



OrbusNeich
業聚醫療

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



Interim Report
2024

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. David CHIEN
Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

Non-executive Directors

Mr. Ching Chung John CHOW
Mr. Ting San Peter Lionel LEUNG
Dr. Yi ZHOU

Independent Non-executive Directors

Mr. Yip Keung CHAN
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

AUDIT COMMITTEE

Mr. Yip Keung CHAN (*Chairman*)
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

REMUNERATION COMMITTEE

Mr. Ka Keung LAU *BBS, MH, JP* (*Chairman*)
Mr. David CHIEN
Mr. Yip Keung CHAN

NOMINATION COMMITTEE

Mr. David CHIEN (*Chairman*)
Mr. Ka Keung LAU *BBS, MH, JP*
Dr. Lai Fan Gloria TAM

AUTHORIZED REPRESENTATIVES

Ms. Kwai Ching Denise LAU
Mr. Wing Shing CHEN

COMPANY SECRETARY

Mr. Wing Shing CHEN

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
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CORPORATE HEADQUARTERS

Units 303 & 305
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Shatin, N.T.
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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3/F, Building 20E
Hong Kong Science Park
Shatin, N.T.
Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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HONG KONG LEGAL ADVISOR

Morrison & Foerster

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AUDITOR

PricewaterhouseCoopers

Certified Public Accountants
Registered Public Interest Entity Auditor
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Central
Hong Kong

PRINCIPAL BANKERS

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OCBC Wing Hang Bank Ltd.

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STOCK CODE

6929

COMPANY WEBSITE

<https://orbusneich.com/>

FINANCIAL HIGHLIGHTS

	For the six months ended June 30,		Change
	2024 US\$'000 (Unaudited)	2023 US\$'000 (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.

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.

Management Discussion and Analysis (continued)

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 report, 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.

Management Discussion and Analysis (continued)

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 months 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,			
	2024	2023	Change	
	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

Management Discussion and Analysis (continued)

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,		Change	
	2024	2023		
	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.

Management Discussion and Analysis (continued)

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 interim report.

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 interim report.

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.

OTHER INFORMATION

CHANGES OF INFORMATION IN RELATION TO THE DIRECTORS

Changes in information in relation to the Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of 2023 annual report of the Company are set out below:

Mr. Ting San Peter Lionel LEUNG resigned as Director-Project Management at Hang Lung Properties Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00101) in May 2024. Mr. Leung joined Galaxy Entertainment Group Limited, a company listed on the Main Board of the Stock Exchange (stock code: 0027), as Executive Vice President, Project Development in May 2024.

Save as disclosed above, there was no change to any information required to be disclosed in relation to any Director pursuant to Rule 13.51B(1) of the Listing Rules.

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 this interim report for further details.

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

Interests in Shares or Underlying Shares of the Company

Name of Director/ Chief Executive	Capacity	No. of Shares ⁽¹⁾	Number of Underlying Shares	Aggregate Interest ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽⁵⁾
Mr. David CHIEN	Interest of controlled corporation	521,523,844 (L) ⁽²⁾	—	521,523,844 (L)	62.99%
Ms. Kwai Ching Denise LAU	Interest of controlled corporation	521,523,844 (L) ⁽²⁾	—	521,523,844 (L)	62.99%
Mr. Wing Shing CHEN	Beneficial owner	—	400,000 (L) ⁽³⁾	400,000 (L)	0.048%
Mr. Ching Chung John CHOW	Beneficial owner	307,143 (L)	200,000 (L) ⁽⁴⁾	507,143 (L)	0.06%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares.
- (2) Mr. David CHIEN and Ms. Kwai Ching Denise LAU holds 55% and 45% of shareholdings of HART, respectively. As such, under the SFO, each of Mr. David CHIEN and Ms. Kwai Ching Denise LAU is deemed to be interested in 521,523,844 Shares held by HART.
- (3) Mr. Wing Shing CHEN is interested in 400,000 underlying shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (4) Mr. Ching Chung John CHOW is interested in 200,000 underlying shares of the Company by virtue of the Pre-IPO Share Option Scheme of the Company. For further details, please refer to the section headed “Share Incentive Schemes” below.
- (5) The calculations were based on the number of Shares which each person is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 827,968,337 Shares) as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, so far as is known to the Directors, the following persons had interests or short positions in the Shares or underlying Shares which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Interests in Shares or Underlying Shares of the Company

Name of Substantial Shareholder	Capacity	No. of Shares ⁽¹⁾	Approximate Percentage of Shareholding Interest ⁽⁴⁾
HART	Beneficial owner	521,523,844 (L) ⁽²⁾	62.99%
Mr. David CHIEN	Interest of controlled corporation	521,523,844 (L) ⁽²⁾	62.99%
Ms. Kwai Ching Denise LAU	Interest of controlled corporation	521,523,844 (L) ⁽²⁾	62.99%
Suzhou Red Earth Yeju Investment Ltd. ("SZYJ")	Beneficial owner	69,961,095 (L) ⁽³⁾	8.45%
Suzhou Laterite Industry Poly Venture Capital Partnership (Limited Partnership)* (蘇州紅土業聚創業投資合夥企業 (有限合夥)) ("Suzhou VC")	Interest of controlled corporation	69,961,095 (L) ⁽³⁾	8.45%
Shenzhen Venture Capital Manufacturing Transformation and Upgrading Advance Materials Fund (Limited Partnership)* (深創投製造業轉型升級新材料基金 (有限合夥)) ("Shenzhen VC")	Interest of controlled corporation	69,961,095 (L) ⁽³⁾	8.45%
Shenzhen Venture Capital Laterite Private Equity Investment Fund Management (Shenzhen) Co., Ltd.* (深創投紅土私募 股權投資基金管理(深圳)有限公司) ("Shenzhen VC Fund Management")	Interest of controlled corporation	69,961,095 (L) ⁽³⁾	8.45%
Shenzhen Capital Group Co., Ltd. ("SCGC")	Interest of controlled corporation	96,440,655 (L) ⁽³⁾	11.65%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Mr. David CHIEN and Ms. Kwai Ching Denise LAU holds 55% and 45% of shareholdings of HART, respectively. As such, under the SFO, each of Mr. David CHIEN and Ms. Kwai Ching Denise LAU is deemed to be interested in 521,523,844 Shares held by HART.
- (3) SCGC Capital Holding Company Limited ("SCGC Capital"), SZYJ and HTYL Investment Holdings Limited ("HTYL") hold 12,477,138, 69,961,095 and 14,002,422 Shares, respectively. SZYJ is wholly owned by Suzhou VC, which Shenzhen VC is the limited partner holding 99.9981% of the partnership interest and Shenzhen VC Fund Management is the general partner holding 0.0019% of the partnership interest. Shenzhen VC Fund Management is wholly owned by SCGC. Each of SCGC Capital and HTYL is controlled by SCGC. As such, under the SFO, SCGC is deemed to be interested in the Shares collectively held by SZYJ, SCGC Capital, and HTYL.

Other Information (continued)

- (4) The calculations were based on the number of Shares which each person is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 827,968,337 Shares) as of June 30, 2024.

Save as disclosed above, as of June 30, 2024, the Directors were not aware of any persons who had an interest or short position in the Shares, underlying Shares and debentures of the Company which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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		Utilized net	Unutilized net	Expected
	December 31, 2023	(%)	proceeds from January 1, 2024 to June 30, 2024		
	(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.

SHARE INCENTIVE SCHEMES

1. Pre-IPO Share Option Scheme

The Pre-IPO Share Option Scheme was approved and adopted by ONM Group Ltd. on December 18, 2020 and was assigned to the Company on September 21, 2021.

No option or award under the Pre-IPO Share Option Scheme will be granted after the Listing Date, although provisions of the Pre-IPO Share Option Scheme will in all other respects remain in full force and effect to the extent necessary to give effect to the exercise of any options granted pursuant to the Pre-IPO Share Option Scheme on or prior to the Listing Date or otherwise as may be required in accordance with the provisions of the Pre-IPO Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with this Scheme.

Save as disclosed in the table below, no other options have been granted or agreed to be granted by our Company under the Pre-IPO Share Option Scheme.

2. Post-IPO Share Option Scheme

We have adopted the Post-IPO Share Option Scheme on December 5, 2022 and amended on June 6, 2024.

The total number of options available for grant under the Post-IPO Share Option Scheme at the beginning and the end of the Reporting Period was 76,604,993 Shares. No options have been granted or agreed to be granted under the Post-IPO Share Option Scheme during the Reporting Period.

3. Share Award Scheme A

We have adopted the Share Award Scheme A on March 8, 2023. The awarded shares will be satisfied by existing Shares to be purchased by trustee on the market as instructed from the Board from time to time.

The total number of awards available for grant under the Share Award Scheme A at the beginning and the end of the Reporting Period was 82,776,993 and 81,226,993 Shares (representing 9.81% of the total number of Shares in issue as of June 30, 2024 and the date of this interim report), respectively.

4. Share Award Scheme B

We have adopted the Share Award Scheme B on May 16, 2023. The awarded shares will be satisfied by existing Shares to be purchased by trustee on the market as instructed from the Board from time to time.

The total number of awards available for grant under the Share Award Scheme B at the beginning and the end of the Reporting Period was 82,776,993 and 82,276,993 Shares (representing 9.93% of the total number of Shares in issue as of June 30, 2024 and the date of this interim report), respectively.

Other Information (continued)

The table below shows details of the movements in the number of share options granted under the Share Incentive Schemes during the Reporting Period. Please also refer to Note 15 of the interim condensed consolidated financial information for the fair value of options and awards at the date of grant and the accounting standard and policy adopted.

Name or category of grantees		Outstanding as of January 1, 2024	Date of grant	Granted	Lapsed	Outstanding as of June 30, 2024
Pre-IPO Share Option Scheme						
<i>Directors</i>						
Wing Shing CHEN	Note 1	400,000	January 1, 2021	—	—	400,000
Ching Chung John CHOW	Note 1	200,000	January 1, 2021	—	—	200,000
Sub-total		600,000		—	—	600,000
<i>Employees in aggregate</i>						
14 employees	Note 1	2,880,000	January 1, 2021	—	(60,000)	2,820,000
79 employees and 4 former employees	Note 2	5,368,000	January 1, 2021	—	(70,000)	5,298,000
11 employees	Note 3	48,500	January 1, 2021	—	—	48,500
Sub-total		8,296,500		—	(130,000)	8,166,500
Pre-IPO Share Option Scheme — total		8,896,500		—	(130,000)	8,766,500
Post-IPO Share Option Scheme						
90 employees	Note 4	5,952,000	July 10, 2023	—	(490,000)	5,462,000
Share Option Schemes — total		14,848,500		—	(620,000)	14,228,500
Share Award Scheme A						
7 employees	Note 8	—	April 1, 2024	1,550,000	—	1,550,000
Share Award Scheme B						
1 employee	Note 9	—	April 1, 2024	135,000	—	135,000
2 employees	Note 10	—	April 1, 2024	365,000	—	365,000
Sub-total		—		500,000	—	500,000
Share Award Schemes — total		—		2,050,000	—	2,050,000

Notes:

- (1) With vesting commencement date on January 1, 2022 and a 48-month vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter, at an exercise price of HK\$5.85.

- (2) With vesting commencement date on January 1, 2022 and a 48-month vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter, at an exercise price of HK\$7.8.
- (3) Options with exercise price of HK\$3.9 with no vesting period. Options are exercisable upon completion of the Global Offering (as defined in the Prospectus) until January 1, 2031, being the 10th anniversary of the date of the grant letter.
- (4) Options with exercise price of HK\$9.0 with a vesting period in four tranches: 25% of which shall be vested on the first, second, third and fourth anniversary of the date of grant, respectively. The exercise period shall be 10 years from the date of grant and the options granted shall lapse at the expiry of 10 years from the date of grant. There is no performance target attached to the options granted. The closing price of the Shares on the business day immediately before the date of grant was HK\$8.7 per Share.
- (5) There were no share options exercised and cancelled during the Reporting Period.
- (6) The number of Shares that may be issued in respect of options granted under all share option schemes during the Reporting Period divided by the weighted average number of Shares of the relevant class in issue for the period was 1.72%.
- (7) There were no share awards vested and cancelled during the Reporting Period.
- (8) With no purchase price and shall be vested in three tranches: 30% of which shall be vested on the third and fourth anniversary and 40% of which shall be vested on fifth anniversary of the date of grant, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK\$3.22 per Share. The fair value of the awards granted on April 1, 2024 was HK\$3.22 per Share on the date of grant.
- (9) With no purchase price and shall be vested in three tranches: approximately 33.3% of which shall be vested on December 28, 2024, December 28, 2025 and December 28, 2026, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK\$3.22 per Share. The fair value of the awards granted on April 1, 2024 was HK\$3.22 per Share on the date of grant.
- (10) With no purchase price and shall be vested in three tranches: 30% of which shall be vested on the third and fourth anniversary and 40% of which shall be vested on fifth anniversary of the date of grant, respectively. There is no performance target attached to the awards granted. The closing price of the Shares on the business day immediately before the date of grant was HK\$3.22 per Share. The fair value of the awards granted on April 1, 2024 was HK\$3.22 per Share on the date of grant.

BANK LOANS AND OTHER BORROWINGS

As of June 30, 2024, the Group had a bank loan of approximately US\$4.2 million.

GEARING RATIO

Gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as bank loans and other borrowings less cash and bank balances. As of June 30, 2024, gearing ratio was nil as the Group had a net cash position (December 31, 2023: same).

INTERIM DIVIDEND

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

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS AND SIMILAR RIGHTS

Save as disclosed in the section headed “Share Incentive Schemes” in this interim report, the Company had no outstanding convertible securities, options, warrants and similar rights during the Reporting Period and there was no issue or grant of any convertible securities, options, warrants and similar rights during the Reporting Period.

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.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save for the Share Incentive Schemes as disclosed in the section headed “Share Incentive Schemes” in this interim report, at no time during the Reporting Period and up to the date of this interim report, was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of the shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

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 interim report, there is no other important event affecting the Group since June 30, 2024 and up to the date of this interim report.

AUDIT COMMITTEE

The Audit Committee has reviewed the interim condensed consolidated financial information for the six months ended June 30, 2024 and this interim report, 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.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Board of Directors of OrbusNeich Medical Group Holdings Limited

(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 25 to 55, which comprises the interim condensed consolidated balance sheet of OrbusNeich Medical Group Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 30 June 2024 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, August 16, 2024

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended June 30, 2024

	Note	Six months ended June 30,	
		2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue	5	78,910	81,410
Cost of sales	8	(23,134)	(23,140)
Gross profit		55,776	58,270
Other income — net	6	169	1,403
Other (losses)/gains — net	7	(897)	137
Selling and distribution expenses	8	(18,510)	(19,311)
General and administrative expenses	8	(12,903)	(9,533)
Research and development expenses	8	(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	9	(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		US cents	US cents
Basic	11	2.28	3.04
Diluted		2.28	3.03

The above interim condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Profit for the period	18,873	25,183
Other comprehensive (loss)/income:		
<i>Item that will not be subsequently reclassified to profit or loss</i>		
Remeasurements of post-employment benefit obligations	53	(45)
<i>Items that may be subsequently reclassified to profit or loss</i>		
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

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

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 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	12	19,073	13,011
Right-of-use assets	12	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	12	9,374	9,560
Goodwill		12,959	12,959
Interest in a joint venture	13	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	14	35,663	37,966
Deposits, prepayments and other receivables		14,529	11,659
Amount due from a joint venture	20	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	15	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

Interim Condensed Consolidated Balance Sheet (continued)

As at June 30, 2024

	Note	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	12	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	17	6,182	4,815
Bank borrowing	19	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	20	50	194
Current income tax liabilities		5,453	3,831
Lease liabilities	12	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

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Share capital US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Sub-total US\$'000	Non-controlling interest US\$'000	Total US\$'000
At January 1, 2024 (Audited)	414	446,693	(78,707)	368,400	1,018	369,418
Profit for the period	—	—	18,828	18,828	45	18,873
Other comprehensive income/(loss):						
— Remeasurements of post-employment benefit obligations	—	—	53	53	—	53
— Currency translation differences	—	(3,994)	—	(3,994)	(61)	(4,055)
Total other comprehensive (loss)/income, net of tax	—	(3,994)	53	(3,941)	(61)	(4,002)
Total comprehensive (loss)/income	—	(3,994)	18,881	14,887	(16)	14,871
Transactions with owners:						
— Dividends declared and paid in respect of the previous year	—	(10,615)	—	(10,615)	—	(10,615)
— Employee share option schemes:						
— value of employee services	—	730	—	730	—	730
— forfeiture of share options	—	(68)	68	—	—	—
— Employee share award schemes:						
— value of employee services	—	86	—	86	—	86
— acquisition of shares by the Trustee of the share award schemes	—	(722)	—	(722)	—	(722)
— Profit appropriations to statutory reserve	—	5	(5)	—	—	—
Total transactions with owners	—	(10,584)	63	(10,521)	—	(10,521)
At June 30, 2024 (Unaudited)	414	432,115	(59,763)	372,766	1,002	373,768

Interim Condensed Consolidated Statement of Changes in Equity (continued)

For the six months ended June 30, 2024

	Share capital US\$'000	Other reserves US\$'000	Accumulated losses US\$'000	Total US\$'000
At January 1, 2023 (Audited)	414	445,971	(123,819)	322,566
Profit for the period	—	—	25,183	25,183
Other comprehensive loss:				
— Remeasurements of post-employment benefit obligations	—	—	(45)	(45)
— Currency translation differences	—	(1,247)	—	(1,247)
Total other comprehensive loss, net of tax	—	(1,247)	(45)	(1,292)
Total comprehensive (loss)/income	—	(1,247)	25,138	23,891
Transactions with owners:				
— Employee share option schemes:				
— value of employee services	—	188	—	188
— forfeiture of share options	—	(5)	5	—
Total transactions with owners	—	183	5	188
At June 30, 2023 (Unaudited)	414	444,907	(98,676)	346,645

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Cash flows from operating activities		
Cash generated from operations	8,838	13,180
Income tax paid	(694)	(1,071)
Income tax refunded	67	251
Net cash inflow from operating activities	8,211	12,360
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,653)	(1,834)
Addition of right-of-use assets	(78)	(1,479)
Advance to a joint venture	(1,001)	—
Proceeds from disposals of property, plant and equipment	66	158
Purchase of intangible assets	(470)	(309)
Increase in short-term bank deposits	(18,642)	(20,921)
Purchase of financial assets at fair value through profit or loss	(137)	(156)
Proceeds from disposals of financial assets at fair value through profit or loss	112	62
Interest received	4,785	3,080
Net cash outflow from investing activities	(22,018)	(21,399)
Cash flows from financing activities		
Interest paid	(123)	(62)
Principal elements of lease payments	(948)	(896)
Payment for listing expenses	—	(744)
Repurchase of shares for share award schemes	(722)	—
Dividends paid to the Company's shareholders	(10,615)	—
Net cash outflow from financing activities	(12,408)	(1,702)
Net decrease in cash and cash equivalents	(26,215)	(10,741)
Cash and cash equivalents at beginning of period	58,252	86,646
Effects of exchange rate changes on cash and cash equivalents	(1,501)	(391)
Cash and cash equivalents at end of period	30,536	75,514
Analysis of cash and cash equivalents		
Cash and bank balances	246,705	239,031
Less: Short-term bank deposits	(216,169)	(163,517)
Cash and cash equivalents at end of period	30,536	75,514

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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

2 BASIS OF PREPARATION (continued)

2.1 New and amended standards adopted by the Group (continued)

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 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at December 31, 2023.

There have been no changes in any risk management policies since the financial year end.

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements — for example, currency restrictions.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand US\$'000	Between 1 and 2 years US\$'000	Between 2 and 5 years US\$'000
At June 30, 2024 (Unaudited)			
Trade payables	6,182	—	—
Accruals and other payables	11,307	—	—
Lease liabilities	1,570	1,191	1,171
Interest payable on lease liabilities	140	82	59
Amount due to a joint venture	50	—	—
Bank borrowing and interest payable	4,305	—	—
	23,554	1,273	1,230
At December 31, 2023 (Audited)			
Trade payables	4,815	—	—
Accruals and other payables	13,532	—	—
Lease liabilities	1,870	751	605
Interest payable on lease liabilities	82	32	10
Amount due to a joint venture	194	—	—
Bank borrowing and interest payable	4,377	—	—
	24,870	783	615

3.2 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at June 30, 2024 and December 31, 2023 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

- **Level 1:** The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price already incorporates the market's assumptions with respect to changes in economic climate such as rising interest rates and inflation, as well as changes due to ESG risk. These instruments are included in Level 1.

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

- **Level 2:** The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities and for instruments where ESG risk gives rise to a significant unobservable adjustment.

The following table presents the Group's assets and liabilities that are measured at fair value as at June 30, 2024 and December 31, 2023:

	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
As at June 30, 2024 (Unaudited)				
Financial asset				
Financial asset at fair value through profit or loss				
— Life insurance policies	—	—	1,294	1,294
Financial liabilities				
Financial liability at fair value through other comprehensive income				
— Retirement benefit obligations	—	—	2,475	2,475
Financial liability at fair value through profit or loss				
— Contingent considerations	—	—	4,975	4,975
	—	—	7,450	7,450
As at December 31, 2023 (Audited)				
Financial asset				
Financial asset at fair value through profit or loss				
— Life insurance policies	—	—	1,618	1,618
Financial liabilities				
Financial liability at fair value through other comprehensive income				
— Retirement benefit obligations	—	—	2,779	2,779
Financial liability at fair value through profit or loss				
— Contingent considerations	—	—	4,975	4,975
	—	—	7,754	7,754

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

During the six months ended June 30, 2024, there were no transfers between levels of the fair value hierarchy, and also no changes in valuation techniques (2023: Same).

(a) Financial instrument in Level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The following table summarizes the quantitative information about the significant unobservable inputs used in Level 3 fair value measurements for life insurance policies and retirement benefit obligations:

	As at June 30, 2024 US\$'000 (Unaudited)	Unobservable input	Countries	Range of unobservable inputs	Relationship of unobservable inputs to fair values
Description					
Life insurance policies	1,294	Discount rate	Japan	0.2%-2.5%	Increase or decrease in discount rate by 0.5% would decrease or increase the valuation of the life insurance policies by 9.1% and 10.2%
Retirement benefit obligations	1,995	Discount rate	Japan	1.36%	Increase or decrease in discount rate by 0.5% would decrease or increase the valuation of the retirement benefit obligations of 4.8% and 5.2%
	386	Discount rate	Indonesia	7.0%	Increase or decrease in discount rate by 1.0% would decrease or increase the valuation of the retirement benefit obligations of 8.3% and 9.6%
	As at December 31, 2023 US\$'000 (Audited)	Unobservable input	Countries	Range of unobservable inputs	Relationship of unobservable inputs to fair values
Description					
Life insurance policies	1,618	Discount rate	Japan	0.0%-1.8%	Increase or decrease in discount rate by 0.5% would decrease or increase the valuation of the life insurance policies by 9.2% and 10.2%
Retirement benefit obligations	2,356	Discount rate	Japan	0.95%	Increase or decrease in discount rate by 0.5% would decrease or increase the valuation of the retirement benefit obligations of 4.9% and 5.3%
	333	Discount rate	Indonesia	7.0%	Increase or decrease in discount rate by 1.0% would decrease or increase the valuation of the retirement benefit obligations of 8.6% and 10.6%

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

(a) Financial instrument in Level 3 (continued)

The following table presented the changes in Level 3 items for the six months ended June 30, 2024 and 2023.

	Life insurance policies Six months ended June 30,	
	2024 US\$'000	2023 US\$'000
Balance as at January 1 (Audited)	1,618	1,767
Addition	137	156
Disposal	(113)	(55)
Fair value changes	(156)	36
Currency translation differences	(192)	(143)
Balance as at June 30 (Unaudited)	1,294	1,761
	Retirement benefit obligations Six months ended June 30,	
	2024 US\$'000	2023 US\$'000
Balance as at January 1 (Audited)	2,779	2,333
Current service cost	216	139
Interest expense	7	6
	223	145
Remeasurements:		
— Loss/(gain) from change in financial assumptions	86	(35)
— Experience (gain)/loss	(139)	80
	(53)	45
Currency translation differences	(310)	(186)
Payments from plans	(164)	(53)
Balance as at June 30 (Unaudited)	2,475	2,284

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Fair value estimation (continued)

(b) Valuation processes

Life insurance policies

An independent valuation of the Group's financial assets at fair value through profit or loss was performed by a qualified valuer to determine the fair value of the life insurance policies as at June 30, 2024 and December 31, 2023. These valuation results are then reported to the senior management of the Group for discussions in relation to the valuation processes and the reasonableness of valuation results. The valuation was determined using discounted cash flow projections based on significant unobservable input. The inputs used in the valuation including discount rate, mortality rate, employee turnover rate and surrender rate.

There was no change to the valuation technique during the six months ended June 30, 2024 and 2023.

Defined benefits obligations

The defined benefit retirement plan is measured at present values which are determined with reference to the valuation performed by an independent qualified professional valuer. The valuation was carried out by projected unit credit method.

There was no change to the valuation technique during the six months ended June 30, 2024 and 2023.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2023.

5 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 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Sales of goods — at point in time	78,910	81,410

5 REVENUE AND SEGMENT INFORMATION (continued)

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") US\$'000	Europe, Middle East & Africa ("EMEA") US\$'000	Japan US\$'000	The PRC US\$'000	United States US\$'000	Total 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 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (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

6 OTHER INCOME – NET

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (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.

7 OTHER (LOSSES)/GAINS – NET

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (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

8 EXPENSES BY NATURE

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (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

9 INCOME TAX EXPENSE

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (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.

10 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.

11 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 (Unaudited)	2023 (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.

11 EARNINGS PER SHARE (continued)**(b) Diluted earnings per share (continued)**

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 (Unaudited)	2023 (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

12 CAPITAL EXPENDITURE

(a) Property, plant and equipment and intangible assets

	Property, plant and equipment US\$'000	Intangible assets US\$'000	Total US\$'000
Net book amount as at January 1, 2024 (Audited)	13,011	9,560	22,571
Additions	7,241	470	7,711
Disposals	(64)	—	(64)
Depreciation charge	(1,003)	(583)	(1,586)
Translation difference	(112)	(73)	(185)
Net book amount as at June 30, 2024 (Unaudited)	19,073	9,374	28,447
Net book amount as at January 1, 2023 (Audited)	8,484	4,057	12,541
Additions	2,053	309	2,362
Disposals	(158)	—	(158)
Depreciation charge	(863)	(274)	(1,137)
Translation difference	(18)	(54)	(72)
Net book amount as at June 30, 2023 (Unaudited)	9,498	4,038	13,536

(b) Leases

The interim condensed consolidated balance sheet shows the following amounts relating to leases:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Right-of-use assets		
Buildings	3,540	2,917
Land use right	2,388	2,383
Motor vehicles	146	79
Office equipment	84	76
	6,158	5,455
Lease liabilities		
Current	1,570	1,870
Non-current	2,362	1,356
	3,932	3,226

12 CAPITAL EXPENDITURE (continued)

(b) Leases (continued)

Additions to the right-of-use assets during the six months ended June 30, 2024 were approximately US\$1,926,000 (2023: US\$1,951,000).

The interim condensed consolidated statement of profit or loss shows the following amounts relating to leases:

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Depreciation of right-of-use assets		
Buildings	979	862
Land use right	18	13
Motor vehicles	20	4
Office equipment	12	12
	1,029	891
Short-term lease expense in respect of office premises	676	453
Interest expense (included in finance costs)	50	65
Gain on lease modification	—	10

The total cash outflow for leases for the six months ended June 30, 2024 was US\$1,673,000 (2023: US\$1,414,000).

13 INTEREST IN A JOINT VENTURE

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Share of net assets:		
Beginning of period	3,810	4,645
Share of loss of a joint venture	(659)	(270)
End of period	3,151	4,375
Advance to a joint venture (Note)	11,111	7,003
	14,262	11,378

13 INTEREST IN A JOINT VENTURE (continued)

Note: During the six months ended June 30, 2024 and 2023, management considered the capital needs of the joint venture and classified the amount due from a joint venture as part of the Group's net investment in such joint venture.

The advance to a joint venture was non-trade in nature, unsecured, interest free and would not be demanded for repayment within 12 months from the end of the reporting period. The carrying amount approximate their fair values and are denominated in US\$.

Nature of investment in a joint venture:

Name	Registered capital	Place of incorporation	Principal activities	Percentage of interest held	
				June 30, 2024	December 31, 2023
OrbusNeich P+F Company Limited	US\$50,000	The BVI	Investment holding	50%	50%

OrbusNeich P+F Company Limited and its subsidiaries are principally engaged in the research and development, manufacturing and distribution of heart valve products.

Set out below are the summarized financial information of the joint venture, which is accounted for using the equity method.

Summarized consolidated balance sheet

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Current assets	1,909	1,440
Non-current assets	12,144	12,278
Current liabilities	(12,849)	(11,196)
Net assets	1,204	2,522

Summarized consolidated statement of comprehensive income

	Six months ended June 30, 2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Revenue	377	274
Loss for the period	(1,318)	(540)
Other comprehensive income	—	—
Total comprehensive loss	(1,318)	(540)

13 INTEREST IN A JOINT VENTURE (continued)

Commitment in respect of the joint venture:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Commitment to providing funding to a joint venture	4,942	5,031

There are no contingent liabilities relating to the Group's interest in the joint venture.

14 TRADE RECEIVABLES

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (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.

15 SHARE CAPITAL

	Number of shares	Share capital US\$'000
Authorized:		
Ordinary shares	1,200,000,000	600
At December 31, 2023, January 1, 2024 and June 30, 2024	1,200,000,000	600
Issued and fully paid:		
At December 31, 2023 and January 1, 2024 (Audited) and June 30, 2024 (Unaudited)	827,968,337	414

16 SHARE-BASED PAYMENTS

(a) Share option schemes *2021 share option scheme*

The Company adopted 2021 share option scheme on January 1, 2021, the grant date, in which the directors and selected employees of the Group are eligible to purchase the ordinary shares of the Company.

The share option scheme will remain in force for 10 years and will be expired on January 1, 2031. Outstanding share options under the scheme remain valid and exercisable starting 10 years from the grant date. The exercise price of the granted options and vesting condition are determined by the board of directors of the Company and stated in the agreement for such grant. The options are vested over periods of one to four years from the grant date and the exercise price of each option ranged from HK\$3.9 to HK\$7.8.

During the six months ended June 30, 2024, 130,000 share options (2023: 56,000) were forfeited and nil (2023: Nil) were exercised.

Post IPO share option scheme

On July 10, 2023, the Company set up a share incentive plan: Post-IPO Share Option Scheme in which the directors and selected employees of the Group are eligible to purchase the ordinary shares of the Company.

The share option scheme will remain in force for 10 years and will be expired on July 10, 2033. Outstanding share options under the scheme remain valid and exercisable starting 10 years from the grant date. The exercise price of the granted options and vesting condition are determined by the board of directors of the Company and stated in the agreement for such grant. The options are vested over periods of one to four years from the grant date and the exercise price of each option is HK\$9.00.

During the six months ended June 30, 2024, 490,000 share options were forfeited and nil were exercised.

16 SHARE-BASED PAYMENTS (continued)

(a) Share option schemes (continued)

Post IPO share option scheme (continued)

Movement in the number of share options outstanding during the period are as follows:

	2021 share option scheme Number of shares	Post IPO share option scheme Number of shares
At January 1, 2024 (Audited)	8,896,500	5,952,000
Forfeited during the period	(130,000)	(490,000)
At June 30, 2024 (Unaudited)	8,766,500	5,462,000
At January 1, 2023 (Audited)	9,274,900	—
Forfeited during the period	(56,000)	—
At June 30, 2023 (Unaudited)	9,218,900	—

Share options outstanding at the end of the period have the following expiry date and exercise prices:

Expiry date	Exercise price in HK\$ per share option As at June 30, 2024		Exercise price in HK\$ per share option As at December 31, 2023	
	Options As at June 30, 2024	Options As at December 31, 2023	Options As at December 31, 2023	Options As at December 31, 2023
2031	3.90	48,500	3.90	48,500
2031	5.85	3,420,000	5.85	3,480,000
2031	7.80	5,298,000	7.80	5,368,000
2033	9.00	5,462,000	9.00	5,952,000
		14,228,500		14,848,500

No share option was granted during the six months ended June 30, 2024 (2023: Same). Please refer to annual financial statements for the year ended December 31, 2023 for the valuation method and significant input for the valuation of Post IPO share options scheme.

16 SHARE-BASED PAYMENTS (continued)

(b) Share award scheme

On March 8, 2023 and May 16, 2023, the board of directors approved to adopt share award schemes. Under the schemes, the Company may grant shares of the Company to certain selected participants at specified consideration.

Pursuant to the scheme rules, existing issued shares will be purchased by the trustee of the schemes (the "Trustee") from the market out of funds provided by the Company in accordance with the scheme rules.

During the six months ended June 30, 2024, 1,291,500 (2023: Nil) shares were acquired by the Trustee of the share award schemes through purchase from the open market according to the instructions of the board of directors, at a total cost of approximately US\$722,000 (2023: Nil).

During the six months ended June 30, 2024, 1,685,000 awarded shares (2023: Nil) were granted to selected participants. No granted shares were vested during the six months ended June 30, 2024.

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date, which was to be expensed over the relevant vesting period. The expected dividends during the vesting period had been taken into account when assessing the fair value of these awarded shares.

The weighted average fair value of awarded shares granted during the six months ended June 30, 2024 was HK\$3.22 per share (equivalent to approximately US\$0.41 per share) (2023: Nil).

As of June 30, 2024, 2,237,000 shares (2023: 945,500) were held by the Trustee under the schemes.

Movements in the shares held for the share award schemes are as follows:

	Share Award Scheme A		Share Award Scheme B		Total	
	Number of shares	US\$'000	Number of shares	US\$'000	Number of shares	US\$'000
At January 1, 2024 (Audited)	476,500	411	469,000	404	945,500	815
Purchase of shares by the Trustee	1,073,500	610	218,000	112	1,291,500	722
At June 30, 2024 (Unaudited)	1,550,000	1,021	687,000	516	2,237,000	1,537
At January 1, 2023 (Audited)	—	—	—	—	—	—
At June 30, 2023 (Unaudited)	—	—	—	—	—	—

17 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

18 COMMITMENTS

Capital expenditures contracted for at the end of the period but not yet incurred are as follows:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Contracted but not provided for: Property, plant and equipment	2,368	4,464

19 BANK BORROWING

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Current		
Short-term bank borrowing — unsecured	4,235	4,235

The Group has the following undrawn borrowing facilities at the end of the year:

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
Total available and undrawn facilities	47,687	48,367

As at June 30, 2024, the Group has available and undrawn banking facilities amounted to US\$47,687,000 (2023: US\$48,367,000). Among the available and undrawn facilities, US\$45,000,000 (2023: US\$45,000,000) were secured by the corporate guarantee given by the Company.

The carrying amount of the Group's short-term bank borrowing approximates its fair value and is denominated in RMB.

20 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the party has the ability, directly or indirectly, to exercise significant influence over the Group in making financial and operating decisions. Related parties may be individuals (being members of key management personnel, significant shareholder and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals. Parties are also considered to be related if they are subject to common control.

The following companies are related parties of the Group that had balances and/or transactions with the Group.

Name of related parties	Relationship with the Company
Harmony Tree Limited	Ultimate holding company
OrbusNeich P+F Company Limited	A joint venture
OrbusNeich P&F (Hong Kong) Company Limited	A subsidiary of the joint venture

The following is a summary of the significant related party transactions with, in the opinion of the directors, are entered into the ordinary course of business between the Group and its related parties, and the balances arising from related party transactions in addition to the related party information shown elsewhere in the interim condensed consolidated financial information.

20 RELATED PARTY TRANSACTIONS (continued)**(a) Transactions with related parties**

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Unaudited)
Service fee received from a joint venture:		
– OrbusNeich P&F (Hong Kong) Company Limited (Note (i))	64	94
Agency fee income received from a joint venture:		
– OrbusNeich P&F (Hong Kong) Company Limited (Note (i))	23	36

Note:

- (i) The transactions were carried out at rate mutually-agreed between the related parties involved in the transactions and the Group.

(b) Period-end balances with related parties

	As at June 30, 2024 US\$'000 (Unaudited)	As at December 31, 2023 US\$'000 (Audited)
	Amount due from a joint venture	
– OrbusNeich P&F (Hong Kong) Company Limited (Note (ii))	1,336	640
Advance to a joint venture included in interest in a joint venture		
– OrbusNeich P+F Company Limited (Note (iii))	11,111	10,110
Amount due to a joint venture		
– OrbusNeich P&F (Hong Kong) Company Limited (Note (i))	(50)	(194)

Notes:

- (i) The amount due to a joint venture was trade in nature, unsecured, interest free and repayable on demand. The carrying amount approximates its fair value and is denominated in US\$ and Malaysia Ringgit (2023: Denominated in US\$, Singapore dollar and Malaysia Ringgit).
- (ii) The amount due from a joint venture was non-trade in nature, unsecured, interest-free and repayable on demand. The carrying amount approximate its fair value and is denominated in US\$.
- (iii) The advance to a joint venture included in interest in a joint venture was non-trade in nature, unsecured, interest free and would not be demanded for repayment within 12 months from the end of the reporting period. The carrying amount approximates its fair value and is denominated in US\$.

20 RELATED PARTY TRANSACTIONS (continued)

(c) Key management compensation

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

	Six months ended June 30,	
	2024 US\$'000 (Unaudited)	2023 US\$'000 (Audited)
Salaries, wages and allowances	1,849	2,310
Share-based payment expense	20	47
Pension costs — defined contribution plans	67	32
Pension costs — defined benefit plans	4	4
	1,940	2,393

- (d) As at June 30, 2024, the Group has available and undrawn banking facilities amounted to US\$47,687,000 (2023: US\$48,367,000). Among the available and undrawn facilities, US\$45,000,000 (2023: US\$45,000,000) were secured by the corporate guarantee given by the Company.

21 SUBSEQUENT EVENTS

No material subsequent events were noted as of the date of this interim condensed consolidated financial information.

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
“BVI”	the British Virgin Islands
“CE Mark”	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
“Company” or “our Company” or “OrbusNeich”	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)
“Controlling Shareholders”	has the meaning ascribed thereto under the Listing Rules and in this context, refers to a group consisting of HART, Mr. David CHIEN and Ms. Kwai Ching Denise LAU
“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
“HART”	Harmony Tree Limited, a company incorporated in the BVI on September 11, 2020 and one of our Controlling Shareholders
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Indonesia”	Republic of Indonesia
“JPY”	Japanese Yen, the lawful currency of Japan
“Listing”	listing of the Shares on the Main Board of the Stock Exchange
“Listing Date”	December 23, 2022, being the date from which the Shares are listed and dealings in the Shares are first permitted to take place on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

“Main Board”	the stock market (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
“Mainland China” or “PRC”	the People’s Republic of China excluding, for the purposes of this interim report 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 BVI 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 and amended on June 6, 2024
“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

Definitions (continued)

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“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”	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