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, 2023

The Board is pleased to announce the interim condensed consolidated results of the Group for the six months ended June 30, 2023, together with the comparative figures for the six months ended June 30, 2022.

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		
	2023	2022	**Change**
	US$'000	*US$'000*	
	(Unaudited)	(Unaudited)	
Operating results			
Revenue	**81,410**	68,851	+18.2%
Cost of sales	**(23,140)**	(21,137)	+9.5%
Gross profit	**58,270**	47,714	+22.1%
Profit before income tax	**28,029**	9,689	+189.3%
Profit for the period attributable to owners of the Company	**25,183**	8,037	+213.3%
Basic earnings per share *(US cents)*	**3.04**	1.39	+118.7%
Diluted earnings per share *(US cents)*	**3.03**	1.20	+152.5%
Non-HKFRS measure			
Adjusted profit for the period	**25,371**	12,340	+105.6%
Profitability			
Gross profit margin(1)	**71.6%**	69.3%	+2.3%
Net profit margin(2)	**30.9%**	11.7%	+19.2%
Adjusted profit margin for the period (non-HKFRS measure)(3)	**31.2%**	17.9%	+13.3%

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.

(3) Calculated by dividing adjusted profit for the period (non-HKFRS measure) by revenue.

Non-HKFRS Measures

To supplement our interim condensed consolidated 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 period (non-HKFRS measure) and adjusted profit margin for the period (non-HKFRS measure). Our adjusted profit for the period (non-HKFRS measure) is not calculated in accordance with HKFRS, and it is considered as non-HKFRS measure. We believe that the adjusted profit for the period (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 period (non-HKFRS measure) and adjusted profit margin for the period (non-HKFRS measure) represent the profit for the period and the profit margin for the period 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.

	For the six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Non-HKFRS measure:		
Profit for the period	**25,183**	8,037
Add:		
Unwinding of interests on convertible redeemable preferred shares	—	1,336
Share-based compensation expenses	**188**	368
Listing expenses	—	2,599
Adjusted profit for the period	**25,371**	12,340

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2023

		Six months ended June 30,	
		2023	2022
	Note	***US$'000***	*US$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**81,410**	68,851
Cost of sales	*6*	**(23,140)**	(21,137)
Gross profit		**58,270**	47,714
Other income — net	*4*	**1,403**	393
Other gains/(losses) — net	*5*	**137**	(2,854)
Selling and distribution expenses	*6*	**(19,311)**	(16,475)
General and administrative expenses	*6*	**(9,533)**	(10,738)
Research and development expenses	*6*	**(6,866)**	(6,720)
Net reversal of impairment losses/(impairment losses) on financial assets		**10**	(402)
Operating profit		**24,110**	10,918
Finance income		**4,252**	249
Finance costs		**(63)**	(1,407)
Finance income/(costs) — net		**4,189**	(1,158)
Share of loss of investment in a joint venture		**(270)**	(71)
Profit before income tax		**28,029**	9,689
Income tax expense	*7*	**(2,846)**	(1,652)
Profit for the period attributable to owners of the Company		**25,183**	8,037
Earnings per share	*9*	***US cents***	*US cents*
Basic		**3.04**	1.39
Diluted		**3.03**	1.20

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Profit for the period	**25,183**	8,037
Other comprehensive (loss)/income:		
Item that will not be subsequently reclassified to profit or loss		
Remeasurements of post-employment benefit obligations	**(45)**	246
Item that may be subsequently reclassified to profit or loss		
Currency translation differences	**(1,247)**	(4,084)
Other comprehensive loss for the period, net of tax	**(1,292)**	(3,838)
Total comprehensive income for the period attributable to owners of the Company	**23,891**	4,199

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
As at June 30, 2023

	Note	As at June 30, 2023 US$'000 (Unaudited)	As at December 31, 2022 US$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**9,498**	8,484
Right-of-use assets		**5,611**	4,490
Deferred income tax assets		**2,751**	2,834
Financial assets at fair value through profit or loss		**1,761**	1,767
Intangible assets		**4,038**	4,057
Goodwill		**1,749**	1,749
Interest in a joint venture		**11,378**	11,648
Deposits and prepayments		**1,790**	1,756
Total non-current assets		**38,576**	36,785
Current assets			
Inventories		**33,292**	29,400
Trade receivables	*10*	**36,424**	32,322
Deposits, prepayments and other receivables		**6,009**	4,328
Amounts due from joint ventures		**89**	39
Tax recoverable		**232**	248
Financial assets at fair value through profit or loss		**19,544**	18,792
Cash and bank balances		**239,031**	229,146
Total current assets		**334,621**	314,275
Total assets		**373,197**	351,060
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital		**414**	414
Other reserves		**444,907**	445,971
Accumulated losses		**(98,676)**	(123,819)
Total equity		**346,645**	322,566

	Note	As at June 30, 2023 *US$'000* (Unaudited)	As at December 31, 2022 *US$'000* (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities		**1,913**	2,349
Retirement benefit obligations		**2,284**	2,333
Total non-current liabilities		**4,197**	4,682
Current liabilities			
Trade payables	*11*	**4,709**	4,065
Accruals and other payables		**11,987**	15,939
Amount due to a joint venture		**97**	157
Current income tax liabilities		**3,811**	1,972
Lease liabilities		**1,751**	1,679
Total current liabilities		**22,355**	23,812
Total liabilities		**26,552**	28,494
Total equity and liabilities		**373,197**	351,060

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 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, 2023 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, 2022, 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 standard and amendments to standards adopted by the Group

The Group has applied the following new standard and amendments to standards, for the first time for their annual reporting period commencing on January 1, 2023:

HKFRS 17	Insurance Contracts and the Related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

The Amendments to HKAS 12 requires the Group to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. It will typically apply to transactions such as leases of lessees and decommissioning obligations, and will require the recognition of additional deferred tax assets and liabilities.

The Amendments to HKAS 12 should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, the Group should recognize deferred tax assets (to the extent that it is probable that they can be utilized) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- Right-of-use assets and lease liabilities; and
- Decommissioning, restoration and similar liabilities, and the corresponding amounts recognized as part of the cost of the related assets

The cumulative effect of recognizing these adjustments as of December 31, 2022 was not material and hence no adjustment was made to the beginning accumulated losses, or another component of equity.

The adoption of other new standard and amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

2.2 Amendments to standards and interpretation not yet adopted by the Group

Certain amendments to standards and interpretations have been published that are not mandatory for the financial year beginning January 1, 2023 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 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 a Sales and Leaseback	January 1, 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	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 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 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 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,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Sales of goods — at point in time	**81,410**	68,851

Geographical information

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

	Japan	**Europe, Middle East & Africa ("EMEA")**	**Asia Pacific region, except Japan and the PRC ("APAC")**	**The PRC**	**United States**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***	***US$'000***	***US$'000***
Six months ended June 30, 2023 (Unaudited)						
Revenue	**19,604**	**40,643**	**51,261**	**37,133**	**11,333**	**159,974**
Less: inter-segment revenue	**—**	**(21,727)**	**(32,978)**	**(23,859)**	**—**	**(78,564)**
Revenue from external customers	**19,604**	**18,916**	**18,283**	**13,274**	**11,333**	**81,410**
Six months ended June 30, 2022 (Unaudited)						
Revenue	17,134	35,115	41,368	31,341	7,012	131,970
Less: inter-segment revenue	—	(18,548)	(26,549)	(18,022)	—	(63,119)
Revenue from external customers	17,134	16,567	14,819	13,319	7,012	68,851

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, 2023	As at December 31, 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Japan	**949**	1,127
EMEA	**3,403**	3,620
APAC	**13,705**	14,053
The PRC	**12,470**	10,191
United States	**2,732**	2,669
	33,259	31,660

4 OTHER INCOME — NET

	Six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Government grants *(Note)*	**1,266**	320
Others	**137**	73
	1,403	393

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

5 OTHER GAINS/(LOSSES) — NET

	Six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Net foreign exchange losses	**(689)**	(1,197)
Written-off of property, plant and equipment	**—**	(311)
Gains/(losses) on disposals of financial assets at fair value through profit or loss	**7**	(5)
Fair value changes in financial asset at fair value through profit or loss *(Note)*	**788**	(1,347)
Gain on lease modification	**10**	2
Others	**21**	4
	137	(2,854)

Note: Fair value changes in financial asset at fair value through profit or loss mainly comprise approximately US$752,000 fair value gain of the Commodity Linked Fixed Rate Note (2022: fair value loss of approximately US$1,266,000).

6 EXPENSES BY NATURE

	Six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Cost of inventories recognized as expense (including write-down of inventories to net realizable value)	**13,282**	11,680
Employee benefit expenses	**26,392**	24,332
Depreciation of property, plant and equipment	**863**	953
Depreciation of right-of-use assets	**891**	755
Amortization of intangible assets	**274**	254
Short-term lease expense in respect of office premises	**453**	525
Royalty expenses	**2,033**	1,706
Auditors' remuneration	**217**	82
Marketing and advertising expenses	**2,953**	1,971
Legal and professional fees	**1,246**	1,749
Clinical trial expenses	**395**	49
Travel and entertainment expenses	**2,023**	1,098
Testing material expenses	**819**	1,124
Commission expenses	**793**	669
Delivery and warehouse charge	**1,357**	1,377
Transportation expenses	**260**	278
Telecommunication expenses	**131**	138
Insurance expenses	**730**	381
Listing expenses	**—**	2,599
Other expenses	**3,738**	3,350
	58,850	55,070

7 INCOME TAX EXPENSE

	Six months ended June 30,	
	2023	2022
	US$'000	*US$'000*
	(Unaudited)	(Unaudited)
Current income tax:		
Current income tax on profits for the period	**2,746**	1,106
Under/(over)-provision in prior periods	**17**	(190)
	2,763	916
Deferred income tax:		
Relating to the origination and reversal of temporary differences	**83**	736
	2,846	1,652

The Group is primarily subject to the 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% for the six months ended June 30, 2023 (for the six months ended June 30, 2022: 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 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% for the six months ended June 30, 2023 (for the six months ended June 30, 2022: 15%).

(c) Japan corporate income tax

The applicable corporate income tax in Japan is 33.58% for the six months ended June 30, 2023 (for the six months ended June 30, 2022: 33.58%).

(d) The Netherlands corporate income tax

For the six months ended June 30, 2023, Netherlands corporate income tax has been provided for at the rate of 25.8% on the estimated assessable profits of Netherlands subsidiaries (for the six months ended June 30, 2022: 25%).

8 DIVIDEND

No dividend has been paid or declared by the Company for the six months ended June 30, 2023 (for the six months ended June 30, 2022: Nil).

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, 2023 divided by the weighted average number of shares in issue during the period (2022: Same).

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.

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(US$'000)*	**25,183**	8,037
Weighted average number of ordinary shares in issue *(thousand shares)*	**827,770**	576,900
Basic earnings per share *(US cents)*	**3.04**	1.39

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, 2022 have been retrospectively adjusted for the share consolidation completed on December 23, 2022.

(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, 2023 and 2022, the Company had share options that are potential ordinary shares. In addition, the Company had convertible redeemable preferred shares that are also potential ordinary shares for the six months ended June 30, 2022.

For the six months ended June 30, 2023 and 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 respective period.

	Six months ended June 30,	
	2023	2022
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company *(US$'000)*	**25,183**	8,037
Adjustment for convertible redeemable preferred shares *(US$'000)*	**—**	1,336
Adjusted profit attributable to owners of the Company *(US$'000)*	**25,183**	9,373
Weighted average number of ordinary shares in issue *(thousand shares)*	**827,770**	576,900
Adjustments for:		
Weighted average number of convertible redeemable preferred shares *(thousand shares)*	**—**	196,237
Weighted average number of share options *(thousand shares)*	**3,137**	9,963
Weighted average number of ordinary shares for diluted earnings per share *(thousand shares)*	**830,907**	783,100
Diluted earnings per share *(US cents)*	**3.03**	1.20

10 TRADE RECEIVABLES

	As at June 30, 2023	As at December 31, 2022
	US$'000	*US$'000*
	(Unaudited)	(Audited)
Trade receivables *(Note)*	**36,834**	34,064
Loss allowance	**(410)**	(1,742)
Trade receivables, net	**36,424**	32,322

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, 2023 *US$'000* (Unaudited)	As at December 31, 2022 *US$'000* (Audited)
0 to 30 days	**16,994**	13,993
31 to 60 days	**8,412**	8,360
61 to 90 days	**4,270**	4,943
Over 90 days	**7,158**	6,768
	36,834	34,064

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, 2023 *US$'000* (Unaudited)	As at December 31, 2022 *US$'000* (Audited)
Trade payables	**4,709**	4,065

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, 2023 *US$'000* (Unaudited)	As at December 31, 2022 *US$'000* (Audited)
0 to 30 days	**3,946**	3,392
31 to 60 days	**355**	288
61 to 90 days	**206**	191
Over 90 days	**202**	194
	4,709	4,065

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 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, coronary stents for implantation, non-compliant balloons for post-dilatation, and specialty catheters.

Overall Performance for the first half of 2023

During the first half of 2023, economic performance was further weighed down by the continued tightening of monetary policy by the central banks of the US and Europe as a result of persistently high inflation. Despite this, the Group's growth trajectory remained intact. In the first half of 2023, the Group's revenue amounted to US$81.4 million, representing an increase of 18.2% as compared with the same period last year. Of this, sales revenue from PCI balloons and PTA balloons grew by 16.4% and 38.5% year-on-year to US$60.4 million and US$7.7 million, respectively. Total sales volume also increased to approximately 725,000 units, representing an increase of 20.8% year-on-year. The strong US dollar continued to negatively impact the Group's revenue and reduced our revenue by approximately US$3.6 million. If the foreign exchange impact was excluded, the revenue would have increased by 23.5% year-on-year.

Gross profit increased by 22.1% to approximately US$58.3 million as a result of the increase in sales volume. Profit for the period attributable to owners of the Company was US$25.2 million, up by 213.3% from US$8.0 million for the same period last year. Net profit margin for the Reporting Period was 30.9%, up by 19.2 percentage points year-on-year. Basic earnings per share for the Reporting Period was US 3.04 cents (first half of 2022: US 1.39 cents).

Adjusted profit for the period (non-HKFRS measure) that excludes certain non-cash and one-off items, including listing expenses, unwinding of interests on convertible redeemable preferred shares and share-based compensation expenses, increased by 105.6% year-on-year to approximately US$25.4 million. Core operating profit that excludes finance income/(costs) and fair value changes of Commodity Linked Fixed Rate Note from adjusted profit for the period (non-HKFRS measure) amounted to US$20.4 million

(US$13.4 million for the six months ended June 30, 2022), representing a year-on-year growth of 52.1%. The core operating profit margin for the Reporting Period was 25.1%, up by 5.6 percentage points year-on-year.

Performance by Geographical Market

Japan

During the Reporting Period, revenue generated from Japan in local currency recorded a rapid growth of 27.0% year-on-year. This was mainly attributable to the robust sales growth of Scoreflex TRIO, the latest generation of our scoring balloon series. However, this strong growth was partially offset by the depreciation of the Japanese yen against US dollar. Revenue from Japan grew moderately by 14.4% on a US dollar reported basis in the first half of the year, amounting to US$19.6 million.

EMEA

During the Reporting Period, our revenue in EMEA increased significantly by 14.2%, amounting to US$18.9 million. The increase in sales was mainly because of the increased adoption of new generation products, such as Sapphire 3 and Sapphire NC 24, in certain direct sales countries.

APAC

During the Reporting Period, APAC achieved a year-on-year revenue growth of 23.9% in local currencies in various countries. On a US dollar reported basis, it grew steadily by 23.4% year-on-year to US$18.3 million. This was mainly attributable to an increase in sales from direct sales countries with a higher average selling prices (such as Singapore and Malaysia) and a significant increase in sales of coronary stent products, especially in Indonesia and Vietnam.

The PRC

Due to the widespread of COVID-19 in the PRC in early 2023, we saw a drop in the number of PCI procedures in January, leading to a slowdown in sales of our products. However, when the COVID-19 pandemic stabilized, sales in the PRC market quickly rebounded. Sales generated from the PRC market amounted to approximately RMB91.8 million for the six months ended June 30, 2023, representing an increase of 8.2% year-on-year. However, due to the depreciation of RMB against US dollar, revenue from the PRC market was US$13.3 million on a US dollar reported basis, which remained flat year-on-year.

The U.S.

Following the acquisition of our US distributor, Cardiovascular System, Inc. (CSI), by Abbott Laboratories (Abbott) in early 2023, our continued partnership with Abbott enabled us to grow market share by leveraging its broad sales network in the US. During the Reporting Period, the US market was able to sustain a strong revenue growth. Revenue generated from the US market grew significantly by 61.6% year-on-year to US$11.3 million for the Reporting Period. In particular, sales from scoring balloons doubled as compared to the corresponding period of last year.

Sales and Marketing

During the Reporting Period, we continued to sell our products through our extensive sales network covering more than 70 countries and regions worldwide. In particular, we have established our direct sales force in 10 countries or regions, including Mainland China, Hong Kong, Macau, Japan, Malaysia, Singapore, Germany, France, Switzerland and Spain. As of June 30, 2023, we have a total of 147 (as of December 31, 2022: 148) sales and marketing personnel and 217 (as of December 31, 2022: 212) distributors. During the Reporting Period, direct sales and distributor sales contributed approximately US$40.3 million and US$41.1 million, respectively, accounting for 49.5% and 50.5% of total revenue.

Thanks to the progressive removal of anti-pandemic measures in early 2023, we were able to resume our physical Physician Exchange Programme (PEP) to bring the skilled physicians to certain developing countries with strong needs to enhance their PCI/PTA capabilities and experience. During the Reporting Period, we conducted three physical PEPs, bringing renowned physicians from Japan, Singapore and Australia to share with local physicians in Vietnam and Malaysia their expertise and knowledge on PCI and PTA procedures, including the most challenging condition under chronic total occlusions. Apart from organizing PEPs, we also participated in various industry exchanges so that we can 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 the Reporting Period, we held or participated in around 30 seminars, workshops, conferences or discussion panels globally, such as EuroPCR and SingLive, to carry out physician education and product promotion activities.

Research and Development

R&D capability is the cornerstone of the future success of a medical device company, hence we continue to invest in various R&D activities so as to enhance product design, material treatment, manufacturing processes, etc. As of June 30, 2023, we owned more than 210 granted patents and published patent applications globally across key jurisdictions, including over 30 and 55 granted patents in the U.S. and the PRC, respectively.

Following the transition from the Medical Device Directive (MDD) to the Medical Device Regulation (MDR) regime in Europe, we received CE certification, which was our first MDR certification, for the Scoreflex TRIO Balloon Dilatation Catheter and completed the renewal of CE certification of the Sapphire PTCA Family under MDR in the first half of 2023. During the Reporting Period, we also obtained CE certification for the EZ Guide Guiding Extension Catheter, NMPA approval for Sapphire Neuro balloon and PMDA approval for Teleport XT microcatheter.

Meanwhile, we continued to make progress on our pipeline products, with Scoreflex TRIO clinical trial in China starting in April 2023. Four hospitals in Shanghai and Zhejiang province, including Zhongshan Hospital Fudan University and The Second Affiliated Hospital Zhejiang University School of Medicine, are participating in the trial which has been registered on clinicaltrials.gov. The principal investigator of the clinical study is the team led by Prof. Ge Junbo, Academician of Zhongshan Hospital, Fudan University. Besides, we submitted the registration of Teleport XT microcatheter to FDA. These upcoming products are expected to enrich our product portfolio and generate additional revenue to the Group.

Production Facilities

In order to meet the rapidly growing demand for our products, we have been working on the expansion of production capacity. During the Reporting Period, new production machinery were purchased in our Shenzhen facility and certain production process were transferred to our newly leased premises. This new manufacturing site in Fuyong, Shenzhen has passed the ISO and NMPA inspections and was included in our ISO 13485 certification and China manufacturing permit. It is expected to bring our aggregate annual production capacity to approximately 1.8 million units of balloon and 60,000 units of stent products, respectively. As for medium to long-term production needs, the Group entered into a commercial agreement with Hangzhou Fuchun Bay New Town Management Committee in relation to the investment in and construction of an R&D and production base for vascular interventional medical devices. Subsequently in June 2023, we acquired, at a consideration of approximately RMB10.5 million, a land parcel of approximately 20,000 sq.m in Fuyang, Hangzhou on which we plan to construct a new R&D and manufacturing facility with a construction area of approximately 60,000 sq.m. It is expected an additional annual production capacity of 2.4 million units of products will be achieved upon commencement of production.

Joint Venture

In order to expand into the structural heart field, the Group established ON P&F, a joint venture principally engaged in the development, manufacture, and sale of structural heart products, in 2020. During the first half of 2023, ON P&F actively promoted its first commercialized product, TricValve, by holding workshops to introduce cardiologists to this TTVR product that is developed based on the proprietary dry pericardium technology. Meanwhile, it also continued to advance the preparation work for the clinical trial of TricValve in China and submitted a study protocol to NMPA. In addition to TricValve, ON P&F has a comprehensive pipeline of structural heart interventional devices, including the Vienna Aortic Valve, a TAVR product; the Vienna Mitral Valve —

replacement, a TMVR product; the Vienna Pulmonary Valve — replacement, a TPVR product, and balloon expandable valves, which are complementary additions to our series of self-expandable heart valve devices.

Outlook

Looking ahead to the second half of the year, we are fully confident that we can maintain the steady growth in both revenue and net profit through market penetration and expansion as well as efficiency enhancement. In particular, the US market is expected to be one of the key growth drivers. Following the acquisition of CSI by Abbott, we will continue to deepen our collaboration with Abbott who is now our US distributor, so as to further broaden our hospital coverage in the vast US market. On the other hand, our distribution of Orbital Atherectomy System (OAS) products for CSI in certain APAC and EMEA countries/regions will end on December 31, 2023. Since the revenue generated from OAS only accounted for 3.3% of total revenue during the Reporting Period, we expect there will only be limited impact on both revenue and profit. In the PRC market, we plan to diversify our product mix by promoting non-volume-based procurement products. This includes focusing on our microcatheter and peripheral products, in addition to coronary balloons.

Materials have always been one of our key R&D focus. For instance, two upcoming coronary products, Sapphire Ultra and Sapphire Ultra NC, will apply the latest raw material technologies to reduce costs while maintaining excellent product performance. Both products are expected to receive FDA approval by the end of 2023. The budget version balloons will enable us to reach more developing countries and regions with a lower pricing, making this life-saving technology more accessible to patients.

We believe that interacting with physicians plays a crucial role in addressing unmet clinical needs and raising brand awareness. Therefore, in the second half of the year, we will continue to implement PEPs to bring experienced physicians to train young physicians in countries with less advanced medical resources, and to build stronger ties with cardiologists. We will also make full use of our Tokyo Advanced Technology Laboratory to serve as a hub for physicians to share their valuable insights and provide feedbacks, as well as conducting preliminary testing and prototyping of innovative products for the Japan market and our customers globally.

Given the pressing need to expand our production capacity, we will accelerate the construction of the new R&D and production facility in Fuyang, Hangzhou. We plan to commence construction by the end of the year upon obtaining the necessary construction permits.

As of June 30, 2023, the Group's cash and bank balances amounted to approximately US$239.0 million, of which US$209.9 million was placed in fixed deposits and high interest-bearing accounts, as well as US$19.5 million in commodity linked fixed rate note (the "**Commodity Linked Fixed Rate Note**"). We are actively seeking mergers and acquisitions targets with innovative and high-calibre endovascular intervention products that can create synergies with our extensive distribution network. We will also explore opportunities to expand our direct sales network with the aim of boosting the Group's revenue and profitability. The Group places high value on providing returns to its Shareholders. In light of our positive operating cash flow and strong financial position, the Board will consider the distribution of a final dividend in order to share the fruits of success with our Shareholders.

FINANCIAL REVIEW

REVENUE

By business line

	For the six months ended June 30,			
	2023	2022	**Change**	
	US$'000	*US$'000*	*US$'000*	*%*
Coronary interventional medical devices				
Scoring balloons	**31,655**	24,700	6,955	+28.2
Semi-compliant balloons	**14,835**	13,993	842	+6.0
Non-compliant balloons	**13,908**	13,176	732	+5.6
Stents	**6,849**	6,261	588	+9.4
Peripheral interventional medical devices				
Balloons	**7,732**	5,581	2,151	+38.5
Other medical accessories	**3,017**	2,486	531	+21.4
Third party products	**3,414**	2,654	760	+28.6
Total	**81,410**	68,851	12,559	+18.2

Our revenue increased by US$12.5 million from US$68.9 million for the six months ended June 30, 2022 to US$81.4 million for the six months ended June 30, 2023, primarily due to (i) a US$8.5 million increase in revenue generated from our coronary balloon products as result of a) increase in sales volume of our Scoreflex TRIO series in the Japan market; b) increase in sales volume of our Scoreflex NC series in the US market; c) increase in sales of our Sapphire 3 series in certain direct sales countries in APAC such as Hong Kong, Singapore and Malaysia, where both the average selling prices and sales volumes increased; and (ii) a US$2.2 million increase in revenue generated from our peripheral balloon products as result of the increase in sales volume of our Jade OTW series in the US market.

By geographical area

	For the six months ended June 30,		Change	
	2023	2022		
	US$'000	*US$'000*	*US$'000*	*%*
Japan	**19,604**	17,134	2,470	+14.4
EMEA	**18,916**	16,567	2,349	+14.2
APAC	**18,283**	14,819	3,464	+23.4
The PRC	**13,274**	13,319	(45)	−0.3
United States	**11,333**	7,012	4,321	+61.6
Total	**81,410**	68,851	12,559	+18.2

Our revenue increased by US$12.5 million from US$68.9 million for the six months ended June 30, 2022 to US$81.4 million for the six months ended June 30, 2023, primarily due to:

(i) a US$4.3 million increase in revenue generated from the US market. Such increase was mainly contributed by our Scoreflex NC product, which was introduced to the US market in 2022, as a result of its increasing market recognition. Moreover, the increase in sales volume of our Jade OTW product also contributed to the overall increase in revenue in the US market;

(ii) a US$3.5 million increase in revenue generated from the APAC market as a result of a) increase in sales volume of both our coronary stent and balloon products in certain distributor sales countries like Vietnam, India and Indonesia; b) increase in both sales volume and average selling prices of our peripheral and coronary balloon products in Singapore; c) increase in sales volume of our coronary balloons and drug eluting balloons in Malaysia;

(iii) a US$2.5 million increase in revenue generated from the Japan market, as a result of the increase in sales volume of our Scoreflex TRIO product; and

(iv) a US$2.3 million increase in revenue generated from the EMEA market, as a result of the increase in sales volume of our coronary balloons in direct sales countries like Germany, France and Switzerland.

The Group's revenue is exposed to currency risk from various currency exposures (including Japanese Yen, Euro and Renminbi). During the Reporting Period, the substantial appreciation of US dollar reduced our revenue by approximately US$3.6 million. Despite the strong US Dollar impact, the Group's revenue during the Reporting Period hit a record high of US$81.4 million, representing a 18.2% growth as compared to the same period of last year. If the foreign exchange impact was excluded, the revenue would grow by 23.5% as compared to the same period of last year.

Cost of sales

For the six months ended June 30, 2023, the Group's cost of sales was US$23.1 million, representing a 9.5% increase compared to US$21.1 million for the six months ended June 30, 2022. Such increase was primarily attributable to the increase in sales volume among 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, gross profit increased by 22.1% from US$47.7 million for the six months ended June 30, 2022 to US$58.3 million for the same period of 2023. Such increase was primarily due to the increase in sales volume during the Reporting Period.

Gross profit margin for the six months ended June 30, 2023 and 2022 were 71.6% and 69.3%, respectively. Such increase was primarily due to the increase in sales volume of our scoring balloons in the Japan and US markets, which have higher average selling prices.

Other income — net

Other income increased by 257.0% from US$0.4 million for the six months ended June 30, 2022 to US$1.4 million for the six months ended June 30, 2023, primarily due to the increase in government grants that support our R&D projects in the PRC by US$0.9 million.

Other gains/(losses) — net

We recorded US$0.1 million of other gains for the six months ended June 30, 2023, as compared to US$2.9 million of other losses for the six months ended June 30, 2022, mainly due to i) we recorded a fair value gain of the Commodity Linked Fixed Rate Note of US$0.8 million for the six months ended June 30, 2023, as compared to a fair value loss of US$1.3 million for the same period in 2022, and ii) the decrease in net foreign exchange losses by US$0.5 million.

Selling and distribution expenses

Selling and distribution expenses increased by 17.2% from US$16.5 million for the six months ended June 30, 2022 to US$19.3 million for the six months ended June 30, 2023, primarily due to (i) increase in employee benefit expenses as a result of the increase in sales commission along with the increase in revenue and overall salary increment and (ii) the increase in marketing expenses and travelling and entertainment expenses as a result of the Company's active participation in marketing activities such as medical congresses and trade shows in 2023 as COVID-19 stabilized.

General and administrative expenses

General and administrative expenses decreased by 11.2% from US$10.7 million for the six months ended June 30, 2022 to US$9.5 million for the six months ended June 30, 2023, primarily because listing expenses did not recur in 2023 as the Listing was completed in 2022.

Research and development expenses

Research and development expenses increased by 2.2% from US$6.7 million for six months ended June 30, 2022 to US$6.9 million for the same period of 2023, primarily due to the increase in employee benefit expenses as a result of overall salary increment and increase in product registration fees.

Finance income/(costs) — net

We recorded a net finance income of US$4.2 million for the six months ended June 30, 2023, as compared to a net finance costs of US$1.2 million for the same period in 2022, primarily due to the increase in interest income from fixed deposits from US$0.2 million for the six months ended June 30, 2022 to US$4.3 million in the same period of 2023 and the decrease in unwinding interest of convertible redeemable preferred shares from US$1.3 million for the six months ended June 30, 2022 to nil in the same period of 2023.

Share of loss of investment in a joint venture

Share of loss of investment in a joint venture amounted to US$0.1 million and US$0.3 million for the six months ended June 30, 2022 and June 30, 2023, respectively.

Income tax

Income tax expense increased from US$1.7 million for the six months ended June 30, 2022 to US$2.8 million for the six months ended June 30, 2023, primarily due to the increase in profit before tax for the six months ended June 30, 2023 as compared to the same period of 2022.

Effective income tax rate for the six months ended June 30, 2023 and 2022 was 10.2% and 17.1%, respectively. Decrease in effective income tax rate was primarily due to (i) the utilization of tax losses brought forward from prior years and (ii) increase in bank interest income, which was not taxable.

Profit for the period attributable to owners of the Company

As a result of the foregoing, our profit increased by 213.3% from US$8.0 million for six months ended June 30, 2022 to US$25.2 million for the six months ended June 30, 2023, mainly due to (i) the increase in gross profit as a result of the increase in sales volume; (ii) increase in bank interest income arising from fixed deposits; and (iii) listing expenses did not recur during the six months ended June 30, 2023.

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 marketplace 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, 2023, the Group had US$239.0 million of cash and bank balances, as compared to US$229.1 million as of December 31, 2022. Such increase was mainly attributable to the net operating cash inflow of US$12.4 million generated during the Reporting Period.

The Group recorded total current assets of approximately US$334.6 million as of June 30, 2023 (December 31, 2022: approximately US$314.3 million) and total current liabilities of approximately US$22.4 million as of June 30, 2023 (December 31, 2022: approximately US$23.8 million). As of June 30, 2023, total current liabilities of the Group primarily included trade payables and other payables amounting to approximately US$16.7 million (December 31, 2022: approximately US$20.0 million) which included accruals and other payables of approximately US$12.0 million (December 31, 2022: approximately US$15.9 million) which mainly included accruals for employee benefit expenses of US$4.1 million and royalty expenses of US$1.4 million.

Trade receivables in terms of debtor turnover days for the six months ended June 30, 2023 was 78 days (six months ended June 30, 2022: 78 days), while trade payable in terms of creditor turnover days for the six months ended June 30, 2023 was increased to 34 days (six months ended June 30, 2022: 26 days).

Current ratio (calculated by dividing the total current assets by the total current liabilities) of the Group was approximately 15.0 times as of June 30, 2023 (December 31, 2022: approximately 13.2 times).

NET CURRENT ASSETS

The Group's net current assets as of June 30, 2023 were US$312.3 million, representing an increase of 7.5% compared to net current assets of US$290.5 million as of December 31, 2022.

FOREIGN EXCHANGE EXPOSURE

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

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 six months ended June 30, 2023, the Group recorded a net foreign exchange loss of US$0.7 million, as compared to a net foreign exchange loss of US$1.2 million for the same period in 2022.

CAPITAL EXPENDITURE

For the Reporting Period, the Group's total capital expenditures amounted to approximately US$4.3 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, 2023, 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

As of June 30, 2023, the Group had a Commodity Linked Fixed Rate Note with a fair value of US$19.5 million, which accounted for 5.2% of the total assets of the Group.

Our 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 (as defined in the Prospectus) according to the plans set out in the section headed "Use of Proceeds from Listing" in this announcement.

Save 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 of June 30, 2023, nor was there any plan authorized by the Board for other material investments or additions of capital assets as of 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, 2023.

FINANCIAL INSTRUMENTS

Apart from the Commodity Linked Fixed Rate Note mentioned above, the Group did not have any outstanding hedge contracts or financial derivative instruments as of June 30, 2023.

EMPLOYEES AND REMUNERATION POLICIES

As of June 30, 2023, we employed 954 full-time employees, among which 693 were based in the PRC, 108 were based in Japan, 66 were based in European countries, 54 were based in Hong Kong, 18 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$26.4 million for the six months ended June 30, 2023, as compared to approximately US$24.3 million for the six months ended June 30, 2022. 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 2022 annual report of the Company for further details.

USE OF PROCEEDS FROM LISTING

The Company was successfully listed on the Main Board on December 23, 2022. The net proceeds from the Global Offering (as defined in the Prospectus) 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.

The table below sets forth the intended application of the net proceeds and actual usage up to June 30, 2023:

Intended application	Amount of net proceeds *(HK$ million)*	Percentage of total net proceeds	Net proceeds brought forward for the Reporting Period *(HK$ million)*	Utilized net proceeds as of June 30, 2023 *(HK$ million)*	Unutilized net proceeds as of June 30, 2023 *(HK$ million)*	Expected timetable for the use of unutilized net proceeds
For the development and commercialization of our pipeline products						
(i) for the ongoing R&D activities, clinical trial and product registration of drug eluting balloon products;	62.7	17.1%	62.7	—	62.7	By the end of 2027
(ii) for the product registration and commercialization of new generation of COMBO dual therapy stent products primarily in the PRC, Japan and European markets;	15.7	4.3%	15.7	—	15.7	By the end of 2027
(iii) for the ongoing R&D activities, clinical trial and product registration of our new coronary and peripheral balloon and catheter-based products;	12.4	3.4%	12.4	—	12.4	By the end of 2027
(iv) for the ongoing R&D activities for new generation of neuro interventional products; and	12.4	3.4%	12.4	—	12.4	By the end of 2025
(v) to support the expansion of our R&D team in our Shenzhen facility.	6.7	1.8%	6.7	—	6.7	By the end of 2027
For the expansion of our production capacities:						
(i) to acquire a new land parcel with a land area of approximately 20,000 sq.m;	16.1	4.4%	16.1	11.5	4.6	By the end of 2023
(ii) to construct and renovate new facilities to be built on the above-mentioned newly acquired land with a gross floor area of 50,000 sq.m; and	149.3	40.8%	149.3	2.9	146.4	By the end of 2024
(iii) to purchase new machinery and equipment for the new manufacturing site.	32.9	9.0%	32.9	—	32.9	By the end of 2026
For potential strategic acquisitions, entering into strategic partnerships, and other business development with an aim to expand our product portfolio, strengthen our R&D capabilities, broaden our hospital coverage and increase our market penetration	39.5	10.8%	39.5	—	39.5	By the end of 2027
For working capital and other general corporate purposes	18.3	5.0%	18.3	—	18.3	By the end of 2027
Total	**366.0**	**100.0%**	**366.0**	**14.4**	**351.6**	

The Company will use the remaining proceeds for the purposes disclosed in the Prospectus. 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, 2023. In light of our positive operating cash flow and strong financial position, the Board will consider the distribution of a final dividend in order to share the fruits of success with our Shareholders.

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

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

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 four Executive Directors, two 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 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 Reporting Period.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On July 10, 2023, pursuant to the Post-IPO Share Option Scheme, the Group granted 6,172,000 options to certain employees with an exercise price of HK$9. The vesting period for the options granted is from July 10, 2023 to July 10, 2027.

These options are subject to a vesting scale in tranches of one-fourth each on July 10, 2024, July 10, 2025, July 10, 2026 and July 10, 2027, respectively. The exercise period for the options granted shall be 10 years from the date of grant and the options granted shall expire on July 10, 2033.

AUDIT COMMITTEE

The Audit Committee has reviewed the interim condensed consolidated financial information for the six months ended June 30, 2023 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 2023 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 14 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)

"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
"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 British Virgin Islands 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
"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 six-month period from January 1, 2023 to June 30, 2023
"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)
"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
"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, August 17, 2023

As at the date of this announcement, the Board 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 and Mr. Ting San Peter Lionel LEUNG 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.