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 INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2024

The Board is pleased to announce the interim condensed consolidated results of the Group for the six months ended June 30, 2024, together with the comparative figures for the six months ended June 30, 2023.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2024	2023	**Change**
	US$'000	*US$'000*	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**78,910**	81,410	−3.1%
Cost of sales	**(23,134)**	(23,140)	0.0%
Gross profit	**55,776**	58,270	−4.3%
Profit before income tax	**21,285**	28,029	−24.1%
Profit for the period attributable to owners of the Company	**18,828**	25,183	−25.2%
Basic earnings per share *(US cents)*	**2.28**	3.04	−25.0%
Diluted earnings per share *(US cents)*	**2.28**	3.03	−24.8%
Profitability			
Gross profit margin(1)	**70.7%**	71.6%	−0.9% points
Net profit margin(2)	**23.9%**	30.9%	−7.0% points

Notes:

(1) Calculated by dividing gross profit by revenue.

(2) Calculated by dividing profit for the period attributable to owners of the Company by revenue.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended June 30, 2024

		Six months ended June 30,	
		2024	2023
	Note	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**78,910**	81,410
Cost of sales	*6*	**(23,134)**	(23,140)
Gross profit		**55,776**	58,270
Other income — net	*4*	**169**	1,403
Other (losses)/gains — net	*5*	**(897)**	137
Selling and distribution expenses	*6*	**(18,510)**	(19,311)
General and administrative expenses	*6*	**(12,903)**	(9,533)
Research and development expenses	*6*	**(7,398)**	(6,866)
Net (impairment losses)/reversal of impairment losses on financial assets		**(366)**	10
Operating profit		**15,871**	24,110
Finance income		**6,199**	4,252
Finance costs		**(126)**	(63)
Finance income — net		**6,073**	4,189
Share of loss of investment in a joint venture		**(659)**	(270)
Profit before income tax		**21,285**	28,029
Income tax expense	*7*	**(2,412)**	(2,846)
Profit for the period		**18,873**	25,183
Profit for the period attributable to			
Owners of the Company		**18,828**	25,183
Non-controlling interests		**45**	—
		18,873	25,183
Earnings per share	*9*	***US cents***	*US cents*
Basic		**2.28**	3.04
Diluted		**2.28**	3.03

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**18,873**	25,183
Other comprehensive (loss)/income:		
Item that will not be subsequently reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	**53**	(45)
Items that may be subsequently reclassified to profit or loss		
Currency translation differences	**(4,055)**	(1,247)
Other comprehensive loss for the period, net of tax	**(4,002)**	(1,292)
Total comprehensive income for the period	**14,871**	23,891
Total comprehensive income for the period attributable to		
Owners of the Company	**14,887**	23,891
Non-controlling interests	**(16)**	—
	14,871	23,891

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2024

	Note	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**19,073**	13,011
Right-of-use assets		**6,158**	5,455
Deferred income tax assets		**3,184**	3,541
Financial assets at fair value through profit or loss		**1,294**	1,618
Intangible assets		**9,374**	9,560
Goodwill		**12,959**	12,959
Interest in a joint venture		**14,262**	13,920
Deposits and prepayments		**1,389**	2,117
Total non-current assets		**67,693**	62,181
Current assets			
Inventories		**48,914**	41,426
Trade receivables	*10*	**35,663**	37,966
Deposits, prepayments and other receivables		**14,529**	11,659
Amount due from a joint venture		**1,336**	640
Amounts due from non-controlling interests		**—**	46
Tax recoverable		**595**	447
Cash and bank balances		**246,705**	255,779
Total current assets		**347,742**	347,963
Total assets		**415,435**	410,144
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**414**	414
Other reserves		**432,115**	446,693
Accumulated losses		**(59,763)**	(78,707)
		372,766	368,400
Non-controlling interests		**1,002**	1,018
Total equity		**373,768**	369,418

	Note	As at June 30, 2024 US$'000 (Unaudited)	As at December 31, 2023 US$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**2,362**	1,356
Retirement benefit obligations		**2,475**	2,779
Deferred income tax liabilities		**918**	967
Total non-current liabilities		**5,755**	5,102
Current liabilities			
Trade payables	*11*	**6,182**	4,815
Bank borrowing		**4,235**	4,235
Accruals and other payables		**13,447**	15,704
Financial liabilities at fair value through profit or loss		**4,975**	4,975
Amount due to a joint venture		**50**	194
Current income tax liabilities		**5,453**	3,831
Lease liabilities		**1,570**	1,870
Total current liabilities		**35,912**	35,624
Total liabilities		**41,667**	40,726
Total equity and liabilities		**415,435**	410,144

NOTES TO THE INTERIM CONDENSED 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. The Company and its subsidiaries (collectively, the "**Group**"), are principally engaged in the research and development, 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. Kwai Ching Denise LAU, spouse of Mr. David CHIEN (the "**Controlling Shareholders**").

The unaudited interim condensed consolidated financial information is presented in thousands of United State Dollar ("**US$'000**"), unless otherwise stated.

2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34, "Interim Financial Reporting". The interim condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The unaudited interim condensed consolidated financial information has been prepared under historical cost convention, except for financial assets and liabilities at fair value through profit or loss or other comprehensive income, which are carried at fair value.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

2.1 New and amended standards adopted by the Group

The Group has applied the following new and amended standards, for the first time for their annual reporting period commencing on January 1, 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenant
Amendments to HKFRS 16	Lease liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

As a result of the adoption of the amendments to HKAS 1, the Group changed its accounting policy for the classification of borrowings as below:

"Borrowings are classified as current liabilities unless at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the reporting period."

This new policy did not result in a change in the classification of the Group's borrowings. The Group did not make retrospective adjustments as a result of adopting the amendments to HKAS 1.

Except for those as mentioned above, the Group did not change its accounting policies or make retrospective adjustments as a result of adopting the abovementioned amended standards or revised interpretations.

2.2 Amendments to standards not yet adopted by the Group

Certain amendments to standards have been published that are not mandatory for the financial year beginning January 1, 2024 and have not been early adopted by the Group in preparing the interim condensed consolidated financial information:

		Effective for accounting year beginning on or after
Amendments to HKAS 21	Lack of Exchangeability	January 1, 2025
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 amendments to standards 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 amendments to accounting standards 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 and peripheral vascular diseases. The CODM regularly reviews the financial information of the Group which is the same as the consolidated financial statements 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 the interim condensed 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 interim condensed consolidated balance sheet.

The revenue recognized during the period are as follows:

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Sales of goods — at point in time	**78,910**	81,410

Geographical information

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

	Asia Pacific region, except Japan and the PRC ("APAC")	Europe, Middle East & Africa ("EMEA")	Japan	The PRC	United States	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Six months ended June 30, 2024 (Unaudited)						
Revenue	**61,597**	**35,501**	**18,908**	**31,468**	**6,701**	**154,175**
Less: inter-segment revenue	**(37,642)**	**(16,331)**	**—**	**(21,292)**	**—**	**(75,265)**
Revenue from external customers	**23,955**	**19,170**	**18,908**	**10,176**	**6,701**	**78,910**
Six months ended June 30, 2023 (Unaudited)						
Revenue	51,261	40,643	19,604	37,133	11,333	159,974
Less: inter-segment revenue	(32,978)	(21,727)	—	(23,859)	—	(78,564)
Revenue from external customers	18,283	18,916	19,604	13,274	11,333	81,410

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

	As at June 30, 2024	As at December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	(Audited)
APAC	**33,532**	31,944
EMEA	**6,896**	5,894
Japan	**726**	931
The PRC	**18,860**	14,645
United States	**2,401**	2,736
	62,415	56,150

4 OTHER INCOME — NET

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**177**	1,266
Others	**(8)**	137
	169	1,403

Note: Government grants mainly comprise subsidies received from various local governments in the PRC. There were no unfulfilled conditions and other contingencies attached to the receipts of those grants.

5 OTHER (LOSSES)/GAINS — NET

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**(746)**	(689)
Fair value changes in financial assets at fair value through profit or loss	**(156)**	788
Gain on lease modification	**—**	10
Others	**5**	28
	(897)	137

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognized as expense (including write-down of inventories to net realizable value)	**12,288**	13,282
Employee benefit expenses	**29,043**	26,392
Depreciation of property, plant and equipment	**1,003**	863
Depreciation of right-of-use assets	**1,029**	891
Amortization of intangible assets	**583**	274
Short-term lease expense in respect of office premises	**676**	453
Royalty expenses	**1,730**	2,033
Auditors' remuneration	**239**	217
Marketing and advertising expenses	**3,018**	2,953
Legal and professional fees	**1,508**	1,246
Clinical trial expenses	**725**	395
Travel and entertainment expenses	**2,031**	2,023
Testing material expenses	**997**	819
Commission expenses	**766**	793
Delivery and warehouse charge	**1,327**	1,357
Transportation expenses	**198**	260
Telecommunication expenses	**153**	131
Insurance expenses	**817**	730
Other expenses	**3,814**	3,738
	61,945	58,850

7 INCOME TAX EXPENSE

	Six months ended June 30,	
	2024	2023
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
Current income tax on profits for the period	**1,942**	2,746
Under-provision in prior periods	**161**	17
	2,103	2,763
Deferred income tax:		
Relating to the origination and reversal of temporary differences	**309**	83
	2,412	2,846

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

(a) Hong Kong profits tax

The applicable profits tax rate in Hong Kong is 16.5% for the six months ended June 30, 2024 (2023: 16.5%).

(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 25, 2023 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% for the six months ended June 30, 2024 (2023: 15%).

(c) Japan corporate income tax

The applicable corporate income tax in Japan is 33.58% for the six months ended June 30, 2024 (2023: 33.58%).

(d) The Netherlands corporate income tax

For the six months ended June 30, 2024, Netherlands corporate income tax has been provided for at the rate of 25.8% on the estimated assessable profits of the Netherlands subsidiaries (2023: 25.8%).

(e) Indonesia corporate income tax

For the six months ended June 30, 2024, the Indonesia corporate income tax rate has been provided for at the rate of 22.0% on the estimated assessable profit of the Indonesian subsidiary.

8 DIVIDENDS

(a) Final dividend

A final dividend in respect of the year ended December 31, 2023 of HK10 cents per share (2022: Nil) was proposed pursuant to a resolution passed by the Board on March 7, 2024 and approved by the shareholders at the 2024 annual general meeting of the Company held on June 6, 2024. Such dividend amounted to US$10,615,000 (2023: Nil) was paid during the six months ended June 30, 2024.

(b) Interim dividend

No interim dividend has been declared and paid by the Company for the six months ended June 30, 2024 and 2023.

9 EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share is calculated based on the profit attributable to owners of the Company for the six months ended June 30, 2024 divided by the weighted average number of shares in issue during the period (2023: Same).

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(US$'000)*	**18,828**	25,183
Weighted average number of ordinary shares in issue *(thousand shares)*	**826,601**	827,770
Basic earnings per share *(US cents)*	**2.28**	3.04

The weighted average number of ordinary shares in issue used for the calculation of basic earnings per share for the six months ended June 30, 2024 has excluded shares held for employee share award schemes during the six months ended June 30, 2024 (2023: Nil).

(b) Diluted earnings per share

Diluted earnings 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 six months ended June 30, 2024 and 2023, the Company had share options that are potential ordinary shares.

For the six months ended June 30, 2024 and 2023, the diluted earnings per share has 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 respective period.

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(US$'000)*	**18,828**	25,183
Weighted average number of ordinary shares in issue *(thousand shares)*	**826,601**	827,770
Weighted average number of share options *(thousand shares)*	**6**	3,137
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**826,607**	830,907
Diluted earnings per share *(US cents)*	**2.28**	3.03

10 TRADE RECEIVABLES

	As at June 30, 2024	As at December 31, 2023
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables *(Note)*	**36,657**	38,646
Loss allowance	**(994)**	(680)
Trade receivables, net	**35,663**	37,966

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:

	As at June 30, 2024 *US$'000* (Unaudited)	As at December 31, 2023 *US$'000* (Audited)
0 to 30 days	**19,938**	16,786
31 to 60 days	**4,954**	9,675
61 to 90 days	**4,662**	4,324
Over 90 days	**7,103**	7,861
	36,657	38,646

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

11 TRADE PAYABLES

	As at June 30, 2024 *US$'000* (Unaudited)	As at December 31, 2023 *US$'000* (Audited)
Trade payables	**6,182**	4,815

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:

	As at June 30, 2024 *US$'000* (Unaudited)	As at December 31, 2023 *US$'000* (Audited)
0 to 30 days	**4,009**	3,833
31 to 60 days	**1,220**	370
61 to 90 days	**698**	274
Over 90 days	**255**	338
	6,182	4,815

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Introduction

We are a major global medical device manufacturer specialized in interventional instruments for PCI and PTA procedures. Headquartered in Hong Kong, China, we sell products to over 70 countries and regions worldwide. In addition to PCI and PTA balloons, we also specialize in coronary and peripheral stent products and are actively expanding into structural heart disease and neuro vascular intervention 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, stents for implantation, non-compliant balloons for post-dilatation, and specialty catheters.

Overall Performance for the first half of 2024

The global economy has been highly volatile in recent years, as a result of factors such as geopolitical tensions and major central banks shifting their monetary policies. These factors caused wide swings in foreign exchange markets, with the JPY/USD exchange rate seeing particularly dramatic fluctuations and JPY dropping to multi-decade lows against the USD. The Group's revenue generated in other currencies has also been impacted by the strong US dollar. For the six months ended June 30, 2024, the Group recorded revenue of US$78.9 million, representing a decrease of 3.1% as compared with the corresponding period last year. Excluding the foreign exchange impact, the growth in revenue would be 0.6% year-on-year. The revenue drop was mainly attributable to decline in sales volume in the US and the PRC market, and the Group's termination of distribution of certain third-party products, despite the significant sales growth recorded in APAC, as well as the modest revenue growth in Japan in terms of JPY. During the first half of 2024, sales volume reached 824,000 units, of which 717,000 units were proprietary products, representing a decrease of 0.2% year-on-year. Gross profit decreased by 4.3% to approximately US$55.8 million due to decrease in revenue.

Albeit the challenging external environment, the Group was able to seize the opportunity to implement a series of measures to enhance operational efficiency and integrate the businesses acquired last year. While those initiatives commanded additional expenses, the Group believes relevant investments are crucial to supporting its future sustainable growth. There were also operating expenses of US$4.2 million arising from the three newly acquired businesses. Particularly, expenses of US$1.5 million were incurred by eucatech AG which was preparing for resumption of production and not generating significant revenue during the first half of the year. Excluding these expenses, the three core operating expenses, namely selling and distribution expenses, general and administrative expenses and research and development expenses, for the first half of 2024, remained flat against the same period last year. These factors led to a year-on-year decrease of 25.2% in profit for the period attributable to owners of the Company to US$18.8 million for the first half of 2024. Basic earnings per share for the first half of 2024 was US2.28 cents (first half of 2023: US3.04 cents). Core operating profit excluding share-based compensation and finance income/costs, amounted to US$13.6 million, down by 33.6% year-on-year.

Performance by Geographical Market

APAC

In the first half of 2024, revenue from the APAC market saw organic growth of a marked 8.6% year-on-year, thanks to strong balloon sales growth in markets such as Malaysia, Hong Kong, India, Vietnam and Singapore. Particularly, the latest generation of scoring balloon, Scoreflex TRIO, recorded a rapid rise in sales since it was launched in Malaysia in early 2024. Together with the additional contribution of US$4.3 million from the SJ Medicare and PT Revass, distributors acquired respectively in South Korea and Indonesia in Q4 2023, the revenue generated from APAC amounted to a total of US$24.0 million, representing a significant increase of 31.0% year-on-year.

EMEA

In the first half of 2024, revenue generated from EMEA slightly increased by 1.3% to US$19.2 million. The increase was mainly attributable to the increase in sales of the Group's proprietary balloon products in direct sales markets such as Germany, France and Spain, as well as distributor sales markets including Czech Republic and Slovakia. However, that was partly offset by the termination of distribution agreement with Cardiovascular Systems, Inc. ("**CSI**") for atherectomy products (third-party products).

Japan

During the first half of 2024, Scoreflex TRIO continued to drive revenue generated from Japan in terms of Japanese Yen, achieving a 8.1% increase year-on-year. However, because of the unfavourable foreign exchange rate in USD terms, the revenue from Japan, the Group's largest single-country market, was adversely impacted, reporting a 3.6% decline year-on-year to US$18.9 million.

The PRC

Since the second half of last year, sales of non-volume-based procurement products has been affected by the anti-corruption campaign pinpointing the healthcare sector. Although sales slowly recovered in the first half of 2024, revenue in terms of RMB still declined by 20.4% year-on-year against the strong base in the first half of 2023 when number of PCI cases in the PRC rebounded after the COVID-19 pandemic. Coupled with the depreciation of RMB against USD, the reported revenue generated from the PRC declined by 23.3% to approximately US$10.2 million.

US

Revenue from the US market in the first half of 2024 dropped by a notable 40.9% year-on-year to US$6.7 million. That was primarily attributable to a substantial drop in sales volume of the JADE peripheral balloons and Scoreflex NC, as a result of the integration work undertaken by Abbott Laboratories ("**Abbott**") following its acquisition of CSI in 2023, as well as the more restrictive insurance coverage policies on atherectomy devices, which also impacted Abbott's bundling sales strategy.

Sales and Marketing

During the Reporting Period, the Group continued to sell products through its extensive sales network covering more than 70 countries and regions worldwide. In particular, it has established direct sales force in 11 countries or regions, including the PRC, Hong Kong, Macau, France, Germany, Indonesia, Japan, Malaysia, Singapore, Spain, and Switzerland. As of June 30, 2024, it had a total of 249 (as of December 31, 2023: 221) sales and marketing personnel and 207 distributors (as of December 31, 2023: 234). During the Reporting Period, direct sales and distributor sales contributed approximately US$46.8 million and US$32.1 million, respectively, accounting for 59.3% and 40.7% of the Group's total revenue.

To promote its diverse product portfolio, the Group continued to actively participate in major industry conferences and events. In the first half of 2024, it organized or participated in around 40 seminars, workshops, conferences, and discussion panels worldwide, including global congresses such as EuroPCR, Leipzig Interventional Course ("**LINC**") and MLCTO as well as 4 Physician Exchange Program ("**PEP**") sessions in Malaysia, Singapore and Vietnam, to educate physicians and showcase products.

Since Scoreflex TRIO was launched in the beginning of this year, the Group has spotlighted the high-performance product to physicians at various large-scale events, such as the APPAC Congress, EuroPCR, among others. In addition to focusing on coronary products, peripheral product lines have also been a key priority for the Group's commercial efforts. For instance, at the 2024 LINC, JADE product was featured at two prominent presentations.

Beyond its proprietary solutions, the Group also promoted the products of eucatech AG, its newly acquired subsidiary in Germany, at major conferences including EuroPCR, as well as educated distributors about these offerings so that sales could be ramped up smoothly once the products become available.

Following the acquisition of SJ Medicare, a distributor in South Korea, the Group has strengthened its presence in the local market. It participated in TCTAP, a leading interventional cardiology conference in the region, to showcase its latest products and enhance brand recognition in the local cardiology community.

As part of its consistent ongoing initiatives, the Group continued to host its PEP, which aims to bring experienced cardiologists to various regions to share their expertise in complex chronic total occlusion (CTO) procedures and experience in applying the Group's products.

Research and Development

R&D capability is a fundamental pillar for the future success of the Group. As such, the Group has persistently invested in a diverse range of R&D activities to constantly improve aspects such as product design, material treatment, manufacturing processes, etc. As of June 30, 2024, it owned more than 230 granted patents and published patent applications globally across key jurisdictions, including over 40 and 80 granted patents and published patent applications in the U.S. and the PRC, respectively.

The Group has persistently turned innovation into marketable products to enrich its product portfolio and generate additional revenue. During the first half of 2024, it obtained NMPA approval for Teleport Neuro and FDA approval for Teleport XT, JADE PLUS 14/18/35 OTW. Also, in the same period, it submitted to NMPA the registration application for its guiding catheter. As of June 30, 2024, it had an aggregate of over 50 approved products, including 27 PMDA approved products, 30 products with the CE Mark, 16 FDA cleared or approved products and 21 NMPA approved products. Up to the date of this announcement, we also obtained the CE Mark for Sapphire ULTRA and Sapphire NC ULTRA, the budget version balloons targeting relatively price-sensitive markets.

Following the acquisition of eucatech AG in November 2023, the Group has been actively registering their four products, namely eucaLimus, Support C, Resistant, and VITUS, in various countries and regions. The aim is to avail those products via the Group's own sales network to physicians and patients in different markets. In the first half of 2024, eucaLimus was granted registration approval in Malaysia, one of the Group's direct sales markets. Additionally, registration applications for eucatech AG's products have been submitted to relevant regulatory bodies in Hong Kong, Malaysia, Switzerland, Italy and Saudi Arabia and are pending approval.

Certain innovative products of the Group require clinical trials before submitting registration application. The clinical trial patient enrolment for Scoreflex TRIO in the PRC, which started in April 2023, was completed in the first half of 2024. The NMPA application is expected to be submitted in Q3 2024. In addition, preparation is being made for Sapphire 3 clinical trial patient enrolment in the US scheduled for launch in Q3 2024.

Alongside different registration and commercialization efforts, the Group continued to invest in new pipeline products such as the Corepass modular antegrade retrograde microcatheter, support catheter, and the JADE Plus (previously known as JADE OTW line extension). The registration applications for those products are expected to be submitted to various regulatory bodies in 2024.

Production Facilities

Product quality has always been the Group's top priority and is guarded by a strict quality management system. During the first half of 2024, various sites passed the audits conducted by different regulatory bodies and notifying bodies. In particular, in April 2024, the Group provided support to the on-site Medical Device Directive ("**MDD**") and Medical Device Regulation ("**MDR**") surveillance audit of eucatech AG, as such, was able to extend the CE Mark expiration dates for their 4 products under the MDD framework.

Moreover, being committed to improving operational efficiency and reducing production costs, the Group has continued to optimize manufacturing processes, work-in-progress inventory levels, and the productivity of workers. As of June 30, 2024, the annual production capacity amounted to approximately 2.0 million units of balloons and 60,000 units of stents.

In addition to striving for operational excellence, the Group is placing increasing emphasis on the environmental and social impacts of its activities. The Shenzhen R&D and manufacturing site of the Group obtained ISO 14001 and ISO 45001 certifications in June 2024, testifying to its effective efforts on creating green, safe and sustainable environment.

To cater to future production needs, the Group will construct its largest R&D and manufacturing facility in Hangzhou, the PRC. In May 2024, it engaged the main contractor for the construction project. The new facility is expected to begin operation in 2027, adding an annual production capacity of 2.4 million units of products upon commencement of production.

Joint Venture

To expand its footprint in the structural heart field, back in 2020, the Group established OrbusNeich P&F, a joint venture focusing on developing, manufacturing and commercializing innovative structural heart products. During the first half of 2024, substantial effort was made by OrbusNeich P&F on advancing the clinical studies of TricValve in two major Asia Pacific markets.

In April 2024, OrbusNeich P&F commenced patient enrolment in 13 hospitals in the PRC for the clinical trial of TricValve led by renowned Academician Prof. Ge Junbo from the Zhongshan Hospital, Fudan University, and the patient enrolment is expected to be completed by the end of 2025. With TricValve eligible to access hospitals in 9 cities in the Greater Bay Area, pursuant to the *Work Plan for Regulatory Innovation and Development of Pharmaceutical and Medical Device in the Guangdong-Hong Kong-Macao Greater Bay Area*, OrbusNeich P&F is pushing forward hospital access work and TricValve is expected to be available in the Greater Bay Area for commercial use by Q2 2025.

Furthermore, by leveraging the Harmonization-by-Doing program, OrbusNeich P&F is closely collaborating with the PMDA and FDA to prepare the clinical trial and registration of TricValve in Japan. This strategic approach is expected to significantly expedite the product approval process and reduce the investment required.

Meanwhile, OrbusNeich P&F has been proactively engaging in marketing activities to build awareness and adoption of TricValve ahead of its commercial launch. That includes showcasing the product at the Oriental Cardiology Conference in Shanghai, where a live case demonstration was conducted to educate physicians on the procedural aspects.

Apart from TricValve, OrbusNeich P&F also has a comprehensive pipeline of 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 complementary additions to its series of self-expandable heart valve devices.

Outlook

Looking ahead into the second half of the year, macroeconomic uncertainties, especially foreign exchange fluctuation, are expected to persist, which means foreign exchange impacts will also prevail.

Against the backdrop of the ongoing anti-corruption campaign directed at the healthcare industry in the PRC since second half of 2023, volume-based procurement has been an important strategy for medical device manufacturers in the country. With carefully formulated bidding strategy, the Group's Scoreflex balloon catheter secured a bid in the Beijing-Tianjin-Hebei "3+N" Alliance volume-based procurement at the highest bidding price in the product category. The relevant volume-based procurement program has been implemented in Hebei, Guangxi and Jiangxi provinces starting in May 2024 and will gradually be rolled out to other provinces in the second half of the year. The hospital access of relevant products and their sales volume are expected to expand and pick up in the second half of the year. Moreover, the Group will take advantage of the substantial overseas clinical adoption of the Scoreflex series to bolster marketing of its non-volume-based procurement product, Scoreflex NC, in the PRC market.

For the US market, the Group has been in active discussions with Abbott regarding the sales decline and failure to meet agreed minimum purchase order volumes in the first half of the year. It is hopeful that with Abbott's sales strategy adjustment for navigating insurance policy changes, the sales of Scoreflex NC and JADE will recover in the second half of the year. However, for the full year, US sales may still record a year-on-year decline. In the medium to long term, once Abbott completed integration of CSI into its business, armed with an extensive sales network and a strong direct sales team, Abbott will be able to introduce the Group's products to a wider hospital base.

Despite facing various external challenges in some of its markets, the Group has maintained active market expansion efforts. On the product front, capitalizing on its comprehensive sales network and widely recognized brand name, the Group has sought to distribute other high-quality innovative products in the endovascular intervention field to enhance the treatment solutions it provides to physicians.

Additionally, extensive efforts were made to integrate eucatech AG into the Group's operation and reorganize production lines during the first half of the year, including recruiting talent and negotiating with suppliers. After more than six month of dedicated efforts, eucatech AG is expected to resume production and shipment in the third quarter of the year. In the half year past, on top of focusing on restoring eucatech AG's production capabilities, the Group also carried out comprehensive integration work encompassing product registration and market promotion activities, allowing it to lay a solid foundation for ramping up sales in the second half year.

Finally, with its robust financial position, as evidenced by the cash and bank balances of approximately US$246.7 million as of June 30, 2024, the Group is well-poised to pursue its growth objective. It intends to actively utilize those abundant resources to identify merger and acquisition opportunities that align with its strategic priorities. Specifically, it will look for targets that can strengthen its commercialization capabilities and complement its existing product portfolios or technology platforms. These strategic moves will enable the Group to pursue sustainable growth. While the Group's operation faced headwinds in the first half of the year, it remains optimistic about restoring growth momentum soon. Given its positive operating cash flow and robust financial position, the Group expects to maintain a stable dividend policy to provide Shareholders with sustainable returns.

FINANCIAL REVIEW

REVENUE

By business line

	For the six months ended June 30,		Change	
	2024	2023		
	US$'000	*US$'000*	*US$'000*	*%*
Coronary interventional medical devices				
Scoring balloons	**27,312**	31,655	(4,343)	−13.7
Non-compliant balloons	**16,915**	13,908	3,007	21.6
Semi-compliant balloons	**15,619**	14,835	784	5.3
Stents	**5,644**	6,849	(1,205)	−17.6
Peripheral interventional medical devices				
Balloons	**6,127**	7,732	(1,605)	−20.8
Other medical devices	**3,444**	3,017	427	14.2
Third-party products	**3,849**	3,414	435	12.7
Total	**78,910**	81,410	(2,500)	−3.1

Our revenue decreased by US$2.5 million from US$81.4 million for the six months ended June 30, 2023 to US$78.9 million for the six months ended June 30, 2024 as a result of the combined effect of (i) a US$3.0 million increase in revenue generated from our non-compliant balloons as a result of increase in sales volume of Sapphire II NC and Sapphire NC 24 in the APAC and EMEA markets; (ii) a US$0.8 million increase in revenue generated from our semi-compliant balloons as a result of increase in average selling price of Sapphire 3 and Sapphire II Pro in the APAC market; offset by (iii) a US$4.3 million decrease in revenue generated from our scoring balloons as a result of decrease in sales volume of Scoreflex in the PRC market and Scoreflex NC in the US market; (iv) a US$1.2 million decrease in revenue generated from our coronary stents as a result of decrease in sales volume and average selling price of our COMBO Plus in certain markets such as Japan and Taiwan; and (v) a US$1.6 million decrease in revenue generated from our peripheral balloons as result of the decrease in sales volume of our JADE OTW in the US market.

By geographical area

	For the six months ended June 30,			
	2024	2023	**Change**	
	US$'000	*US$'000*	*US$'000*	*%*
APAC	**23,955**	18,283	5,672	31.0
EMEA	**19,170**	18,916	254	1.3
Japan	**18,908**	19,604	(696)	–3.6
The PRC	**10,176**	13,274	(3,098)	–23.3
United States	**6,701**	11,333	(4,632)	–40.9
Total	**78,910**	81,410	(2,500)	–3.1

Our revenue decreased by US$2.5 million from US$81.4 million for the six months ended June 30, 2023 to US$78.9 million for the six months ended June 30, 2024, primarily due to: (i) a US$5.7 million increase in revenue generated from the APAC market as a result of a) increase in sales volume of Scoreflex NC scoring balloons and Sapphire NC 24 non-compliant balloons in certain countries such as India, Vietnam, Singapore and Hong Kong; b) increase in sales volume of Sapphire II NC non-compliant balloons in India, Vietnam and Hong Kong; c) increase in revenue generated from the Indonesia market as a result of the acquisition of PT Revass in December 2023; (ii) a US$3.1 million decrease in revenue generated from the PRC market, as a result of decrease in sales volume of Scoreflex scoring balloons affected by the anti-corruption campaign pinpointing the healthcare sector; and (iii) a US$4.6 million decrease in revenue generated from the US market, attributable to the decrease in sales volume of Scoreflex NC scoring balloons and JADE OTW peripheral balloons, as a result of the integration work undertaken by Abbott following its acquisition of CSI in 2023 as well as the more restrictive insurance coverage policies on atherectomy devices, which also impacted Abbott's bundling sales strategy.

The Group's revenue is exposed to currency risk from various currency exposures (including Japanese Yen, Euro, Renminbi, Indonesian Rupiah and Malaysian Ringgit). During the Reporting Period, the substantial appreciation of US dollar against Japanese Yen, Renminbi, Indonesian Rupiah and Malaysian Ringgit reduced our revenue by approximately US$3.2 million. If the foreign exchange impact was excluded, total revenue of the Group would grow by 0.6% as compared to the same period of last year.

Cost of sales

The Group's cost of sales for the six months ended June 30, 2024 remained stable at US$23.1 million as compared to the six months ended June 30, 2023.

Gross profit and gross profit margin

As a result of the foregoing factors, gross profit decreased by 4.3% from US$58.3 million for the six months ended June 30, 2023 to US$55.8 million for the same period of 2024. Such decrease was primarily due to the decrease in revenue in the PRC and US markets during the Reporting Period.

Gross profit margin for the six months ended June 30, 2024 and 2023 were 70.7% and 71.6%, respectively. Such decrease was primarily due to the decrease in sales volume of our scoring balloons in the PRC and US markets, which have higher average selling price.

Other income — net

Other income decreased by 88.0% from US$1.4 million for the six months ended June 30, 2023 to US$0.2 million for the six months ended June 30, 2024, primarily due to the decrease in government grants that support our R&D projects in the PRC by US$1.1 million.

Other (losses)/gains — net

We recorded US$0.9 million of other losses for the six months ended June 30, 2024, as compared to US$0.1 million of other gains for the same period of 2023, mainly due to the decrease in fair value gain of the commodity linked fixed rate note from US$0.8 million for the six months ended June 30, 2023 to nil for the same period of 2024.

Selling and distribution expenses

Selling and distribution expenses decreased by 4.1% from US$19.3 million for the six months ended June 30, 2023 to US$18.5 million for the six months ended June 30, 2024, mainly due to the decrease in employee benefit expenses as a result of decrease in sales commission, royalty expenses and travelling and entertainment expenses.

General and administrative expenses

General and administrative expenses increased by 35.4% from US$9.5 million for the six months ended June 30, 2023 to US$12.9 million for the six months ended June 30, 2024, primarily due to the increase in employee benefit expenses due to overall salary increment and the increase in headcount as a result of the acquisition of subsidiaries in December 2023.

Research and development expenses

Research and development expenses increased by 7.7% from US$6.9 million for six months ended June 30, 2023 to US$7.4 million for the same period of 2024, primarily due to the increase in clinical trials expenses for our scoring balloons and the increase in material costs for R&D activities.

Finance income — net

Finance income — net increased by 45.0% from US$4.2 million for six months ended June 30, 2023 to US$6.1 million for the same period of 2024, primarily due to the increase in interest income from fixed deposits.

Share of loss of investment in a joint venture

Share of loss of investment in a joint venture increased by 144.1% from US$0.3 million for six months ended June 30, 2023 to US$0.7 million for the same period of 2024, primarily due to the increase in employee benefit expenses as a result of the increase in headcount and overall salary increment, as well as the increase in clinical trial expenses for TricValve in the PRC.

Income tax expense

We recorded income tax expense of US$2.8 million and US$2.4 million for the six months ended June 30, 2023 and 2024, respectively.

Effective income tax rates for the six months ended June 30, 2024 and 2023 were 11.3% and 10.2%, respectively. The increase in the effective income tax rate was because tax losses of certain APAC entities brought forward from prior years have been fully utilized in 2023.

Profit for the period attributable to owners of the Company

As a result of the foregoing, our profit for the period attributable to owners of the Company decreased by 25.2% from US$25.2 million for six months ended June 30, 2023 to US$18.8 million for the six months ended June 30, 2024, mainly due to (i) the decrease in gross profit as a result of the decrease in sales volume of our scoring balloons in the PRC and US markets, which have higher average selling price; (ii) the increase in operating expenses as a result of acquisition of subsidiaries in December 2023; and (iii) the decrease in government grant for R&D activities during the six months ended June 30, 2024.

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, utilization of banking facilities or sell assets to reduce debt.

The Group monitors capital on the basis of the liability to asset ratio. The capital structure of the Group consists of Shareholders' equity and bank borrowing. 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.

LIQUIDITY AND FINANCIAL RESOURCES

The Group mainly financed its operations with its own working capital and equity funding.

As of June 30, 2024, the Group had US$246.7 million of cash and bank balances, as compared to US$255.8 million as of December 31, 2023. Such decrease was mainly attributable to the dividend payment to the Shareholders of US$10.6 million during the Reporting Period.

As of June 30, 2024, the Group had a Renminbi denominated fixed rate interest bearing bank borrowing of US$4.2 million. The maturity profile of which is within one year or on demand, whichever is shorter.

The Group recorded total current assets of approximately US$347.7 million as of June 30, 2024 (December 31, 2023: approximately US$348.0 million) and total current liabilities of approximately US$35.9 million as of June 30, 2024 (December 31, 2023: approximately US$35.6 million). As of June 30, 2024, total current liabilities of the Group primarily included trade payables, consideration payable in relation to the Group's acquisition of subsidiaries as well as accruals and other payables amounting to approximately US$24.6 million (December 31, 2023: approximately US$25.5 million). As of June 30, 2024, accruals and other payables mainly consisted of accruals for employee benefit expenses of US$5.1 million, other tax payable of US$1.6 million and accruals for royalty expenses of US$1.0 million.

Trade receivables in terms of debtor turnover days for the six months ended June 30, 2024 was increased to 86 days (six months ended June 30, 2023: 78 days), while trade payable in terms of creditor turnover days for the six months ended June 30, 2024 was increased to 43 days (six months ended June 30, 2023: 34 days).

Current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 9.7 times as of June 30, 2024 (December 31, 2023: approximately 9.8 times).

NET CURRENT ASSETS

The Group's net current assets as of June 30, 2024 were US$311.8 million, representing a decrease of 0.2% compared to net current assets of US$312.3 million as of December 31, 2023.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily from various currency exposures, primarily with respect to Japanese Yen, Euro, Renminbi, Indonesian Rupiah and Malaysian Ringgit. 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 currencies.

For the six months ended June 30, 2024, the Group recorded a net foreign exchange loss of US$0.7 million, which has no material change from the net foreign exchange loss of US$0.7 million for the same period in 2023.

CAPITAL EXPENDITURE

For the Reporting Period, the Group's total capital expenditures amounted to approximately US$9.6 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 of June 30, 2024, the Group did not have any charge on 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

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.

There were no significant investments held with carrying amount accounting for more than 5% of the Group's total assets as of June 30, 2024, nor was there any plan authorized 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, ASSOCIATES AND JOINT VENTURES

There were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as of June 30, 2024.

FINANCIAL INSTRUMENTS

The Group did not have any outstanding hedge contracts or financial derivative instruments as of June 30, 2024.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2024, we employed 1,278 employees. Among them, 732 were based in the PRC, 224 were based in Indonesia, 115 were based in European countries, 104 were based in Japan, 64 were based in Hong Kong, 20 were based in Malaysia, 9 were based in Singapore, 9 were based in the U.S. and 1 was based in South Korea.

The employee benefit expense, including Directors' remuneration, was approximately US$29.0 million for the six months ended June 30, 2024, as compared to approximately US$26.4 million for the six months ended June 30, 2023. 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, the Share Award Scheme A and the Share Award Scheme B. Please refer to the section headed "Share Incentive Schemes" in 2023 annual report of the Company for further details.

USE OF PROCEEDS FROM LISTING

The table below sets forth the intended application of the net proceeds and actual usage up to June 30, 2024:

Intended application	Unutilized net proceeds as of December 31, 2023		Utilized net proceeds from January 1, 2024 to June 30, 2024	Unutilized net proceeds as of June 30, 2024	Expected timetable for the use of unutilized net proceeds
	(US$ million)	*(%)*	*(US$ million)*	*(US$ million)*	
For the development and commercialization of our pipeline products					
(i) for the ongoing R&D activities, clinical trial and product registration of our new coronary and peripheral balloon and catheter-based products;	0.9	2.4%	(0.4)	0.5	By the end of 2027
(ii) for the ongoing R&D activities for new generation of neuro interventional products; and	1.5	4.0%	—	1.5	By the end of 2025
(iii) to support the expansion of our R&D team in our Shenzhen facility	0.7	1.9%	(0.2)	0.5	By the end of 2027
For the expansion of our production capacities					
(i) to construct and renovate new facilities to be built on the land acquired in 2023 with area of approximately 20,000 sq.m; and	28.7	75.9%	(3.0)	25.7	By the end of 2026
(ii) to purchase new machinery and equipment for the new manufacturing site	4.2	11.0%	—	4.2	By the end of 2027
For working capital and other general corporate purposes	1.8	4.8%	(0.2)	1.6	By the end of 2027
Total	37.8	100.0%	(3.8)	34.0	

The expected timetable for utilizing the remaining proceeds is based on the best estimates of the future market conditions made by the Group. It may be subject to change based on the current and future development of market conditions.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended June 30, 2024.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended June 30, 2024, 1,291,500 shares were acquired by the trustee of the Share Award Scheme A and Share Award Scheme B through purchase from the open market according to the instructions of the Board, at a total cost of approximately US$722,000.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2024.

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.

During the Reporting Period, 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 three Executive Directors, three Non-executive Directors 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 C3 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 Reporting Period.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Saved as disclosed in this announcement, there is no other important event affecting the Group since June 30, 2024 and up to the date of this announcement.

AUDIT COMMITTEE

The Audit Committee has reviewed the interim condensed consolidated financial information for the six months ended June 30, 2024, and considered that the interim condensed consolidated financial information is in compliance with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

The interim condensed consolidated financial information has been reviewed by PricewaterhouseCoopers, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (https://www.hkexnews.hk) and the Company (https://orbusneich.com). The 2024 interim report of the Company will be dispatched to Shareholders in due course and available on the websites above at the same time.

DEFINITIONS

"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
"Board"	the board of Directors
"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 C1 to the Listing Rules
"Director(s)"	the director(s) of the Company or any one of them
"EMEA"	Europe, Middle East and Africa
"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
"Listing"	listing of the Shares on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Indonesia"	Republic of Indonesia
"JPY"	Japanese Yen, the lawful currency of Japan

"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 C3 to the Listing Rules
"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)
"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
"OrbusNeich P&F"	OrbusNeich P+F Company Limited, a company incorporated in the British Virgin Islands on May 15, 2017, a joint venture indirectly owned as to 50% by 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
"PT Revass"	PT Revass Utama Medika, a company incorporated with limited liability in the Republic of Indonesia on September 30, 2010, an indirect non-wholly owned subsidiary of the Company

"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 six-month period from January 1, 2024 to June 30, 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Share Award Scheme A"	the share award scheme adopted by the Company on March 8, 2023
"Share Award Scheme B"	the share award scheme adopted by the Company on May 16, 2023
"Share Incentive Schemes"	the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme, the Share Award Scheme A and the Share Award Scheme B
"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)
"SJ Medicare"	SJ Medicare Co., Ltd., a company incorporated with limited liability in the Republic of Korea on May 7, 2014, an indirect wholly owned subsidiary of the Company
"sq.m"	square meters
"Stock Exchange" or "HKSE"	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
"U.S." or "US"	the United States of America
"US$" or "USD"	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, August 16, 2024

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