbirth insurance) and housing provident fund as applicable in the jurisdictions in which the Group operates.

The Group invests in continuing education and training programs for the management staff and other employees to upgrade their skills and knowledge continuously. It provides its employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. It also assesses the employees based on their performance to determine their salary, promotion and career development.

In addition, the Company has adopted the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the Share Award Scheme. Please refer to the paragraph headed "Statutory and General Information — D. Share Incentive Schemes" in Appendix IV to the Prospectus and the paragraph headed "Subsequent events after the Reporting Period" in this announcement for further details.

## **FINAL DIVIDEND**

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

## **USE OF PROCEEDS FROM LISTING**

The Company was successfully listed on the Main Board of Hong Kong Stock Exchange on December 23, 2022. The net proceeds from the Global Offering which the Company received, after deducting the underwriting commissions, the discretionary incentive fee and expenses in relation to the Global Offering payable by the Company, was approximately HK\$366.0 million which remained unutilized and was kept at the bank account of the Group as at December 31, 2022. As at the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE PRACTICES**

The Company strives to maintain high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value and accountability.

From the Listing Date to December 31, 2022, the Company had complied with all the applicable code provisions of the Corporate Governance Code, except as expressly described below.

Pursuant to Code Provision C.2.1 of the Corporate Governance Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. David CHIEN is the Chairman and Chief Executive Officer of the Company. With extensive experience in the medical devices industry and having served in the Company since its establishment, Mr. David CHIEN is in charge of overall strategic planning and policy execution of the Group. The Board considers that vesting the roles of chairman and chief executive officer in the same person is beneficial to the management of the Group. The balance of power and authority is ensured by the operation of the Board and the senior management which comprises experienced and diverse individuals. The Board currently comprises four Executive Directors, one Non-executive Director and three Independent Non-executive Directors, and therefore has a strong independent element in its composition.

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

## **SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the “Policy regarding Dealing in the Securities of a Listed Company by Directors, Managers and Employees” (the “**Policy**”) which incorporates the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors and the relevant employees. Having made specific enquiry of all Directors, all of them have confirmed that they have complied with the Policy (and the Model Code) for the period from the Listing Date to December 31, 2022.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code. The Audit Committee consists of Mr. Yip Keung CHAN, Mr. Ka Keung LAU *BBS, MH, JP* and Dr. Lai Fan Gloria TAM, with Mr. Yip Keung CHAN serving as the chairman. The primary duties of the audit committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process, and performing other duties and responsibilities as assigned by the Board.

The Audit Committee has jointly reviewed with the management and the independent auditors of the Company, the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the consolidated annual results for the year ended December 31, 2022) of the Group. The Audit Committee and the independent auditors considered that the consolidated annual results are in compliance with the applicable accounting standards, the Listing Rules and all other application legal requirements. Accordingly, the Audit Committee recommends the Board to approve the audited consolidated financial information of the Group for the year ended December 31, 2022.

## **SCOPE OF WORK OF AUDITOR**

The figures in respect of the Group's consolidated balance sheet, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2022 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended December 31, 2022.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as of date of this announcement.

## **SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD**

The Group has adopted the Share Award Scheme on March 8, 2023 to recognize the contributions by eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group, and such awarded shares will be satisfied by existing Shares to be purchased by trustee on the market as instructed by the Board from time to time.

## **ANNUAL GENERAL MEETING**

The AGM will be held on May 23, 2023. The notice of AGM and all other relevant documents will be published and despatched to the Shareholders in April 2023.

## **CLOSURE OF THE REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, May 18, 2023 to Tuesday, May 23, 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, May 17, 2023 (Hong Kong Time), being the last registration date.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://orbusneich.com>). The 2022 annual report of the Company will be dispatched to Shareholders in due course and available on the websites above at the same time.

## DEFINITIONS

“AGM”	the annual general meeting of the Company
“APAC”	means the 17 countries/regions out of the 21 members of the Asia-Pacific Economic Cooperation (APEC) excluding the PRC, Japan, Russia and the United States
“Audit Committee”	the audit committee of the Board
“associate”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CIC report”	an independent report prepared and issued by China Insights Industry Consultancy Limited with respect to the Listing
“Company” or “our Company”	OrbusNeich Medical Group Holdings Limited, an exempted company incorporated in the Cayman Islands whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 6929)
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Director(s)”	the director(s) of the Company or any one of them
“EMEA”	Europe, Middle East and Africa
“EUR”	Euros, the lawful currency of the member states of Eurozone
“FDA”	the Food and Drug Administration of the United States
“Group”, “our Group”, “our”, “we” or “us”	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC



“JPY”	Japanese Yen, the lawful currency of Japan
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	December 23, 2022, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mainland China” or “PRC”	the People’s Republic of China excluding, for the purposes of this announcement and geographical reference only and except where the context requires otherwise, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“NB”	a third-party auditing organization recognized in the EU that assesses quality and conformity of medical devices
“NMPA”	the National Medical Products Administration of the PRC (國家藥品監督管理局) (formerly known as the China National Drug Administration and the China Food and Drug Administration)
“ON P&F”	OrbusNeich P+F Company Limited, a company incorporated in the BVI on May 15, 2017, a joint venture indirectly owned as to 50% by the Company
“ONM Group Ltd.”	OrbusNeich Medical Group Limited (業聚醫療集團有限公司), an exempted company incorporated in the Cayman Islands on June 8, 2017, formerly known as OrbusNeich Medical Group Limited (祥豐醫療集團有限公司), an indirect wholly owned subsidiary of the Company

“PCI”	percutaneous coronary intervention, a minimally invasive procedure to open narrowed coronary arteries to restore blood flow to the heart
“PMDA”	the Pharmaceuticals and Medical Devices Agency under Japan Ministry of Health, Labor and Welfare
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on December 5, 2022
“Pre-IPO Share Option Scheme”	the share option scheme approved and adopted by ONM Group Ltd. on December 18, 2020 and assigned to the Company on September 21, 2021
“Prospectus”	the prospectus issued by the Company dated December 13, 2022
“PTA”	percutaneous transluminal angioplasty, a minimally invasive procedure to open a blocked vessel in the peripheral vasculature using a balloon catheter to restore blood flow to a limb or an organ
“R&D”	research and development
“Reporting Period”	the one-year period from January 1, 2022 to December 31, 2022
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Share Award Scheme”	the share award scheme adopted by the Company on March 8, 2023
“Share(s)”	ordinary share(s) in the share capital of the Company with the nominal value of US\$0.0005 each
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed thereto under the Listing Rules

“TAVR”	transcatheter aortic valve replacement, a minimally invasive procedure using a catheter-based technique to replace the diseased aortic valve with a new aortic valve
“TMVR”	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in a minimally invasive procedure that does not involve open-chest surgery
“TPVR”	transcatheter pulmonary valve replacement, a catheter-based technique to implant a new pulmonary valve in a minimally invasive procedure that does not involve open-chest surgery
“TTVR”	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in a minimally invasive procedure that does not involve open-chest surgery
“U.S.” or “US”	the United States of America
“US\$”	United States dollar, the lawful currency of the U.S.
“%”	percent

By Order of the Board of  
**OrbusNeich Medical Group Holdings Limited**  
**Mr. David CHIEN**  
*Chairman, Executive Director and Chief Executive Officer*

Hong Kong, March 8, 2023

*As at the date of this announcement, the Board of the Company comprises Mr. David CHIEN, Ms. Kwai Ching Denise LAU, Mr. Wing Shing CHEN and Mr. Ching Chung John CHOW as Executive Directors; Dr. Yi ZHOU as Non-executive Director; and Mr. Yip Keung CHAN, Mr. Ka Keung LAU BBS, MH, JP and Dr. Lai Fan Gloria TAM as Independent Non-executive Directors.*