归创通桥
ZYLOX-TONBRIDGE

歸創通橋醫療科技股份有限公司

ZYLOX-TONBRIDGE MEDICAL TECHNOLOGY CO., LTD.

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

Stock Code : 2190

Interim Report 2024

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

Mr. Stephen Hui Wang (王暉)
Mr. Dongfang Li (李東方)
Dr. Steven Dasong Wang (王大松)

Independent Non-executive Directors

Dr. Jian Ji (計劍)
Mr. Hongze Liang (梁洪澤)
(retired on June 6, 2024)
Ms. Yun Qiu (邱妘)
Dr. Xiang Qian (錢湘)
(appointed on June 6, 2024)

JOINT COMPANY SECRETARIES

Mr. Quanwei Yuan (袁泉衛)
Ms. Sau In Kwan (關秀妍)

AUTHORIZED REPRESENTATIVES

Dr. Jonathon Zhong Zhao (趙中)
Ms. Sau In Kwan (關秀妍)

SUPERVISORS

Mr. Chang'an Ma (馬長安) *(Chairman)*
Mr. Tao Liu (劉濤)
Ms. Hongbo Wang (王宏波)

AUDIT COMMITTEE

Ms. Yun Qiu (邱妘) *(Chairlady)*
Mr. Hongze Liang (梁洪澤)
(retired as a member of the Audit Committee on June 6, 2024)
Dr. Jian Ji (計劍)
Dr. Xiang Qian (錢湘)
(appointed as a member of the Audit Committee on June 6, 2024)

REMUNERATION COMMITTEE

Dr. Jian Ji (計劍) *(Chairman)*
Dr. Jonathon Zhong Zhao (趙中)
(retired as a member of the Remuneration Committee on June 6, 2024)
Mr. Hongze Liang (梁洪澤)
(retired as a member of the Remuneration Committee on June 6, 2024)
Mr. Dongfang Li (李東方)
(appointed as a member of the Remuneration Committee on June 6, 2024)
Dr. Xiang Qian (錢湘)
(appointed as a member of the Remuneration Committee on June 6, 2024)

NOMINATION COMMITTEE

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

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PricewaterhouseCoopers
Certified Public Accountants and Registered Public Interest Entity Auditor
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STOCK CODE

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FINANCIAL HIGHLIGHTS

	Six months ended June 30,		
	2024	2023	Period to period
	RMB'000	*RMB'000*	change
	(Unaudited)	(Unaudited)	
Revenue	**365,990**	230,131	59.0%
Gross profit	**260,913**	170,646	52.9%
Gross profit margin	**71.3%**	74.2%	(3.9)%
Profit/(loss) for the period	**68,865**	(35,514)	293.9%
Add:			
Share-based compensation	**9,306**	29,992	(69.0)%
Non-IFRS adjusted net profit/(loss) for the period(1)	**78,171**	(5,522)	1,515.6%

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

I. BUSINESS REVIEW

Overview

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

Business Highlight

In the first half of 2024, we continued our dedication to enhancing the accessibility of medical care, innovating for quality life, and steadily advancing our core capabilities in product research and development, production and commercialization.

During the Reporting Period, we achieved a revenue of RMB366.0 million, with RMB364.1 million from sales of interventional products, representing an increase of 58.2% as compared to the first half of 2023. 66.9% of our interventional products revenue was derived from the neurovascular interventional products business and 33.1% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was primarily attributable to the high sales growth of both neurovascular and peripheral-vascular interventional devices segments.

The revenue from sales of neurovascular interventional products in the Reporting Period increased by 46.7% as compared to the first half of 2023, primarily because of (i) the continued revenue growth from our key products, such as SilverSnake Intracranial Support Catheter, Phoenix Neurovascular Embolization Coil, Thrombite Clot Retriever Device (Thrombite CRD) and White Horse Intracranial PTA Balloon Catheter (Rx); (ii) our continuous effort to increase product penetration in different level of hospitals; and (iii) the additional revenue from the new product, such as Kylin Flow Diverter, etc.

The revenue from sales of peripheral-vascular interventional products in the Reporting Period increased by 88.2% as compared to the first half of 2023 because of the rapid growth of sales revenue of our UltraFree Drug Coated PTA Balloon Catheter (UltraFree DCB), ZENFLOW PTA Balloon Catheter, ZENFLOW High Pressure PTA Balloon Catheter and ZYLOX Swan Endovenous Radiofrequency Ablation (RFA) Catheter. This growth is the result of (i) our ongoing efforts to expand market access, increase hospital penetration and expand distribution network; and (ii) the continuous enrichment of our peripheral disease treatment product portfolio, highlighted by the commercial launch of ZYLOX Penguin Peripheral Venous Stent System and ZYLOX Phoenix Peripheral Detachable Fibrous Coil Embolization System, which generated additional revenue in the first half of 2024.

In line with our strategic objectives, we focused on improving operational efficiency while increasing revenue organically. In the Reporting Period, we were able to generate a non-IFRS adjusted net profit of RMB78.2 million, representing the profit for the period adjusted by taking out share-based compensation expenses, and a net profit attributable to the equity holders of the Company of RMB68.9 million.

1. Continue strong sale growth by leveraging a comprehensive and high-quality product portfolio and acting strategically in the Volume-based Procurements (VBPs) in the domestic market.

In the first half of 2024, we continued to experience rapid growth despite numerous industry challenges. We achieved a growth rate of 59.0% during this period, primarily driven by our product portfolio and the consistently high quality of our products recognized by clinicians. Currently, we have 44 products available on the Chinese market, solidifying our leadership in neurovascular and peripheral vascular interventional medical device industry. In less than four years since the launch of one of our major products in late 2020, we have established an extensive distribution network covering over 3,000 hospitals, with more than 600,000 medical devices being used clinically. Through our professional sales and marketing teams, we have established extensive and strong trust with clinicians, continuously enhancing our clinical recognition, which efficiently translates our robust R&D capabilities into commercialization success.

China's entire healthcare system is continuously advancing the centralized procurement policy, and we are steadily executing our centralized procurement strategy. By leveraging our existing market penetration, we enhance our pricing advantages in centralized procurement. In the "3+N" provincial alliance centralized procurement led by Hebei, completed in May, our SilverSnake Intracranial Support Catheter fully demonstrated its advantages in the A group (manufacturers with relatively high market shares) for its respective category, winning the bid with the highest ranking, far exceeding the prices of similar products in the B group. Additionally, for Thrombite Clot Retriever Device (Thrombite CRD), we won two out of six total awarded products by leveraging our product portfolio advantages, accounting for 33% of the total awarded products in terms of number of products. Our strategy of continuously product upgrading demonstrated its advantages in the Hebei centralized procurement. It enables us to better balance considerations of price and volume, thereby maximizing potential gains going forward.

2. Prepare international market for long term growth.

In the first half of 2024, we achieved another great success for international business with a revenue of RMB11.5 million, representing 84.2% growth over the same period in 2023 primary from Europe and Asian regions.

We are currently marketing products in 22 overseas countries/regions, including Germany, France, Italy and South America, etc., and currently in process to obtain more product approvals in those regions. In addition, we are bringing more products, such as ZYLOX Penguin Peripheral Venous Stent System and IVL System to international markets. Alongside traditional sales and marketing efforts, we prioritized enhancing our quality recognition by conducting post-marketing clinical follow-up trials for CE-marked products in Europe. This initiative is crucial for demonstrating the clinical value of our products overseas, further obtaining EU MDR certification, and consistently serving international patients.

To strengthen our long-term commitment to international business, we have set up dedicated resource in each major function. Currently, our sales and marketing team consists of five members, while we have established dedicated resource in each function for international expansion, including research and development, regulatory affairs, and manufacturing. Additionally, we have set up a logistics facility in Europe to ensure fast delivery to hospitals across the region. We are actively promoting our high quality and brand recognition at international academic conferences, including World Live Neurovascular Conference 2024 (WLNC 2024) and The Leipzig Interventional Course 2024 (LINC 2024).

3. Continue to innovate and launch clinically required products to propel our one solution strategy.

Leveraging our strong R&D expertise and integrated technology platforms, we have efficiently advanced our product development. Since the beginning of 2021, we have launched a total of 37 medical device products in the Chinese market, averaging five new products every six months. In the first half of 2024, we introduced several important products, including:

— Kylin Flow Diverter: Enhancing our product range for hemorrhagic stroke.

— ZYLOX Penguin Peripheral Venous Stent System: Further solidifying our leadership in venous vascular intervention products, complementing our existing offerings such as ZYLOX Swan Endovenous Radiofrequency Ablation (RFA) Catheter and ZYLOX Octoplus Retrievable Inferior Vena Cava Filter, thus providing a comprehensive product portfolio.

— ZYLOX Unicorn Suture-mediated Closure System: The first and only domestically manufactured product approved for suturing the femoral artery access site after diagnostic/therapeutic interventional procedures, accommodating bore sizes from 5F to 26F.

Additionally, we have been upgrading our existing product lines to meet the diverse needs of physicians. We have launched second-generation versions of several products, including:

— Clot Retriever Device II (Second Generation Clot Retriever Device)

— Mechanical Detachable Coil II (Second Generation Intracranial Coils)

— UberVana Drug-coated PTA Balloon Catheter (Second Generation DCB)

— Second Generation PTA Balloon Catheter

— Second Generation High Pressure PTA Balloon Catheter

We believe that the continuous enhancement of our products aligns well with our strategy to offer more comprehensive treatment options for physicians and patients. This approach also enables us to optimize our product offerings and manage costs effectively, maintaining a stable gross profit margin in the ever-evolving market environment.

4. Continue to focus on operating efficiency and profitability.

In the first half of 2024, we recorded a net profit of RMB68.9 million despite our continuous investment into research and development and talents.

As we continue to refine our comprehensive product portfolio strategy, the advantages of our product portfolio are becoming increasingly robust. Despite the ongoing centralized procurement processes, our gross profit margin has remained relatively stable, holding at 71.3% in the first half of 2024. This stability is attributable to continuous optimization of our production and supply chain, including increased automation, improved yield rates, and enhanced capacity utilization.

Our selling and distribution expenses as a percentage of total revenue has decreased as our team and sales network have strengthened, dropping from 32.6% in the first half of 2023 to 21.9% in the first half of 2024.

We have been unwavering in our commitment to accelerating the enhancement of our product portfolio through R&D. We also proactively consider the return on investment, adjusting our R&D strategies and prioritizing product development in response to changing policy environments. Our R&D expenses for the first half of 2024 were RMB101.5 million, decreasing by 22.4% when compared to that of the same period in 2023.

Administrative expenses have decreased due to improved operational efficiency, falling from RMB50.4 million in the first half of 2023 to RMB43.6 million in the first half of 2024. We believe that as our product portfolio becomes more comprehensive and our scale grows, our overall operational efficiency will continue to improve, further enhancing our profitability in the future.

Our Products and Product Pipeline

As China's leading interventional medical device company in developing minimally invasive vascular interventional medical devices, we have built a comprehensive product portfolio including neurovascular and peripheral-vascular interventional devices. As at the end of the Reporting Period, we have strategically deployed a total of 63 products and product candidates. As at the end of the Reporting Period, the Company has a total of 44 products commercially launched in China, eight products granted CE Mark in the European Economic Area, five products approved in the United Arab Emirates (UAE), and a number of products granted marketing approval in overseas countries including Germany and the U.K., etc.

The following chart sets forth our commercially launched products and expected commercial launch year of our product candidates in the Chinese market as at the end of the Reporting Period:

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

	Breakdown by Category	Commercially Launched	Expected Commercial Launch Year			
			2024	2025	2026	2027
Neurovascular Interventional	Intracranial Ischemic Stroke	• Thrombite Clot Retriever Device Thrombite (CRD) • Clot Retriever Device II • SilverSnake Intracranial Support Catheter • Dayu Balloon Guiding Catheter (BGC) • Aspiration Catheter • Aspiration Pump System				
	Intracranial Stenosis	• White Horse Intracranial PTA Balloon Catheter (Rx) • Microcatheter for Intracranial Stent • Second Generation Intracranial PTA Balloon Catheter (Rx)		• Intracranial Drug Coated Balloon Catheter	• Intracranial Stent • Drug Coated Self-expandable Intracranial Stent	• Vertebral Artery DES
	Intracranial Hemorrhagic Stroke	• Phoenix Neurovascular Embolization Coil • Mechanical Detachable Coil II • Kylin Flow Diverter • Microcatheter for Coiling • Microcatheter for Flow Diverter		• Self-expandable Intracranial Stent		
	Intracranial Access	• Microcatheter for Clot Retriever • SilverSnake DA Distal Access Catheter • SilverSnake Standard Intracranial Support Catheter • Beidou SS Neurovascular Guidewire • Intermediate Catheter • Xuanwu Introducer Sheath • SilverSnake Radial Access Distal Support Catheter				
	Carotid Artery Stenosis	• Carotid Rx PTA Balloon Catheter • Embolic Protection System			• Carotid Stent	

	Breakdown by Category	Commercially Launched	Expected Commercial Launch Year				
			2024	2025	2026	2027	2028
Peripheral-Vascular Interventional	Arterial	• UltraFree Drug Coated PTA Balloon Catheter (UltraFree DCB) • UberVana Drug-coated PTA Balloon Catheter • ZENFLOW PTA Balloon Catheter • ZENFLOW Second Generation PTA Balloon Catheter • Endovascular Snare • Tapered PTA Balloon Catheter • PTA Scoring Balloon Catheter • Long Balloon Catheter		• Drug Coated PTA Balloon Catheter-BTK • Pantheris OCT-guided Peripheral-vascular Atherectomy Catheter Series • LightBox 3 OCT Imagining Consoles	• Tigereye ST OCT-guided Peripheral-vascular Chronic Total Occlusion-crossing Catheter • IVL System • Sawtooth Removal Balloon Catheter	• Balloon Expandable Covered Stent • Multi-spot Stent System	• Peripheral Drug-eluting Stent System
	Venous	• ZYLOX Swan Endovenous Radiofrequency Ablation (RFA) Catheter • Radiofrequency Generator • ZYLOX Octoplus Retrievable Inferior Vena Cava Filter • Snare Retrieval Kit for IVC Filter • ZYLOX Penguin Peripheral Venous Stent System • ZENFLOW Tiger PTA Balloon Catheter Large Diameter • Infusion Catheter		• Peripheral Thrombectomy System			
	Hemodialysis Access	• ZENFLOW HP PTA High Pressure Balloon Catheter • ZENFLOW HP PTA Second Generation High Pressure Balloon Catheter			• Ultra High Pressure Balloon Catheter		
	Peripheral Embolization Intervention and Others	• ZYLOX Phoenix Peripheral Detachable Fibrous Coil Embolization System • TIPS Access Set • Peripheral Hydrophilic Guidewires Series					
Vascular Closure Devices		• ZYLOX Unicorn Suture-mediated Closure System		• Vascular Closure System			

The following chart sets forth our products approved in overseas markets as at the end of the Reporting Period:

Product Portfolio for Overseas Market

	Product	Approved Region
Neurovascular Interventional	Thrombite Clot Retriever Device	EU, U.K., Turkey, South Africa, Argentina, Russia
	Aspiration Catheter	EU, U.K., Turkey, South Africa, Argentina, Russia
	Microcatheter for Clot Retriever	EU, U.K., South Africa, Argentina
	Gekko Detachable Coil System	Russia, Dominican Republic
Peripheral-vascular Interventional	ZENFluxion Peripheral Drug Coated Balloon Catheter	EU, Turkey, Argentina, U.K., United Arab Emirates (UAE)
	ZENFlow PTA Balloon Catheter	EU, Turkey, Argentina, U.K., UAE
	ZENFlow PTA High Pressure Balloon Catheter	EU, Turkey, Argentina, U.K., UAE
	ZENFlex Peripheral Stent System	EU, Argentina, U.K., UAE
	ZENFLEX Pro Peripheral Drug-Eluting Stent System	EU, Argentina, U.K., UAE
	ZENFlow Tiger PTA Balloon Catheter Large Diameter	Brazil, Estonia, Latvia
	ZENFLOW Second Generation PTA Balloon Catheter	Brazil
	ZENFLOW HP PTA Second Generation High Pressure Balloon Catheter	Brazil

Our Neurovascular Interventional Products

Our current neurovascular product portfolio covers a full suite of products for five major categories, namely intracranial ischemic stroke, intracranial stenosis, intracranial hemorrhagic stroke, intracranial access and carotid artery stenosis. As at the end of the Reporting Period, we have 23 neurovascular interventional products approved by the NMPA. We expect to have six more neurovascular interventional products approved by the NMPA by the end of 2027.

Products Launched

Intracranial Ischemic Stroke Treatment

In the field of ischemic neurovascular diseases, in particular intracranial ischemic stroke, we have six product offerings, among which we have launched Thrombite CRD, SilverSnake intracranial support catheter and balloon guiding catheter (BGC) successfully as a complete three-piece solution for physicians. We are actively promoting our BADDASS (i.e. BAlloon guide with large bore Distal access catheter with Dual Aspiration with Stent-retriever as Standard approach) with clot-retrieval modality.

Thrombite Clot Re1triever Device (Thrombite CRD)

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

Clot Retriever Device II (Thrombite CRD II)

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

Intracranial Hemorrhagic Stroke Treatment

In the field of intracranial hemorrhagic stroke, we have six product offerings, among which we have launched three therapeutic products, namely, Phoenix Neurovascular Embolization Coils, Mechanical Detachable Coil II and Kylin Flow Diverter.

Phoenix Neurovascular Embolization Coil

Our Phoenix coil is extra soft and imposes minimal pressure to the aneurysm wall, thus reducing the risk of aneurysm rupture or other injury. Leveraging our unique mechanical detachment mechanism, our neurovascular embolization coil is also easier to be detached from the delivery system.

Mechanical Detachable Coil II (Second Generation Neurovascular Embolization Coil)

We have upgraded our neurovascular embolization coil to improve their basket-forming performance. Launched in the first quarter of 2024, the second-generation neurovascular embolization coils come in more specifications and sizes, offering more options for physicians when dealing with intracranial aneurysms of different sizes.

Kylin Flow Diverter

Kylin Flow Diverter is a visualized distal closure dense braided stent, which is made of nitinol-wrapped platinum material to achieve full visualization, with the closure design on the distal end. Compared with similar products in the market, it features better adherence and visualization performance, thereby improving the visibility and safety during operations. At the same time, its more comprehensive product specifications can meet the needs of different lesions in clinical treatment. The product was approved by the NMPA in March 2024. We are in the process of accelerating the commercialization of the product in China.

Future Key Products

Embolization Assist Stent (Self-expandable Intracranial Stent)

Embolization Assist Stent is often used in combination with a coil for the surgical treatment of complex intracranial aneurysms and wide-necked aneurysms. Clinically, the use of coil embolization alone may result in thromboembolism from time to time due to protrusion of the coil into the aneurysm-carrying artery or escape, while the use of Embolization Assist Stent may lead to a higher long-term embolization success rate and a lower recurrence rate.

Our stent features full-body radiopacity with nickel-titanium wrapped in platinum, making each filament visible under imaging. It has three radiopaque markers at both the proximal and distal ends, allowing surgeons to better assess the stent's deployment status. The stent's diverse filament count, lightweight design, and ease of opening and adherence ensure smooth deployment in various vessels. Different specifications use different filament counts, facilitating smoother deployment in different vascular conditions. The flared design at both the proximal and distal ends ensures excellent wall apposition. The super-elastic nickel-titanium material adapts well to tortuous vessels. The smooth delivery system enables the stent to reach more distal vessels. The delivery system also features release and retrieval radiopaque markers, ensuring the distal end of the microcatheter does not exceed the retrieval marker. The stent system can be retrieved up to approximately 80% deployment. Available in various lengths, the stent can address a wider range of pathological conditions and is compatible with more indications. Its high metal coverage maintains collateral vessel circulation.

This type of product has been dominated by imported brands in the Chinese market. During clinical trials, our product was well received by doctors for its performance. We anticipate launching this product as early as 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR EMBOLIZATION ASSIT STENT SUCCESSFULLY.

Drug Coated Self-expandable Intracranial Stent

Drug Coated Self-expandable Intracranial Stent is indicated for intracranial stenosis disease. It effectively improves the long-term prognosis of patients with symptomatic atherosclerotic stenosis, reduces the risk of stroke recurrence, decreases the incidence of in-stent restenosis, and enhances safety.

Our stents are characterized by excellent drug performance and designed with appropriate drug loading capacity for thrombosis reduction, which can maintain the effective concentration of drug in the tissues appropriately, while reducing tissue cytotoxicity. It also adopts a unique design of mesh and stent ribs, which ensures even stress and strain distribution, providing sufficient radial support for excellent wall apposition. The stent is of closed loop design, which can release 90% and can be completely recovered. The better operability and stable metal coverage can ensure accurate release of the stent and keep the collateral vessel unobstructed. The delivery system is equipped with a multi-stage stiffness distribution, which is both supportive and flexible with a higher delivery ratio.

According to the Frost & Sullivan Report, 30% to 50% of ischemic stroke cases are related to intracranial stenosis. The number of patients with intracranial stenosis in China amounted to 17.3 million in 2019, and is estimated to further increase to 27.9 million in 2030. There is still a large clinical need for intracranial stenosis treatment, and there is currently no commercialized drug coated self-expandable intracranial stent. Our product has been activated for clinical experiments and is expected to be launched as early as 2026.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR DRUG COATED SELF-EXPANDABLE INTRACRANIAL STENT SUCCESSFULLY.

Our Peripheral-Vascular Interventional Products

We have a comprehensive peripheral-vascular interventional product portfolio, covering stents, balloons, catheters and filters. At present, we have become one of the most comprehensive and competitive domestic vascular interventional device platform companies in the field of peripheral arteries and veins. As at the end of the Reporting Period, we have 21 peripheral-vascular intervention products in China approved by the NMPA. We expect to have an additional 12 peripheral-vascular intervention products approved by the NMPA by the end of 2028.

Products Launched

Drug Coated PTA Balloon Catheter

— ***UltraFree Drug-coated PTA Balloon Catheter (UltraFree DCB)***

UltraFree DCB is indicated for femoral artery and popliteal artery (except for inferior medial genicular artery) stenosis or occlusion. Since its launch in November 2020, we have mainly focused our commercialization efforts in China. We also obtained CE Mark in October 2020 and commercialized UltraFree DCB in Europe in the second half of 2021.

— ***UberVana Drug-coated PTA Balloon Catheter (Second Generation of DCB)***

We have been continuously improving the performance of our DCB, by increasing its flexibility for better crossing, navigation and dilatation performance. UberVana is developed and manufactured on our drug coating platform. By utilizing our unique coating processes and techniques, we have further optimized the adsorption and physicochemical properties of paclitaxel drug crystals on the balloon surface, enabling the efficient and precise delivery of pure paclitaxel to the target lesion site. This technology is expected to further improve the mid- to long-term efficacy of DCB treatments.

Drug Coated PTA Balloon Catheter currently has a market share of approximately 20% in the domestic market, and has been registered and approved in CE and nine countries/regions, including Germany, the U.K., Italy, and the United Arab Emirates (UAE), etc. In addition, we continue to work on the indication expansion of UltraFree DCB. Currently, we are in the process of patient enrollment for the clinical trial of Drug Coated PTA Balloon Catheter — Below the Knee (BTK).

ZYLOX Swan Endovenous Radiofrequency Ablation Catheter

The product is innovatively designed as a smaller outer diameter 6F ablation catheter, which can be released with a single button during the treatment process for simple operation. The temperature of the catheter rapidly rises to a controlled 120°C within 5 seconds, and an ablation treatment cycle can be completed in 20 seconds, which enables efficient and effective vascular closure. This product was approved by the NMPA in August 2022. We are in the process of accelerating the commercialization of the product in China.

ZYLOX Octoplus Vena Cava Filter

The product features an innovative design, instant and excellent adherent performance and self-balancing ability, which enables a more accurate release of the product and more efficient thrombus interception in the long term. Meanwhile, ZYLOX Octoplus is expected to reduce the risk of pulmonary embolism (PE) in patients, providing a longer treatment window for thrombolytic therapy and improving the success rate of deep vein thrombosis (DVT) treatment.

ZYLOX Penguin Peripheral Venous Stent System

The product features three major designs of oblique entrance, tapered gradient and integrated structure to provide excellent wall adherence and gradual expansion, which enhance the clinical performance. The proximal oblique entrance avoids interfering with contralateral blood flow and reduces the risk of thrombosis. The tapered gradient conforms to the natural diameter of the iliac vein to femoral vein to achieve excellent wall adherence and gradual expansion, and the integrated structure with laser engraving and one piece molding enable more accurate positioning to avoid shortening and displacement after implantation. Furthermore, there are many products features to ensure easy operation. The proximal end's closed-loop structure provides strong support, while the distal end's open-loop structure offers excellent compliance. In addition, the marking system is clearly identifiable, with 4 radiopaque markers at the proximal end and an anti-displacement latch at the proximal stent end to ensure that the stent does not displace before it is fully released. An ergonomic release handle also enables recovery and repositioning. The product was approved by the NMPA in January 2024. We are in the process of accelerating the commercialization of the product in China.

ZYLOX Unicorn Suture-mediated Closure System

Suture-mediated Closure System is indicated for patients undergoing diagnostic or interventional catheterization to suture the puncture site of the common femoral artery after a procedure. It can be particularly used for post-operative angioplasty, aortic endoluminal therapy and transcatheter aortic valve placement to effectively simplify and accelerate the process of vascular closure and reduce the surgical time, while improving the safety and success rate of procedures, and decreasing the risk of post-operative complications. The product is pre-equipped with a non-absorbable polypropylene suture and a pre-formed fisherman's knot structure. The internal puncture needle can stimulate and break through the vessel wall, and the suture line in the cap sleeve can be drawn out, utilizing the characteristics of the tightened fisherman's knot to achieve suture hemostasis at the puncture point.

The handle and actuator of ZYLOX Unicorn are ergonomically designed for easy one-handed use by surgeons. The product is equipped with a high-strength stainless steel puncture needle to increase the success rate of penetrating the vessel wall, with an internal pre-installed 3–0 polypropylene suture and a pre-wound fisherman's knot, enabling threading and knotting in one go. The distal catheter is tapered to minimize resistance and prevent vessel lacerations; the hydrophilic-coated sheath reduces resistance to sheath delivery. Our ZYLOX Unicorn has an expanded suture range of 5F–22F, which is compatible with large bore sutures of 8F or above, and is expected to meet unmet clinical needs.

According to Frost & Sullivan, the number of vascular closure procedures in China increased from 107.5 thousand in 2015 to 274.3 thousand in 2019 and is estimated to further increase to 3,782.1 thousand in 2030. Currently, only one imported suture-mediated closure system has been commercialized in the Chinese market. ZYLOX Unicorn is the first self-developed suture-mediated closure system in the country, which marks the breakthrough of the monopoly of imported brands in the market of vascular puncture site suture solutions by domestic brands, enabling more patients to be entitled to high quality and affordable innovative medical technology. The product was approved by the NMPA in May 2024. We are in the process of accelerating the commercialization of the product in China.

Future Key Products

Avinger Series

In March 2024, we entered into a series of licensing and investment agreements with Avinger Inc., a U.S.-based innovative medical device company and a third party independent to the Company. A series of flagship products with disruptive technology we licensed from Avinger Inc. are (i) Pantheris, which has been approved for the treatment of peripheral vascular atherosclerosis diseases as well as ISR in the U.S.; (ii) Tigereye ST series, which have been approved for the peripheral vascular chronic total occlusion-crossing in the U.S.; and (iii) LightBox 3, the OCT imaging consoles. We are now in the process of registering and localizing the entire product family in Greater China (including Mainland China, Hong Kong and Macao) and expect to launch Pantheris series and LightBox 3, the OCT imaging consoles, as early as 2025.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR AVINGER SERIES SUCCESSFULLY.

Pantheris OCT-guided Peripheral Vascular Targeted Atherectomy Catheter Series

According to the Frost & Sullivan Report, the population of PAD patients in China reached 49.5 million in 2019 and it was estimated to reach 62.3 million by 2023. Among which, lower extremity peripheral artery disease accounts for 80% of all PAD cases. It is clinically recognized that the application of vascular reduction device can clean up the proliferation of intima and plaque in the lumen, so that the lumen elasticity can be restored to provide a good vascular base for interventional treatment, thus generating long-term efficacy results.

Pantheris is the world's first and only directional atherectomy system with real-time imaging capabilities including optical coherence tomography (OCT). This technology provides three-dimensional visual guidance using light, allowing physicians to see real-time intravascular images. It facilitates easy operation, precise control of the cutting direction, and more efficient navigation to thoroughly remove plaque. This approach helps preserve the natural vessel structure in PAD patients, reducing the risk of arterial damage and other major adverse events (MAEs). In addition, Pantheris has also been approved by US FDA for atherectomy for in-stent restenosis (ISR) based on its image-guided features, which will expand the clinical applicability of atherectomy devices and benefit more patients. Pantheris has been proved to have favorable vascular reduction effect and safety in the IDE VISION Study and INSIGHT Study.

Evidence shows that the combination of vascular reduction device and DCB results in better clinical efficacy results. The combination not only optimizes immediate lumen crossing, but also reduces the risk of restenosis with the local drug effects of the DCB, achieving longer-lasting vascular patency rate. The vascular reduction device can also be used in conjunction with several of our products for the treatment of peripheral arterial vascular disease to achieve synergistic effects.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR PANTHERIS OCT-GUIDED PERIPHERAL VASCULAR TARGETED ATHERECTOMY CATHETER SERIES SUCCESSFULLY.

Tigereye ST-guided Peripheral-vascular Chronic Total Occlusion-crossing Catheter Series

Tigereye ST is the world's first and only peripheral-vascular chronic total occlusion-crossing (CTO) device with real-time imaging functions. Featuring high-definition, real-time intravascular imaging and a new remote tip design, it is capable of crossing longer and more complex lesions. The functions of the device make image interpretation easier, providing enhanced image quality, higher rotation speeds and precise user control. With the guidance of OCT imaging, the surgeons can easily distinguish the location of the device within the vessel, significantly increasing the possibility of crossing the lesion within the true lumen of the vessel, and preserving a variety of possibilities for the choice of subsequent therapeutic devices. This enhances the predictability and safety of CTO surgery and revolutionizes the treatment of vascular diseases.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR TIGEREYE ST-GUIDED PERIPHERAL-VASCULAR CHRONIC TOTAL OCCLUSION-CROSSING CATHETER SERIES SUCCESSFULLY.

LightBox 3 OCT Imagining Consoles

Our LightBox 3 OCT imaging consoles, used in conjunction with the Patheris and Tigereye ST Series, provide an onboard image guidance system that utilizes optical coherence tomography (OCT) to emit light waves that enter the vessel wall and receive return energy to form a reconstructed image, with fast imaging speed and high resolution, enabling surgeons to see inside the artery during atherectomy procedures or CTO procedures for the first time. Real-time imaging can better assist surgeons in performing precise atherectomy.

During the procedure, high-resolution intravascular OCT images are displayed in real time on the Lightbox console to guide the treatment. When using other devices in the market to treat complex arterial diseases, physicians must rely solely on X-ray images and tactile sense to guide their interventions. Physicians can guide their devices and treat PAD lesions more accurately to provide safe and effective outcomes. Along with the adoption of OCT imaging during procedures, physicians and patients can also benefit from the reduction of fluoroscopy usage, thus protecting themselves.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LIGHTBOX 3 OCT IMAGING CONSOLES SUCCESSFULLY.

Multi-spot Stent System

Multi-spot Stent System is an innovative peripheral vascular stent for balloon expanded femoral and popliteal artery dissection. It is not yet commercially available in China. As the core product of peripheral intervention, endovascular stent implantation can provide good vascular remodeling effect. However, it is impossible to avoid long-term in-stent restenosis or occlusion. Clinically, the drawbacks of long stent implantation have been widely concerned. To address this clinical pain point, multi-spot stents have been developed, which are expected to be a better solution to the problems of stent fracture and restenosis that occur over time after conventional stent implantation.

With aging population in China, the prevalence of lower extremity arterial disease is increasing year by year, with approximately 40 million patients. In recent years, innovative interventional devices have been created to mostly address the huge market demand for lower extremity arterial interventions, such as the paclitaxel drug-coated balloons (DCB), which can significantly improve the patency of diseased vessels, but still cannot completely avoid remedial stent implantation and has not been proved to have a better mid-to long-term clinical outcome than that of stents. Due to interventional technique advancement, the number of complex lesions treated clinically with endoluminal therapy has increased, and implantation of long stents has become the first line choice of clinical therapy. However, the corresponding problems of stent fracture and restenosis have also increased dramatically. Some foreign scholars have proposed the concept of “leave nothing behind”, namely, intervention without implantation. This concept is ideal, but difficult to realize for endoluminal treatment of complex lower extremity arterial lesions. In order to minimize endovascular stent implantation, the concept of “multi-spot” stent implantation has been proposed. With the international research and development and application of Tack and Multi-LOC new short stents, multi-spot stent has been established as a new type of stent. That is, through the implantation of one or more short stents in the critical intravascular sites, without covering the whole lesion, it can also solve the problems of dissection, residual stenosis and elastic recoil during endoluminal treatment of the diseased vessel, and obtain the comparable or even better long-term patency effect than that of the traditional long stent.

Our self-developed Multi-spot Stent System are a set of various multi-spot stents, which are pre-installed in the delivery system with very small outer diameter. Each multi-spot stent is designed with a short-stent double-layer open-ring structure, with an anti-precession snap at one end and multiple visualization markers in the center. The optimized radial support design can be applied to a wide range of vessel sizes and different anatomical configurations. The stent causes less irritation to the vessel, reducing the possibility of intimal hyperplasia. During the actual surgery, physicians can clearly locate each stent and precisely release it to the lesion requiring stent repair according to the surgical requirements, thus realizing the precise treatment of single-point lesions, avoiding covering portions of healthy tissue, and lowering the risk of in-stent stenosis and fracture. The clinical trial of this product is under progress, and the interim follow-up data obtained currently are satisfactory and fully meet the clinical expectations.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR MULTI-SPOT STENT SYSTEM SUCCESSFULLY.

Balloon Expandable Covered Stent

Balloon Expandable Covered Stent is an innovative endovascular therapeutic product. The product is mainly used for the treatment of stenotic and/or occlusive lesions in the common iliac arteries and external iliac arteries. Currently there are only two imported products commercialized in the Chinese market.

We have adopted a brand-new independent design with full consideration of the needs of clinical diagnosis and treatment in China. We use cobalt chromium alloy tubing that has better performance than the imported stainless-steel material for the main body of the stent, as well as ePTFE coating with high expansion ratio and advanced process to ensure the long-term safety of stent implantation in the human body. In addition, we have also adopted our self-developed and widely-recognized balloon platform. The stent is characterized by a small delivery diameter, precise dilatation performance and special anti-falling design, with a variety of diameter sizes, which can be adapted to more complex lesions.

Compared with self-expanding vascular stents in mainstream clinical applications, Balloon Expandable Covered Stent shows a number of advantages. These include the ability to achieve precise stent positioning, precise control of stent expansion diameter, as well as strong post-stent expansion ability, which can shape the stent into a special form with unequal diameters to better adapt to the vascular anatomy of the iliac arteries for a better match. Due to the superior performance of ePTFE coating, compared with bare metal stents, coated stents also have the unique advantages of remedying vessel perforation, rupture damage, and preventing in-stent restenosis. Because of its excellent performance and clinical results, the balloon expandable covered stent, with better long-term patency and good overall performance, has been recommended as the preferred device for the treatment of lower extremity TASC C/D lesions by a number of domestic and international clinical guidelines. Evidence shows that this type of device may have the best results in iliac artery occlusive lesions, with a significantly lower risk of post-operative restenosis and higher long-term patency rate.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR BALLOON EXPANDABLE COVERED STENT SUCCESSFULLY.

II. FINANCIAL REVIEW

Overview

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

Revenue

During the Reporting Period, we achieved a revenue of RMB366.0 million, with RMB364.1 million from sales of interventional products, representing an increase of 58.2% as compared to the first half of 2023. 66.9% of our interventional products revenue was derived from the neurovascular interventional products business and 33.1% was derived from the peripheral-vascular interventional products business. The significant growth of our revenue was primarily attributable to the high sales growth of both neurovascular and peripheral-vascular interventional devices segments.

The revenue from sales of neurovascular interventional products in the Reporting Period increased by 46.7% as compared to the first half of 2023, primarily because of (i) the continued revenue growth from our key products, such as SilverSnake Intracranial Support Catheter, Phoenix Neurovascular Embolization Coil, Thrombite Clot Retriever Device (Thrombite CRD) and White Horse Intracranial PTA Balloon Catheter (Rx); (ii) our continuous effort to increase product penetration in different level of hospitals; and (iii) the additional revenue from the new product, such as Kylin Flow Diverter, etc.

The revenue from sales of peripheral-vascular interventional products in the Reporting Period increased by 88.2% as compared to the first half of 2023 because of the rapid growth of sales revenue of our UltraFree Drug Coated PTA Balloon Catheter (UltraFree DCB), ZENFLOW PTA Balloon Catheter, ZENFLOW High Pressure PTA Balloon Catheter and ZYLOX Swan Endovenous Radiofrequency Ablation (RFA) Catheter. This growth is the result of (i) our ongoing efforts to expand market access, increase hospital penetration and expand distribution network; and (ii) the continuous enrichment of our peripheral disease treatment product portfolio, highlighted by the commercial launch of ZYLOX Penguin Peripheral Venous Stent System and ZYLOX Phoenix Peripheral Detachable Fibrous Coil Embolization System, which generated additional revenue in the first half of 2024.

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

At a point in time	Six months ended June 30, 2024 (Unaudited) RMB'000	% of total	Six months ended June 30, 2023 (Unaudited) RMB'000	% of total	Period to period change
Revenue from sales of goods	**364,145**	**99.5%**	230,131	100.0%	58.2%
Others	**1,845**	**0.5%**	—	—	NA
Total	**365,990**	**100.0%**	230,131	100.0%	59.0%

Revenue from sales of goods	Six months ended June 30, 2024 (Unaudited) RMB'000	% of total	Six months ended June 30, 2023 (Unaudited) RMB'000	% of total	Period to period change
Neurovascular interventional devices	**243,510**	**66.9%**	166,038	72.1%	46.7%
Peripheral-vascular interventional devices	**120,635**	**33.1%**	64,093	27.9%	88.2%
Total	**364,145**	**100.0%**	230,131	100.0%	58.2%

Cost of Sales

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

The Group's cost of sales for the Reporting Period was RMB105.1 million, representing an increase of 76.6% compared to RMB59.5 million for the six months ended June 30, 2023. The increase was primarily attributable to (i) an increase in raw materials and consumables used for sales of our products during the Reporting Period, which was in line with the increased penetration of our commercialized of our marketed products since June 30, 2023; and (ii) an increase in employee benefits expenses as a result of an increase in the number of our employees for expanded production and operation.

Gross Profit and Gross Profit Margin

As a result of the aforementioned factors, the gross profit of the Group increased by 52.9% from RMB170.6 million for the six months ended June 30, 2023 to RMB260.9 million for the Reporting Period. Our gross profit margin is calculated as gross profit divided by revenue. The gross profit margin of the Group decreased slightly from 74.2% for the six months ended June 30, 2023 to 71.3% for the Reporting Period, mainly because (i) some products began to be enrolled in the VBP; and (ii) for some other products, we strategically lowered their prices to gain greater market shares in anticipation of the potential VBP.

R&D Expenses

The Group's R&D expenses for the Reporting Period was RMB101.5 million, representing a decrease of 22.4% compared to RMB130.8 million for the six months ended June 30, 2023. The decrease was primarily attributable to a decrease in employee benefits expenses from RMB55.6 million for the six months ended June 30, 2023 to RMB40.9 million for the Reporting Period, which was mainly caused by a decrease in share based compensation for our R&D personnel.

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

	Six months ended June 30, 2024 (Unaudited) *RMB'000*	Six months ended June 30, 2023 (Unaudited) *RMB'000*
R&D Expenses		
Testing, clinical trial and professional services fees for R&D	**41,559**	49,146
Employee benefits expenses	**40,945**	55,641
Raw materials and consumables used	**12,483**	15,731
Others	**6,555**	10,288
Total	**101,542**	130,806

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Reporting Period was RMB80.0 million, representing an increase of 6.7% compared to RMB74.9 million for the six months ended June 30, 2023. Such increase was primarily attributable to increased employee benefits expenses and sales and marketing expenses as a result of the expansion of sales scale and the increase in the number of launched products. The selling and distribution expenses as a percentage of overall revenue decreased from 32.6% for the six months ended June 30, 2023 to 21.9% for the Reporting Period. Such decrease was primarily attributable to (i) continuous improvement and strengthening of the sales and marketing team and sales network; (ii) increased clinical recognition of product quality, which made our commercial promotion more efficient; and (iii) a more comprehensive product portfolio, which enhanced the efficiency of sales efforts.

Administrative Expenses

The Group's administrative expenses for the Reporting Period was RMB43.6 million, representing a decrease of 13.4% compared to RMB50.4 million for the six months ended June 30, 2023. The administrative expenses as a percentage of total revenue decreased significantly to 11.9% from 21.9% for the same period of 2023.

Other Expenses

The Group's other expenses for the Reporting Period was RMB0.6 million, which remained relatively stable as compared to RMB0.6 million for the six months ended June 30, 2023.

Other Income

The Group's other income for the Reporting Period was RMB10.6 million, representing an increase of 104.7% compared to RMB5.2 million for the six months ended June 30, 2023, primarily attributable to an increase in government grants in the Reporting Period.

Other (Losses)/Gains — net

The Group recorded other net losses for the Reporting Period of RMB9.2 million compared to other net gains of RMB6.8 million for the six months ended June 30, 2023, primarily due to net fair value losses from FVPL.

Finance Income — net

The Group's finance income — net for the Reporting Period was RMB33.4 million, representing a slight decrease of 14.3% from RMB38.9 million for the six months ended June 30, 2023, primarily attributable to a decrease in bank interest income in the Reporting Period.

Income Tax Expense

The Group did not incur income tax expense for the six months ended June 30, 2024, representing a decrease of 100.0% from RMB0.3 million for the six months ended June 30, 2023, primarily due to the use of accumulated losses.

Non-IFRS Measures

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

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

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

	Six months ended June 30, 2024 *(RMB'000)* (Unaudited)	Six months ended June 30, 2023 *(RMB'000)* (Unaudited)
Profit/(Loss) for the period	**68,865**	(35,514)
Add:		
Share-based compensation(1)	**9,306**	29,992
Non-IFRS adjusted net profit/(loss) for the period	**78,171**	(5,522)

Note:

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

Capital Management

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

Liquidity and Financial Resources

The Group's liquidity and financial resources mainly include cash and cash equivalents, terms deposits and financial assets measured at fair value. The Group's cash and cash equivalents as at June 30, 2024 were RMB532.6 million, representing a decrease of 51.0% compared to RMB1,086.6 million as at December 31, 2023. The cash and cash equivalents were denominated in RMB, US dollars, Hong Kong dollars and Euro. Term deposits as at June 30, 2024 were RMB1,796.3 million as compared to RMB1,388.4 million as at December 31, 2023. Financial assets measured at fair value were RMB255.1 million as at June 30, 2024 as compared to RMB102.1 million as at December 31, 2023. The management is confident that the Group's financial resources are sufficient for our daily operations. The total available financial resources, including cash and cash equivalents, term deposits and financial assets measured at fair value increased slightly from RMB2,577.1 million as at December 31, 2023 to RMB2,584.0 million as at June 30, 2024.

We have been able to generate positive cash flow from our operation. As our business develops and expands, we expect to generate more net cash from our operating activities, through increasing sales revenue of commercialized products and by launching new products, as a result of the broader market acceptance of our commercialized products and our continued efforts in marketing and expansion, improving cost control and operating efficiency and accelerating the turnover of trade receivables by tightening our credit policy.

Borrowings and Gearing Ratio

The Group's borrowings as at June 30, 2024 was RMB75.0 million, representing an increase of 50.0% compared to RMB50.0 million as at December 31, 2023.

As at June 30, 2024, the Group has entered into loan agreements with total amounts of RMB75.0 million and all the amounts were drawn down, bearing interest at rates ranging from 2.95% to 3.40% per annum. Certain self-developed patents of the Group have been pledged as collateral under loan agreements.

The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2024 was 2.61%, representing an increase of 42.5% compared to 1.83% as at December 31, 2023.

Net Current Assets

The Group's net current assets as at June 30, 2024 were RMB1,021.2 million, representing a decrease of 27.0% compared to net current assets of RMB1,399.4 million as at December 31, 2023.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our bank balances, trade receivables, other financial assets, other payables and other financial liabilities are dominated in foreign currencies and are exposed to foreign currency risk. Our management monitors foreign exchange exposures and consider appropriate hedging measures when the need arises.

Pledge of Shares

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

Significant Investments, Material Acquisitions and Disposals

As at June 30, 2024, we did not hold any significant investments. For the Reporting Period, we did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

Capital Expenditure

For the six months ended June 30, 2024, the Group's total capital expenditure amounted to approximately RMB121.9 million, which was mainly used in the purchase of property, plant and equipment and intangible assets.

Charge on Assets

As at June 30, 2024, there was no charge on assets of the Group.

Contingent Liabilities

As at June 30, 2024, we did not have any contingent liabilities.

Employees and Remuneration Policies

As at June 30, 2024, we had 756 employees in total (June 30, 2023: 707).

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

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

Future Investment Plans and Expected Funding

The Group will continue to expand its markets in the PRC and globally in order to tap its internal potential and maximize shareholders' interest. The Group will continue to grow through self-development, mergers and acquisitions, and other means. We will employ a combination of financing channels to finance capital expenditures, including but not limit to internal funds and bank loans. As at June 30, 2024, the capital commitments of the Group for property, plant and equipment and investment in venture funds were RMB36.1 million and RMB168.7 million respectively. Save as disclosed, the Group has no other future commitment for material investments or capital assets as at June 30, 2024.

III. PROSPECTS

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

- **Continue to increase our market share by capitalizing on our comprehensive product offering and strong commercialization capability**

  With the ongoing adoption of our high-quality products by physicians and hospitals,we are confident in our ability to further expand our market share in the neurovascular and peripheral vascular interventional devices industry. We have established a robust track record of commercialization and distribution in China. Leveraging our strong commercialization and distribution network, we will continue to effectively launch innovative products.

- **Continue to invest in international markets**

  In overseas markets, we have taken significant strides in commercialization and registration, and we are committed to continuing these efforts. We are expanding our international team to bolster sales outside of China and intensifying our registration efforts in various regions, including South America and the Pan-Asian regions. Additionally, we will enhance partnerships with local physicians and distributors and explore new business cooperation models to further strengthen our presence and growth in these markets.

- **Continue to expand our product offering and accelerate innovation tailored to clinical needs**

  We have successfully launched a few innovative products with unique features to better accommodate unmet clinical needs, including Thrombite Clot Retriever Device (CRD), ZYLOX Penguin Peripheral Venous Stent System, Kylin Flow Diverter, and ZYLOX Unicorn Suture-mediated Closure System. Leveraging our internal R&D capabilities, we are dedicated to ongoing investment in innovation. The commitment allows us to respond swiftly to the evolving clinical needs and develop innovative products with superior clinical performance.

- **Continue to improve our operational efficiency and profitability**

  The evolving industry dynamics, including the implementation of VBPs and reimbursement under Diagnosis-Related Groups (DRGs), present new challenges for medical device companies. To address these challenges, we will continue to leverage our in-house R&D technology platforms, manufacturing expertise and knowhow, and efficient sales and marketing network, to accelerate commercialization efforts and ultimately improve overall profitability.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on June 6, 2023, the Directors were granted a general mandate to exercise the power to repurchase up to 32,461,974 H Shares, representing 10% of the total number of H Shares in issue as at June 6, 2023 (the "**Repurchase Mandate**"). During the Reporting Period, pursuant to the Repurchase Mandate, the Company bought back an aggregate of 108,000 H Shares on the Stock Exchange (the "**Repurchased Shares**") at a total consideration of HK$971,090, exclusive of commissions and other expenses.

Details of the Repurchased Shares are as follows:

Month of buy-back	Number of Shares bought back	Consideration per Share		Total consideration paid for the buy-back
		Highest price paid *HK$*	Lowest price paid *HK$*	*HK$*
April 2024	108,000	9.5	8.78	971,090

The Board believes that the share repurchases demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders.

As at July 31, 2024, a total of 2,219,000 H Shares (including 108,000 H Shares repurchased during the Reporting Period and 2,111,000 H Shares repurchased in 2023) were cancelled. As at the Latest Practicable Date, the balance of the issued Shares of the Company amounted to 322,400,744 H Shares (including 683,500 treasury shares as defined in the Listing Rules) and 7,781,257 Domestic Shares.

Save as disclosed above, during the Reporting Period and up to the Latest Practicable Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted corporate governance practices based on the principles and code provisions as set out in the CG Code as contained in Appendix C1 to the Listing Rules as its own code of corporate governance practices. Save for the deviation for reasons set out below, during the Reporting Period, the Company has applied the principles of good corporate governance and complied with all the applicable code provisions set out in Part 2 of the CG Code.

According to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Up to the Latest Practicable Date, the roles of chairman and chief executive officer were performed by Dr. Jonathon Zhong Zhao, which may be inconsistent with code provision C.2.1. Nevertheless, the Board considers that this arrangement is proper and beneficial to the Group as the stability and efficiency of the Company's operations, as well as the continuity of the Company's policies and strategies, can be maintained. Going forward, the Board will periodically review the effectiveness of this arrangement and considers appointing another individual as the chief executive officer when it thinks appropriate.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors, the Supervisors and the Group's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Group or the Company's securities.

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

EVENTS AFTER THE REPORTING PERIOD

Since July 1, 2024 and up to the Latest Practicable Date, the Company has repurchased a total of 683,500 H Shares, which are held by the Company as treasury shares, at an aggregate consideration of HK$7,540,110. Apart from this, the Company is not aware of any other material subsequent events from June 30, 2024 to the Latest Practicable Date.

REVIEW OF INTERIM RESULTS

The Audit Committee comprises three independent non-executive Directors, namely Ms. Yun Qiu, Dr. Jian Ji and Dr. Xiang Qian. The chairlady of the Audit Committee is Ms. Yun Qiu who holds the appropriate qualification as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has reviewed the unaudited interim condensed consolidated financial information of the Group for the six months ended June 30, 2024 with the management and the auditor of the Company.

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

INTERIM DIVIDEND

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

USE OF NET PROCEEDS FROM IPO AND OVER-ALLOTMENT OPTION

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

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

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

Intended use of Net Proceeds	Allocation of Net Proceeds *RMB in million*	Percentage of total Net Proceeds	Net Proceeds unutilized as at January 1, 2024	Net Proceeds utilized during the Reporting Period *RMB in million*	Net Proceeds unutilized as at the end of the Reporting Period *RMB in million*	Expected time of full utilization
(1) Ongoing research and development, production and commercialization of our Core Products, namely Thrombite CRD and Ultrafree DCB	870.7	37%	96.0	69.8	26.2	Yr2024
(2) Ongoing research and development, production and commercialization of our other five major products, namely our neurovascular embolization coil, flow diverter, retrievable inferior vena cava filter, peripheral venous stent system and suture-mediated closure	258.9	11%	29.6	17.7	11.9	Yr2024
(3) Other 38 products and pipeline candidates in order to develop our product portfolio to provide total solution	941.3	40%	375.9	216.9	159.0	Yr2025
(4) Further upgrade our research and development facility, including software and hardware infrastructures in both Hangzhou and Zhuhai, and planned office expansion and upgrade in Zhuhai	70.6	3%	9.7	7.5	2.2	Yr2024
(5) Potential strategic acquisition, investments, in-licensing or collaborations	94.1	4%	66.1	53.3	12.8	Yr2025
(6) Working capital and general corporate purposes	117.7	5%	—	—	—	Yr2023
Total	2,353.3	100%	577.3	365.2	212.1	

CHANGE OF INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT MEMBERS

Mr. Hongze Liang (梁洪澤) has retired as a non-executive Director with effect from June 6, 2024, due to other work commitments.

Dr. Xiang Qian (錢湘) was appointed as a non-executive Director of the second session of the Board, with effect from June 6, 2024.

For details of the above mentioned retirement and appointment of Directors, please refer to the announcement of the Company dated May 9, 2024.

Save as disclosed above, during the Reporting Period and from June 30, 2024 up to the Latest Practicable Date, there was no change to information which was required to be disclosed by the Directors, Supervisors and senior management members pursuant to Rule 13.51B(1) of the Listing Rules.

DIRECTORS' AND SUPERVISORS' RIGHT TO PURCHASE SHARES OR DEBENTURES

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

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

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

As at June 30, 2024, the interests or short positions of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors and chief executive(s) of the Company are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Name	Position	Nature of Interest	Number and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of our Company[1]
Dr. Jonathon Zhong Zhao (趙中)[2]	Executive Director	Beneficial owner	37,546,792 H Shares (L)	11.57%	12.86%
			5,197,203[5] Domestic Shares (L)	66.79%	
		Interest in controlled corporations	32,733,529 H Shares (L)	10.08%	10.94%
			3,637,058 Domestic Shares (L)	46.74%	
		Interests held jointly with another person	18,579,910 H Shares (L)	5.72%	5.66%
			239,427 Domestic Shares (L)	3.08%	
Mr. Stephen Hui Wang (王暉)[3]	Non-executive Director	Interest in controlled corporations	22,097,448 H Shares (L)	6.81%	6.65%
Dr. Zheng Li (李崢)[2]	Executive Director	Beneficial owner	120,000 H Shares (L)	0.04%	0.11%
			239,427[6] Domestic Shares (L)	3.08%	
		Interests held jointly with another person	88,740,231 H Shares (L)	27.34%	29.35%
			8,834,261 Domestic Shares (L)	113.53%	

Name	Position	Nature of Interest	Number and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of our Company[1]
Mr. Yang Xie (謝陽)[4]	Executive Director	Beneficial owner	400,000 H Shares (L)	0.12%	0.17%
			167,599[7] Domestic Shares (L)	2.15%	
		Interest in controlled corporation	14,251,425 H Shares (L)	4.39%	4.76%
			1,583,492 Domestic Shares (L)	20.35%	
Ms. Hongbo Wang (王宏波)	Employee Supervisor	Beneficial owner	71,828[8] Domestic Shares (L)	0.92%	0.02%

Notes:

(1) The calculation is based on the total number of 7,781,257 Domestic Shares in issue and 324,619,744 H Shares (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme) in issue as at June 30, 2024. The letter "L" denotes the Shareholder's long position in such shares.

(2) Pursuant to a concert party agreement dated January 21, 2021 (the "**Concert Parties Agreement I**") entered into by and between, among others, Dr. Jonathon Zhong Zhao (趙中) ("**Dr. Zhao**"), Dr. Shengping Sam Zhong (鍾生平) ("**Dr. Zhong**"), Dr. Zheng Li (李崢) ("**Dr. Li**"), Ms. Na Wei (衛娜) ("**Ms. Wei**"), Zhuhai Tongqiao Investment Center (Limited Partnership)* (珠海通橋投資中心(有限合夥)) ("**Zhuhai Tongqiao**"), Hangzhou Fujiang Investment Partnership (Limited Partnership)* (杭州涪江投資合夥企業 (有限合夥)) ("**Hangzhou Fujiang**"), Zhuhai Guichuang Equity Investment Center (Limited Partnership)* (珠海歸創股權投資中心(有限合夥)) ("**Zhuhai Guichuang**"), Hangzhou Guiqiao Enterprise Management Partnership (Limited Partnership)* (杭州歸橋企業管理合夥企業(有限合夥)) (formerly known as Ningbo Guiqiao Enterprise Management Partnership (Limited Partnership)* (寧波歸橋企業管理合夥企業(有限合夥))) ("**Hangzhou Guiqiao**"), WEA Enterprises, LLC ("**WEA**") and Hangzhou Yuyihui Investment Partnership (Limited Partnership)* (杭州語意慧企業管理合夥企業(有限合夥)) (formerly known as Huzhou Yuyihui Investment Partnership (Limited Partnership)* (湖州語意慧企業管理合夥企業(有限合夥)) ("**Hangzhou Yuyihui**") (each, a "**Concert Party**"), the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the Concert Parties Agreement I. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party is also deemed to be interested in the interest of other Concert Parties.

As at June 30, 2024, Zhuhai Tongqiao holds 9,136,780 H Shares and 1,015,198 Domestic Shares; Hangzhou Fujiang holds 5,114,645 H Shares and 568,294 Domestic Shares; Zhuhai Guichuang holds 9,862,718 H Shares and 1,095,857 Domestic Shares; and Hangzhou Guiqiao holds 8,619,386 H Shares and 957,709 Domestic Shares, all of which being the Employee Incentive Platforms. As the voting rights of each of such Employee Incentive Platform are controlled by Dr. Zhao, by virtue of the SFO, Dr. Zhao is deemed to be interested in the Shares in which such companies are interested.

(3) Pursuant to a concert party agreement dated March 11, 2021 (the "**Concert Parties Agreement II**") entered into by and between, among others, Highlight Medical Limited ("**Highlight Medical**"), Ourea Biotech HK Limited ("**Ourea Biotech**"), Five Investment Limited ("**Five Investment**"), Homehealth Investment Limited ("**Homehealth**"), Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership)* ("**Ningbo Tiesi**"), Suzhou Taihong Jinghui Investment Center (Limited Partnership)* ("**Taihong Jinghui**") and Ganzhou Titan Equity Investment Partnership (Limited Partnership)* ("**Ganzhou Titan**") (together, the "**Honghui Shareholders**"), the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the Concert Parties Agreement II. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment, Highlight Medical and Homehealth are controlled by HighLight Capital Partners I L.P., which was managed by its general partner, HighLight Capital GP I Company Limited, which is in turn controlled by Mr. Stephen Hui Wang (王暉) ("**Mr. Wang**"). Thus, HighLight Capital Partners I L.P., HighLight Capital GP I Company Limited and Mr. Wang are deemed to be interested in the interest of Five Investment, Highlight Medical and Homehealth. Ourea Biotech is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Wang are deemed to be interested in the interest of Ourea Biotech. Ningbo Tiesi and Ganzhou Titan are both managed by their general partner, Shanghai Hehong Jinghui Equity Investment Management Co., Ltd.* (上海合弘景暉股權投資管理有限公司) ("**Hehong Jinghui**"), which is controlled by Mr. Wang, Thus, Hehong Jinghui and Mr. Wang are deemed to be interested in the interest of Ningbo Tiesi and Ganzhou Titan. Taihong Jinghui is managed by its general partner, Suzhou Yuhui Equity Investment Management Partnership (Limited Partnership)* (蘇州煜暉股權投資管理合夥企業(有限合夥)) ("**Suzhou Yuhui**"), which is in turn managed by its general partner, Jiangsu Highlight Equity Investment Management Co., Ltd.* (江蘇弘暉股權投資管理有限公司) ("**Jiangsu Highlight**"), which is controlled by Mr. Wang. Therefore, Suzhou Yuhui, Jiangsu Highlight and Mr. Wang are deemed to be interested in the interest of Taihong Jinghui.

(4) Mr. Yang Xie (謝陽) ("**Mr. Xie**") was granted 36.36% of economic interest in Zhuhai Tongqiao and 51.54% economic interest in Hangzhou Fujiang, both being the Employee Incentive Platforms, and therefore, under the SFO, Mr. Xie is deemed to be interested in 9,136,780 H Shares and 1,015,198 Domestic Shares through Zhuhai Tongqiao and 5,114,645 H Shares and 568,294 Domestic Shares through Hangzhou Fujiang.

(5) This includes (i) 4,144,199 Domestic Shares beneficially held by Dr. Zhao, and (ii) Dr. Zhao's entitlement to receive up to 1,053,004 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(6) Dr. Li is entitled to receive up to 239,427 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(7) Mr. Xie is entitled to receive up to 167,599 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(8) Ms. Hongbo Wang (王宏波) is entitled to receive up to 71,828 Domestic Shares pursuant to the options granted to her under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

* *For identification purpose only*

Save as disclosed above, as at June 30, 2024, none of the Directors, Supervisors and chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

To the best knowledge of the Company based on the public information, as at June 30, 2024, the interests or short positions of persons (other than the Directors, Supervisors and chief executives of the Company) in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests or short positions which any such persons other than the Directors, Supervisors and chief executives of the Company are taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Number and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of our Company[1]
Dr. Shengping Sam Zhong (鍾生平)[2][3]	Interest in controlled corporations	13,476,617 H Shares (L)	4.15%	4.05%
	Interests held jointly with another person	75,383,614 H Shares (L)	23.22%	25.41%
		9,073,688 Domestic Shares (L)	116.61%	
WEA Enterprises, LLC[2][3]	Beneficial owner	13,476,617 H Shares (L)	4.15%	4.05%
	Interests held jointly with another person	75,383,614 H Shares (L)	23.22%	25.41%
		9,073,688 Domestic Shares (L)	116.61%	
Ms. Na Wei (衛娜)[2][4]	Interests held jointly with another person	88,740,231 H Shares (L)	27.34%	29.35%
		8,834,261 Domestic Shares (L)	113.53%	
	Deemed Interest	120,000 H Shares (L)	0.04%	0.11%
		239,427 Domestic Shares (L)	3.08%	
Hangzhou Yuyihui Investment Partnership (Limited Partnership)* (杭州語意慧企業管理合夥企業(有限合夥))[2][4]	Beneficial owner	4,983,293 H Shares (L)	1.54%	1.50%
	Interests held jointly with another person	83,876,938 H Shares (L)	25.84%	27.96%
		9,073,688 Domestic Shares (L)	116.61%	
Zhuhai Tongqiao Investment Center (Limited Partnership)* (珠海通橋投資中心(有限合夥))[2]	Beneficial owner	9,136,780 H Shares (L)	2.81%	3.05%
		1,015,198 Domestic Shares (L)	13.05%	
	Interests held jointly with another person	79,723,451 H Shares (L)	24.56%	26.41%
		8,058,490 Domestic Shares (L)	103.56%	
Hangzhou Fujiang Investment Partnership (Limited Partnership)* (杭州涪江投資合夥企業(有限合夥))[2]	Beneficial owner	5,114,645 H Shares (L)	1.58%	1.71%
		568,294 Domestic Shares (L)	7.30%	
	Interests held jointly with another person	83,745,586 H Shares (L)	25.80%	27.75%
		8,505,394 Domestic Shares (L)	109.31%	
Zhuhai Guichuang Equity Investment Center (Limited Partnership)* (珠海歸創股權投資中心(有限合夥))[2]	Beneficial owner	9,862,718 H Shares (L)	3.04%	3.30%
		1,095,857 Domestic Shares (L)	14.08%	
	Interests held jointly with another person	78,997,513 H Shares (L)	24.34%	26.17%
		7,977,831 Domestic Shares (L)	102.53%	

Name of Shareholder	Nature of Interest	Number and class of shares held[1]	Approximate percentage of shareholding in the relevant class of shares[1]	Approximate percentage of shareholding in the total share capital of our Company[1]
Hangzhou Guiqiao Enterprise Management Partnership (Limited Partnership)* (杭州歸橋企業管理合夥企業(有限合夥))[2]	Beneficial owner	8,619,386 H Shares (L)	2.66%	2.88%
		957,709 Domestic Shares (L)	12.31%	
	Interests held jointly with another person	80,240,845 H Shares (L)	24.72%	26.58%
		8,115,979 Domestic Shares (L)	104.30%	
Highlight Medical Limited[5]	Beneficial owner	4,433,000 H Shares (L)	1.37%	1.33%
	Interests held jointly with another person	17,664,448 H Shares (L)	5.44%	5.31%
Ourea Biotech HK Limited[5]	Beneficial owner	5,270,819 H Shares (L)	1.62%	1.59%
	Interests held jointly with another person	16,826,629 H Shares (L)	5.18%	5.06%
Homehealth Investment Limited[5]	Beneficial owner	1,135,349 H Shares (L)	0.35%	0.34%
	Interests held jointly with another person	20,962,099 H Shares (L)	6.46%	6.31%
Five Investment Limited[5]	Beneficial owner	7,023,744 H Shares (L)	2.16%	2.11%
	Interests held jointly with another person	15,073,674 H Shares (L)	4.64%	4.53%
Ningbo Free Trade Zone Tiesi Equity Investment Partnership (Limited Partnership)* (寧波保稅區帖斯以股權投資合夥企業(有限合夥))[5]	Beneficial owner	2,927,696 H Shares (L)	0.90%	0.88%
	Interests held jointly with another person	19,169,752 H Shares (L)	5.91%	5.77%
Suzhou Taihong Jinghui Investment Center (Limited Partnership)* (蘇州泰弘景暉投資中心(有限合夥))[5]	Interests held jointly with another person	22,097,448 H Shares (L)	6.81%	6.65%
Ganzhou Titan Equity Investment Partnership (Limited Partnership)* (贛州提坦股權投資合夥企業(有限合夥))[5]	Beneficial owner	1,306,810 H Shares (L)	0.40%	0.39%
	Interests held jointly with another person	20,790,638 H Shares (L)	6.40%	6.25%
OAP IV (HK) Limited[6]	Beneficial owner	25,335,535 H Shares (L)	7.80%	7.62%
Future Industry Investment Fund (Limited Partnership)* (先進製造產業投資基金(有限合夥))[7]	Beneficial owner	20,470,199 H Shares (L)	6.31%	6.16%
Lake Bleu Capital (Hong Kong) Limited[8]	Investment Manager	18,052,991 H Shares (L)	5.56%	5.43%
AIHC Master Fund[9]	Beneficial owner	19,657,020 H Shares (L)	6.06%	5.91%
Quanwei Yuan (袁泉衛)[10]	Beneficial owner	718,282 Domestic Shares (L)	9.23%	0.22%
Ning Pan (潘寧)[11]	Beneficial owner	586,597 Domestic Shares (L)	7.54%	0.18%

Notes:

(1) The calculation is based on the total number of 7,781,257 Domestic Shares in issue and 324,619,744 H Shares (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme) in issue as at June 30, 2024. The letter "L" denotes the Shareholder's long position in such shares.

(2) Pursuant to the Concert Parties Agreement I, the Concert Parties agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the Concert Party Agreement I. In the event they fail to reach such consensus, each of the Concert Parties shall exercise their respective voting rights in accordance with instructions of Dr. Zhao. Therefore, under the SFO, in addition to their respective direct shareholding or interest in controlled corporations, each Concert Party including among others, Dr. Zhong, WEA, Ms. Wei, Hangzhou Yuyihui, Zhuhai Tongqiao, Hangzhou Fujiang, Zhuhai Guichuang and Hangzhou Guiqiao, are also deemed to be interested in the interest of other Concert Parties.

(3) Dr. Zhong holds 100% of the equity interests in WEA, which holds 13,476,617 H Shares of our Company (without taking into account any Shares to be issued under the Pre-IPO Share Option Scheme). Therefore, under the SFO, Dr. Zhong is deemed to be interested in 13,476,617 H Shares of our Company through WEA.

(4) Dr. Li and Ms. Wei are spouses and therefore, under the SFO, Ms. Wei is deemed to be interested in the entitlement of Dr. Li to receive up to 239,427 Domestic Shares pursuant to the options granted to Dr. Li under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(5) Pursuant to the Concert Parties Agreement II, the Honghui Shareholders agreed to act in concert to control the decision-making and operation management of our Company at Board meetings and Shareholders' meetings with effect from the date of the Concert Parties Agreement II. In the event they fail to reach such consensus, each of the Honghui Shareholders shall exercise their respective voting rights in accordance with instructions of Five Investment. Therefore, under the SFO, in addition to their respective direct shareholding, each Honghui Shareholder is also deemed to be interested in the interest of other Honghui Shareholders. All of Five Investment, Highlight Medical and Homehealth are controlled by HighLight Capital Partners I L.P., which was managed by its general partner, HighLight Capital GP I Company Limited, which is in turn controlled by Mr. Wang. Thus, HighLight Capital Partners I L.P., HighLight Capital GP I Company Limited and Mr. Wang are deemed to be interested in the interest of Five Investment, Highlight Medical and Homehealth. Ourea Biotech is held by HL Partners II L.P., which is managed by HL GP II Company Limited, which is in turn controlled by Mr. Wang. Therefore, HL Partners II L.P., HL GP II Company Limited and Mr. Wang are deemed to be interested in the interest of Ourea Biotech. Ningbo Tiesi and Ganzhou Titan are both managed by their general partner, Hehong Jinghui, which is controlled by Mr. Wang, Thus, Hehong Jinghui and Mr. Wang are deemed to be interested in the interest of Ningbo Tiesi and Ganzhou Titan. Taihong Jinghui is managed by its general partner, Suzhou Yuhui, which is in turn managed by its general partner, Jiangsu Highlight, which is controlled by Mr. Wang. Therefore, Suzhou Yuhui, Jiangsu Highlight and Mr. Wang are deemed to be interested in the interest of Taihong Jinghui.

(6) OAP IV (HK) Limited ("**OAP**") is wholly-owned by OrbiMed Asia Partners IV, L.P., which was managed by OrbiMed Asia GP IV, L.P., which was in turn managed by OrbiMed Advisors IV Limited, a company jointly controlled by David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon. Therefore, OrbiMed Asia Partners IV, L.P., OrbiMed Asia GP IV, L.P., OrbiMed Advisors IV Limited, David Guowei Wang, Sunny Sharma, Sven H. Borho, William Carter Neild, Jonathan T. Silverstein and Carl L. Gordon are deemed to be interested in the interest of OAP under the SFO.

(7) Future Industry Investment Fund (Limited Partnership)* ("**FIIF**") was managed by its general partner SDIC Fund Management Co., Ltd.* (國投創新投資管理有限公司), which was held as to 40% by China State Investment High-Tech Industrial Investment Co., Ltd.* (中國國投高新產業投資有限公司), which in turn was controlled by State Development and Investment Corporation* (國家開發投資集團有限公司). Therefore, SDIC Fund Management Co., Ltd., China State Investment High-Tech Industrial Investment Co., Ltd. and State Development and Investment Corporation are deemed to be interested in the interest of FIIF under the SFO.

(8) Lake Bleu Capital (Hong Kong) Limited ("**LBC Capital**") manages both Lake Bleu Prime Healthcare Master Fund Limited ("**Lake Bleu Prime**") and LBC Sunshine Healthcare Fund II L.P. ("**LBC Sunshine**") as a fund manager. LBC Sunshine is an existing Shareholder of the Company and holds 11,353,491 H Shares as at June 30, 2024. Lake Bleu Prime is a cornerstone investor of the Company and subscribed for 3,763,000 H Shares based on the Offer Price of HK$41.25 (being the mid-point of the Offer Price range) in the Global Offering. Lake Bleu Prime holds 6,699,500 H Shares as at June 30, 2024. LBC Capital is controlled by Mr. Bin Li. Therefore, Mr. Bin Li is deemed to be interested in the 18,052,991 H Shares held by LBC Capital under the SFO.

(9) AIHC Master Fund ("**AIHC**") is an existing Shareholder and a cornerstone investor of the Company, and holds 19,657,020 H Shares. AIHC is wholly-owned by AIH Capital Group Limited, which is in turn wholly-owned by Wei Zhang. Therefore, AIH Capital Group Limited and Wei Zhang are deemed to be interested in the 19,657,020 H Shares held by AIHC under the SFO.

(10) Mr. Quanwei Yuan (袁泉衛) is entitled to receive up to 718,282 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

(11) Dr. Ning Pan (潘寧) is entitled to receive up to 586,597 Domestic Shares pursuant to the options granted to him under the Pre-IPO Share Option Scheme, subject to the conditions (including vesting conditions) of those options.

* *For identification purpose only.*

Save as disclosed above, as at June 30, 2024, no person (other than the Directors, Supervisor and chief executives of the Company) had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EMPLOYEE INCENTIVE SCHEMES

The Employee Incentive Schemes were approved and adopted by our Board on July 15, 2016, February 24, 2017, June 17, 2020, and January 18, 2021, respectively, and as amended from time to time (collectively, the "**EI Schemes**"). Given the underlying Shares under the EI Schemes had already been issued, no further Shares will be issued for the awards granted or to be granted, and there will not be any dilution effect to the issued Shares upon the vesting of the awards under the EI Schemes.

As at June 30, 2024, the Company had established four Employee Incentive Platforms, namely Hangzhou Fujiang, Zhuhai Guichuang, Zhuhai Tongqiao and Hangzhou Guiqiao. The four Employee Incentive Platforms, in aggregate, held 3,637,058 Domestic Shares and 32,733,529 H Shares.

The number of Shares available for grant under the EI Schemes as at January 1, 2024 and June 30, 2024 were 892,529 and 944,150, respectively.

Movements of the outstanding awards under the EI Schemes during the six months ended June 30, 2024 are set out below:

Details of the awards granted under the EI Schemes

Categories of Participants	Relevant Employee Incentive Platforms	Date of grant of Awards[2]	Type of Stock	Number of awarded shares granted but not vested As at Jan 1, 2024	Granted during the Reporting Period	Forfeited during the Reporting Period[3]	Lapsed during the Reporting Period	Vested during the Reporting Period	Number of awarded shares granted but not vested As at June 30, 2024
1. Directors or Supervisors									
Dr. Jonathon Zhong Zhao (趙中)	Hangzhou Guiqiao[1]	September 23, 2022		*1,160,816*	—	—	—	—	*1,160,816*
			H	1,044,734	—	—	—	—	1,044,734
			Domestic	116,082	—	—	—	—	116,082
Mr. Yang Xie (謝陽)	Hangzhou Guiqiao[1]	September 23, 2022		*168,941*	—	—	—	—	*168,941*
			H	152,047	—	—	—	—	152,047
			Domestic	16,894	—	—	—	—	16,894
Ms. Hongbo Wang (王宏波)	Hangzhou Guiqiao[1]	September 23, 2022		*18,772*	—	—	—	—	*18,772*
			H	16,895	—	—	—	—	16,895
			Domestic	1,877	—	—	—	—	1,877
Mr. Tao Liu (劉濤)	Hangzhou Guiqiao[1]	September 23, 2022		*141,692*	—	—	—	—	*141,692*
			H	127,523	—	—	—	—	127,523
			Domestic	14,169	—	—	—	—	14,169
Mr. Chang'an Ma (馬長安)	Hangzhou Guiqiao[1]	September 23, 2022		*8,000*	—	—	—	—	*8,000*
			H	7,200	—	—	—	—	7,200
			Domestic	800	—	—	—	—	800
2. Former Supervisor									
Ms. Jie Liang (梁婕)[4]	Hangzhou Guiqiao[1]	September 23, 2022		*110,393*	—	—	—	—	*110,393*
			H	99,353	—	—	—	—	99,353
			Domestic	11,040	—	—	—	—	11,040
3. The other two of the five highest paid employees	Hangzhou Guiqiao[1]	September 23, 2022		*140,785*	—	—	—	—	*140,785*
			H	126,707	—	—	—	—	126,707
			Domestic	14,078	—	—	—	—	14,078
		March 31, 2023		*242,102*	—	—	—	—	*242,102*
			H	217,892	—	—	—	—	217,892
			Domestic	24,210	—	—	—	—	24,210

Categories of Participants	Relevant Employee Incentive Platforms	Date of grant of Awards[2]	Type of Stock	Number of awarded shares granted but not vested As at Jan 1, 2024	Granted during the Reporting Period	Forfeited during the Reporting Period[3]	Lapsed during the Reporting Period	Vested during the Reporting Period	Number of awarded shares granted but not vested As at June 30, 2024
4. Other employees	Hangzhou Guiqiao[1]	September 23, 2022		*993,921*	—	*51,621*	—	—	*942,300*
			H	894,528	—	46,459	—	—	848,069
			Domestic	99,393	—	5,162	—	—	94,231
		March 31, 2023		*899,097*	—	—	—	—	*899,097*
			H	809,187	—	—	—	—	809,187
			Domestic	89,910	—	—	—	—	89,910

Notes:

(1) For awards granted under Hangzhou Guiqiao on September 23, 2022, subject to the performance targets as stipulated under the grant letter namely, (i) at the Company's level, the targeted revenue and number of products entering the clinical trial stage for each of the three years ending December 31, 2024 being achieved (with the first year's target being nil); and (ii) at the employees' level, the grading of their individual appraisals, 30% of the awards shall vest on December 31, 2022, 30% of the awards shall vest on December 31, 2023 and the remaining 40% of the awards shall vest on December 31, 2024. Among such awards granted under Hangzhou Guiqiao, 706,191 had a vesting price of RMB3.6979 per share, which was determined based on the net asset value of the Company as at the date of the Series C+ Financing (as defined in the Prospectus); and 6,348,091 had a vesting price of RMB2.13 per share, which was determined based on the net asset value of the Company as at the date of the Series C Financing (as defined in the Prospectus).

For awards granted under Hangzhou Guiqiao on March 31, 2023, subject to the performance targets as stipulated under the grant letter namely, (i) at the Company's level, the targeted revenue for each of the three years ending December 31, 2025 being achieved; and (ii) at the employees' level, the grading of their individual appraisals, 30% of the awards shall vest on December 31, 2023, 30% of the awards shall vest on December 31, 2024 and the remaining 40% of the awards shall vest on December 31, 2025. Such awards had a vesting price of RMB2.13 per share, which was determined based on the net asset value of the Company as at the date of the Series C Financing (as defined in the Prospectus).

(2) For awards granted prior to March 3, 2022 (being the date on which the H Shares were converted from the Domestic Shares), the closing price of the H Shares immediately before the date on which the awards were granted is not applicable. For awards granted on September 23, 2022, the closing price of the H Shares immediately before the grant date was HK$8.51. For awards granted on March 31, 2023, the closing price of the H Shares immediately before the grant date was HK$11.58.

(3) A total of 51,621 awards (involving 46,459 H Shares and 5,162 Domestic Shares) were forfeited during the Reporting Period due to the resignation of the relevant employees.

(4) Ms. Jie Liang (梁婕) has resigned as the chairlady of the Supervisory Committee and a Supervisor of the Company on November 17, 2023.

PRE-IPO SHARE OPTION SCHEME

The Pre-IPO Share Option Scheme was adopted and approved by resolutions in writing by the Board on January 18, 2021. The purpose of the Pre-IPO Share Option Scheme is to strengthen the human resources management of our Company by providing a means through which the Company may grant equity-based incentives to attract and retain skilled management, R&D, business and marketing personnel in order to raise the competitiveness of our Company. All shares to be issued under the Pre-IPO Share Option Scheme are Domestic Shares of our Company and no further options will be granted after the Listing. Therefore, the number of options available for grant under the Pre-IPO Share Option Scheme as at January 1, 2024 and June 30, 2024 was nil.

As at June 30, 2024, share options have been granted to 22 grantees, including 3 Directors, 1 Supervisor, 1 former Supervisor and 17 other employees of our Group (who were granted options to subscribe for 1,460,030 Domestic Shares, 71,828 Domestic Shares, 179,571 Domestic Shares and 3,077,118 Domestic Shares, respectively), to subscribe for an aggregate of 4,788,547 Domestic Shares, of which options to subscribe for 191,541 Domestic Shares have been cancelled. As at December 31, 2023 and as at June 30, 2024, options to subscribe for 4,692,777 Domestic Shares and 4,597,006 Domestic Shares have been vested and become exercisable, respectively. As at June 30, 2024, the total number of securities available for issue under the Pre-IPO Share Option Scheme is 4,597,006 Domestic Shares, representing approximately 1.38% of the total issued share capital of our Company. In relation to the fair value of the options granted under the Pre-IPO Share Option Scheme, please refer to Note 25 to the *Condensed Consolidated Financial Information* in this report.

Below sets out the details in relation to the movements during the Reporting Period of the outstanding options granted under the Pre-IPO Share Option Scheme.

Category of participants/ Name of Director or Supervisor	Outstanding as at January 1, 2024	Date of Grant	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Exercise Price per Option *(RMB)*	Exercisable Period (subject to conditions in the Pre-IPO Share Option Scheme)[4]
Employee Participants									
1. Director or Supervisor									
Dr. Jonathon Zhong Zhao (趙中)	1,053,004	June 10, 2021	–	–	–	–	1,053,004	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023
Mr. Yang Xie (謝陽)	167,599	June 10, 2021	–	–	–	–	167,599	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023

Category of participants/ Name of Director or Supervisor	Outstanding as at January 1, 2024	Date of Grant	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at June 30, 2024	Exercise Price per Option *(RMB)*	Exercisable Period (subject to conditions in the Pre-IPO Share Option Scheme)[1]
Employee Participants									
1. Director or Supervisor									
Dr. Zheng Li (李崢)	239,427	June 10, 2021	—	—	—	—	239,427	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023
Ms. Hongbo Wang (王宏波)	71,828	June 10, 2021	—	—	—	—	71,828	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023
2. Former Supervisor									
Ms. Jie Liang (梁婕)[2]	179,571	June 10, 2021	—	—	—	—	179,571	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023
3. Other Employees									
17 employees	2,981,348	June 10, 2021	—	—	95,771	—	2,885,577	2.13	• 30% of which have become exercisable on December 1, 2021 • 30% of which have become exercisable on December 1, 2022 • 40% of which have become exercisable on December 3, 2023
Total	**4,692,777**						**4,597,006**		

Notes:

(1) Subject to the exercising conditions as stipulated under the Pre-IPO Share Option Scheme being met and with reference to the performance targets set namely, (i) at the Company's level, the targeted revenue and number of products entering the clinical trial stage for each of the three years ended December 3, 2023 being achieved (with the first year's target being nil); and (ii) at the employees' level, the grading of their individual appraisals, the options shall be exercisable in three batches in the proportions of 30%, 30% and 40%, respectively as stated in the relevant grant letter. The grantee may exercise the option between the date of vesting of the relevant option and the expiry of the Pre-IPO Share Option Scheme.

(2) Ms. Jie Liang (梁婕) has resigned as the chairlady of the Supervisory Committee and a Supervisor of the Company on November 17, 2023.

H SHARE SCHEME

The Board has resolved at a meeting of the Board held on August 30, 2021, to propose the adoption of the H Share Scheme. The H Share Scheme has been approved by the Shareholders at the extraordinary general meeting held on September 23, 2021.

During the Reporting Period, the Trustee has purchased a total number of 1,053,000 H Shares on the market at an average price of HKD10.15, pursuant to the H Share Scheme. As at June 30, 2024, 7,297,500 H Shares had been purchased by the Trustee and were held under the H Share Scheme, of which 1,713,525 shares have been vested. The share purchase was funded by the Company's own financial resources other than proceeds from the Listing. The Company may instruct the Trustee to make further purchases pursuant to the H Share Scheme and may make further announcements on the status of the H Share Scheme, including the number and price of the H Shares purchased, from time to time.

Subject to the rules of the H Share Scheme, the maximum number of H Shares that will be acquired by the Trustee from time to time shall not be more than 9,972,000 H Shares. The number of awards available for grant under the H Share Scheme as at January 1, 2024 and June 30, 2024 are 6,007,937 and 5,113,538, respectively.

During the Reporting Period, 894,399 awards were granted to two selected employees under the H Share Scheme.

Below sets out the details in relation to the movements during the Reporting Period of the awards granted under the H Share Scheme:

Category of participants[1]	Date of grant of awards[2]	Number of Shares underlying the awards outstanding as at Jan 1, 2024	Granted during the Reporting Period	Cancelled during the Reporting Period	Lapsed during the Reporting Period	Vested during the Reporting Period	Number of Shares underlying the awards outstanding as at June 30, 2024
1. Directors							
Dr. Jonathon Zhong Zhao (趙中)	September 4, 2023[5]	280,000	—	—	—	—	280,000
Dr. Zheng Li (李崢)	September 4, 2023[5]	280,000	—	—	—	—	280,000
2. The other two of the five highest paid employees[3]	June 13, 2023[4]	280,000	—	—	—	—	280,000
	March 22, 2024[6]	—	667,394	—	—	—	667,394
3. Other employees	June 13, 2023[4]	147,000	—	—	—	—	147,000
	March 22, 2024[6]	—	227,005	—	—	—	227,005

Notes:

(1) In the event that the underlying Shares of the awards granted will be satisfied by the allotment and issuance of new Shares, the number of H Shares that may be issued in respect of such awards granted during the Reporting Period divided by the weighted average number of H Shares of the Company during the Reporting Period is 0.28%.

(2) Subject to the grading of the participants' individual appraisals conducted, the awards shall vest in three batches in the proportions of 60%, 20% and 20%, respectively on each of the year end date during 2024 to 2026. Save as aforesaid, the awards granted were not subject to any other performance targets.

(3) Save for the awards granted to two employees with vesting price of RMB3.6979 per H Share which was determined based on the net asset value of the Company as at the date of the Series C+ Financing (as defined in the Prospectus), all other awards granted during the Reporting Period were not subject to any vesting price.

(4) For the grant on June 13, 2023, the closing price of the underlying H Shares immediately before the date on which the awards were granted was HK$10.30. In relation to the fair value of the awards at the date of grant and the accounting standard and policy adopted, please refer to Note 25 to the *Financial Statements* in this report.

(5) For the grant on September 4, 2023, the closing price of the underlying H Shares immediately before the date on which the awards were granted was HK$8.50. In relation to the fair value of the awards at the date of grant and the accounting standard and policy adopted, please refer to Note 25 to the *Financial Statements* in this report.

(6) For the grant on March 22, 2024, the closing price of the underlying H Shares immediately before the date on which the awards were granted was HK$9.52. In relation to the fair value of the awards at the date of grant and the accounting standard and policy adopted, please refer to Note 25 to the *Financial Statements* in this report.

Report on Review of Interim Financial Information

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

Introduction

We have reviewed the interim financial information set out on pages 47 to 86, which comprises the interim condensed consolidated balance sheet of Zylox-Tonbridge Medical Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") as at June 30, 2024 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-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 International Accounting Standard 34 "Interim Financial Reporting". The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

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

Conclusion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 20, 2024

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

	Note	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue	7	**365,990**	230,131
Cost of sales	8	**(105,077)**	(59,485)
Gross profit		**260,913**	170,646
Selling and distribution expenses	8	**(79,982)**	(74,939)
Administrative expenses	8	**(43,591)**	(50,358)
Research and development expenses	8	**(101,542)**	(130,806)
Other income	9	**10,642**	5,198
Other expenses	9	**(614)**	(620)
Other (losses)/gains — net	10	**(9,211)**	6,752
Net impairment losses on financial assets		**(16)**	(6)
Operating profit/(loss)		**36,599**	(74,133)
Finance income	11	**34,579**	39,256
Finance costs	11	**(1,215)**	(346)
Finance income — net		**33,364**	38,910
Share of net loss of an associate accounted for using the equity method		**(1,098)**	—
Profit/(loss) before income tax		**68,865**	(35,223)
Income tax expense	12	**—**	(291)
Profit/(loss) and total comprehensive income/(loss) for the period attributable to the equity holders of the Company		**68,865**	(35,514)
Earnings/(loss) per share attributable to the equity holders of the Company			
Basic earnings/(loss) per share (in RMB per share)	13(a)	**0.2125**	(0.1077)
Diluted earnings/(loss) per share (in RMB per share)	13(b)	**0.2102**	(0.1077)

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 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	14	**615,262**	538,540
Right-of-use assets	15	**39,742**	39,820
Intangible assets	16	**34,721**	9,686
Prepayments and other receivables	19	**2,989**	4,278
Financial assets at fair value through profit or loss	21	**116,585**	33,310
Term deposits	22	**1,297,426**	1,032,886
Total non-current assets		**2,106,725**	1,658,520
Current assets			
Inventories	18	**169,388**	166,542
Prepayments, other receivables and other current assets	19	**38,523**	38,588
Trade receivables	20	**1,837**	1,182
Financial assets at fair value through profit or loss	21	**138,553**	68,744
Term deposits	22	**498,861**	355,546
Cash and cash equivalents	22	**532,607**	1,086,579
Total current assets		**1,379,769**	1,717,181
Total assets		**3,486,494**	3,375,701
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	23	**332,401**	332,401
Share premium	23	**2,261,485**	2,270,033
Other reserves	24	**1,003,394**	1,014,452
Treasury shares	23	**(74,600)**	(87,594)
Accumulated losses		**(413,042)**	(481,907)
Total equity		**3,109,638**	3,047,385

As at June 30, 2024

	Note	**As at June 30, 2024 *RMB'000* (Unaudited)**	As at December 31, 2023 *RMB'000* (Audited)
Liabilities			
Non-current liabilities			
Deferred revenue	27	**15,885**	8,674
Lease liabilities	15	**2,366**	1,859
Total non-current liabilities		**18,251**	10,533
Current liabilities			
Borrowings	28	**75,000**	50,000
Trade and other payables	26	**238,922**	233,886
Contract liabilities	7	**26,382**	19,922
Lease liabilities	15	**3,875**	4,018
Other current liabilities	29	**14,426**	9,957
Total current liabilities		**358,605**	317,783
Total liabilities		**376,856**	328,316
Total equity and liabilities		**3,486,494**	3,375,701

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

Director: Jonathon Zhong Zhao

Director: Yang Xie

Interim Condensed Consolidated Statement of Changes In Equity

For the six months ended June 30, 2024

	Note	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Treasury shares RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance as at January 1, 2023 (audited)		332,401	2,270,033	928,685	(33,793)	(403,173)	3,094,153
Comprehensive income:							
Loss for the period		—	—	—	—	(35,514)	(35,514)
Transactions with equity holders of the Company:							
Purchase of treasury shares	23	—	—	—	(125)	—	(125)
Share-based compensation expenses	25	—	—	29,992	—	—	29,992
Balance as at June 30, 2023 (unaudited)		332,401	2,270,033	958,677	(33,918)	(438,687)	3,088,506
Balance as at January 1, 2024 (audited)		**332,401**	**2,270,033**	**1,014,452**	**(87,594)**	**(481,907)**	**3,047,385**
Comprehensive income:							
Profit for the period		**—**	**—**	**—**	**—**	**68,865**	**68,865**
Transactions with equity holders of the Company:							
Purchase of treasury shares	23	**—**	**—**	**—**	**(10,607)**	**—**	**(10,607)**
Share-based compensation expenses	25	**—**	**—**	**9,306**	**—**	**—**	**9,306**
Issue of treasury shares to employees	23,24	**—**	**(8,548)**	**(20,364)**	**23,601**	**—**	**(5,311)**
Balance as at June 30, 2024 (unaudited)		**332,401**	**2,261,485**	**1,003,394**	**(74,600)**	**(413,042)**	**3,109,638**

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

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Note	Six months ended June 30, 2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cash flows generated from/(used in) operating activities			
Cash generated from/(used in) operations		**93,783**	(44,483)
Interest received		**10,249**	25,960
Net cash generated from/(used in) operating activities		**104,032**	(18,523)
Cash flows (used in)/generated from investing activities			
Purchase of property, plant and equipment and intangible assets		**(121,902)**	(114,497)
Purchase of term deposits		**(489,054)**	(397,522)
Proceeds from term deposits upon maturity		**100,339**	612,727
Purchase of financial assets at fair value through profit or loss	5.2(c)	**(236,673)**	(109,000)
Proceeds from disposals of financial assets at fair value through profit or loss	5.2(c)	**75,858**	111,301
Proceeds for disposal of property, plant and equipment		**54**	27
Dividends received from financial assets at fair value through profit or loss		**504**	—
Receipt of government grants related to assets		**7,211**	7,974
Payment for acquisition of an associate		**(1,098)**	—
Net cash (used in)/generated from investing activities		**(664,761)**	111,010
Cash flows generated from financing activities			
Proceeds from borrowings		**64,000**	9,000
Repayment of borrowings		**(39,000)**	—
Interest paid for borrowings		**(1,064)**	—
Principal elements of lease payments		**(2,246)**	(3,483)
Interest elements of lease payments		**(151)**	(346)
Proceeds from issuance of treasury shares as a result of exercise of H Share Scheme		**55**	—
Payments for withholding individual income tax for H Share Scheme		**(5,366)**	—
Cash paid for purchase of treasury shares	23	**(10,607)**	(125)
Net cash generated from financing activities		**5,621**	5,046
Net (decrease)/increase in cash and cash equivalents		**(555,108)**	97,533
Cash and cash equivalents at beginning of the period		**1,086,579**	1,205,302
Exchange gain on cash and cash equivalents		**1,136**	4,040
Cash and cash equivalents at end of the period	22	**532,607**	1,306,875

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

1 General information

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

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

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

The interim condensed consolidated financial information is presented in thousands of Renminbi ("**RMB'000**"), unless otherwise stated. This interim condensed consolidated financial information was approved for issue by the Board of Directors on August 20, 2024.

2 Basis of preparation

This interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2023, which have been prepared in accordance with IFRS accounting standards and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The condensed consolidated financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, which are carried at fair value.

3 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial period beginning on or after January 1, 2024:

- Classification of Liabilities as Current or Non-current and Non-current liabilities with covenants — Amendments to IAS 1
- Lease liability in sale and leaseback — Amendments to IFRS 16
- Supplier Finance Arrangements — Amendments to IAS 7 and IFRS 7

3 Accounting policies (Continued)

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

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

"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 IAS 1.

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

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

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

	New standards, amendments	Effective for annual periods beginning on or after
Amendments to IAS 21	Lack of Exchangeability	January 1, 2025
Amendment to IFRS 9 and IFRS 7	Classification and Measurement of Financial Instruments	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	January 1, 2027
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

4 Estimates

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

In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those that applied to the consolidated financial statements of the Group for the year ended December 31, 2023.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2023. There have been no changes in the risk management policies since December 31, 2023.

5.2 Fair value estimation

(a) Fair value hierarchy

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments since the last annual financial report. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards.

Level 1: The fair value of financial instruments traded in active markets (for example, publicly traded derivatives and equity securities) is based on quoted market at each of the reporting dates.

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

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

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

(a) Fair value hierarchy (Continued)

The following table presents the Group's financial assets measured and recognized at fair value at June 30, 2024 and December 31, 2023 on a recurring basis:

As at June 30, 2024

	Level 1 ***RMB'000***	**Level 2** ***RMB'000***	**Level 3** ***RMB'000***	**Total** ***RMB'000***
Financial Assets:				
Financial assets at fair value through profit or loss ("**FVPL**")	**—**	**—**	**255,138**	**255,138**

As at December 31, 2023:

	Level 1 *RMB'000*	Level 2 *RMB'000*	Level 3 *RMB'000*	Total *RMB'000*
Financial Assets:				
Financial assets at FVPL	—	—	102,054	102,054

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements for the six months ended June 30, 2024 and for the year ended December 31, 2023.

The Group did not measure any financial assets at fair value on a non-recurring basis as at June 30, 2024 and December 31, 2023.

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

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

The fair value of the financial assets which are measured at amortized cost, approximate their carrying amount as at June 30,2024 and December 31, 2023.

There were no changes in valuation techniques for the six months ended June 30, 2024 and 2023.

(c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the six months ended June 30, 2024 and 2023:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Opening balance	**102,054**	153,590
Additions	**236,673**	109,000
Disposals	**(75,858)**	(111,301)
(Losses)/gains recognized in profit or loss *(Note 10)*	**(7,731)**	1,966
Closing balance	**255,138**	153,255

5 Financial risk management (Continued)

5.2 Fair value estimation (Continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (Continued)

(i) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair value at June 30, 2024 *RMB'000*	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Wealth management products	88,298	Expected return rate	1.1%~3.05%	The higher the expected return rate, the higher the fair value.
Strategic investments	25,000	Fair value of the investments based on the latest round of financing and business performances of the companies	N/A	N/A
Investment in venture funds	60,940	Net asset value, determined by the fair value of the investees of the funds mainly based on the latest round financing and business performances of the investees	N/A	The higher the net asset value, the higher the fair value.
Preferred shares	30,645	Discount rate	20.31%~21.06%	The higher the discount rate, the lower the fair value.
Investment in a trust product	50,255	Expected return rate	4.2%	The higher the expected return rate, the higher the fair value.

If the fair values of financial assets at FVPL held by the Group had been 10% higher/lower, the profit before income tax for the six months ended June 30, 2024 would have been RMB25,514,000 higher/lower (six months ended June 30, 2023: RMB15,325,500).

(ii) Valuation process

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

6 Segment

The management of the Company has determined the operating segment based on the reports reviewed by the chief operating decision-maker (the "**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the executive directors of the Company. On this basis, the Group has determined that it only has one operating segment which is the sales of neurovascular and peripheral-vascular interventional devices during the six months ended June 30, 2024 and June 30, 2023.

(i) Revenue from external customers

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The PRC	**354,505**	223,897
Others	**11,485**	6,234
	365,990	230,131

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

(ii) Non-current assets

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

7 Revenue

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
At a point in time		
— Revenue from sales of goods	**364,145**	230,131
— Others	**1,845**	—
	365,990	230,131

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from sales of goods		
— Neurovascular interventional devices	**243,510**	166,038
— Peripheral-vascular interventional devices	**120,635**	64,093
	364,145	230,131

7 Revenue (Continued)

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Contract liabilities	**26,382**	19,922

Contract liabilities represent advance from customers and are recognized when payments are received before the transfer of goods. Management expects that the transaction price allocated to the unsatisfied contracts as at June 30, 2024 and December 31, 2023 will be recognized as revenue within one year.

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Revenue from sales of goods	**19,922**	9,601

8 Expenses by nature

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Employee benefits expenses	**138,754**	149,848
Raw materials and consumables used		
— Cost of sales	**69,725**	38,001
— Research and development expenses	**12,483**	15,731
Testing and clinical trial fees	**36,667**	43,967
Market development expenses	**19,911**	18,244
Depreciation of property, plant and equipment *(Note 9) (Note 14)*	**15,026**	11,563
Professional services	**10,829**	9,785
Utilities and office expenses	**9,751**	11,064
Travelling and transportation expenses	**6,948**	7,349
Depreciation of right-of-use assets, net of amounts capitalized in property, plant and equipment *(Note 15(c))*	**2,468**	3,399
Auditor's remuneration		
— Audit service	**680**	—
— Non-audit service	**650**	650
Amortization of intangible assets *(Note 16(a))*	**586**	1,407
Others	**5,714**	4,580
Total cost of sales, selling and distribution expenses, administrative expenses, research and development expenses	**330,192**	315,588

9 Other income and expenses

Other income

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Government grants *(i)*	**9,301**	3,741
Rental income	**1,341**	1,457
	10,642	5,198

Other expenses

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment *(Note 14)*	**(326)**	(320)
Other expenses	**(288)**	(300)
	(614)	(620)

(i) The government grants mainly represent subsidies received from the government in relation to the support on certain research and development projects. There are no unfulfilled conditions or other contingencies attached to these grants.

10 Other (losses)/gains — net

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net fair value (losses)/gains from FVPL *(Note 5.2(c))*	**(7,731)**	2,390
Donations	**(1,003)**	(1,000)
Losses on disposal of property, plant and equipment	**(48)**	(1)
Foreign exchange gains — net	**106**	5,609
Others	**(535)**	(246)
Total	**(9,211)**	6,752

11 Finance income — net

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Finance income:		
Bank interest income	**34,579**	39,256
Finance costs:		
Interest expense on bank borrowings	**(1,064)**	—
Interest expense on lease liabilities *(Note 15(c))*	**(151)**	(346)
	(1,215)	(346)
Finance income — net	**33,364**	38,910

12 Income tax expense

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Current income tax expense	**—**	(291)
Deferred income tax expense	**—**	—
	—	(291)

12 Income tax expense (Continued)

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

(i) Mainland China

Pursuant to the PRC Corporate Income Tax Law and the respective regulations (the "**CIT Law**"), the Group is subject to enterprise income tax at a rate of 25% on the taxable income other than the Company and its subsidiary, Ton-Bridge Medical Technology Co., Ltd. ("**Ton-Bridge Medical Technology**"). The Company and Ton-Bridge Medical Technology were accredited as "High and New Technology Enterprise" ("**High-New Tech Enterprise**") and are eligible for a corporate income tax rate of 15% for the six months ended June 30, 2024.

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

The tax losses will normally expire within 5 years. Pursuant to the relevant regulations on extending the expiry date of tax losses of High-New Tech Enterprise, the expiry date of the unused tax losses of the Company and Ton-Bridge Medical Technology extended from 5 years to 10 years.

12 Income tax expense (Continued)

(ii) Hong Kong

Hong Kong profits tax rate is 8.25% for assessable profits on the first HKD2,000,000 and 16.5% for any assessable profits in excess. No Hong Kong profits tax was provided for as there was no estimated assessable profit that was subject to Hong Kong profits tax during the six months ended June 30, 2024.

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

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

13 Earnings/(loss) per share

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) of the Group attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended June 30, 2024 excluding treasury shares.

	Six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Profit/(loss) attributable to equity holders of the Company *(RMB'000)*	**68,865**	(35,514)
Weighted average number of ordinary shares in issue *(thousand)*	**324,078**	329,683
Basic earnings/(loss) per share *(RMB per share)*	**0.2125**	(0.1077)

13 Earnings/(loss) per share (Continued)

(b) Diluted earnings/(loss) per share

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

For the six months ended June 30, 2024 and 2023, the Company had one category of dilutive potential ordinary shares: Pre-IPO Share Option Scheme. For the Pre-IPO Share Option Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the rights attached to outstanding shares under Pre-IPO Share Option Scheme. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the vesting of outstanding shares under Pre-IPO Share Option Scheme.

As the Group incurred loss for the six months ended June 30, 2023, the potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the six months ended June 30, 2023 was the same as basic loss per share.

The calculation of the diluted earnings per share for the six months ended June 30, 2024 is shown as follows:

	Six months ended June 30, 2024 (Unaudited)
Profit attributable to equity holders of the Company *(RMB'000)*	**68,865**
Weighted average number of ordinary shares in issue *(thousand)*	**324,078**
Adjustments for share options *(thousand)*	**3,555**
Weighted average number of ordinary shares for diluted earnings per share *(thousand)*	**327,633**
Diluted earnings per share *(RMB per share)*	**0.2102**

14 Property, plant and equipment

	Buildings RMB'000	Office equipment and furniture RMB'000	Equipment and instruments RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Landscape RMB'000	Total RMB'000
As at December 31, 2023 (Audited)								
Cost	160,120	7,979	76,313	5,120	322,958	32,243	5,963	610,696
Accumulated depreciation	(12,562)	(4,717)	(29,511)	(3,068)	—	(19,813)	(2,485)	(72,156)
Net book value	147,558	3,262	46,802	2,052	322,958	12,430	3,478	538,540
Six months ended June 30, 2024 (Unaudited)								
Opening net book value	**147,558**	**3,262**	**46,802**	**2,052**	**322,958**	**12,430**	**3,478**	**538,540**
Additions	**40**	**276**	**3,517**	**—**	**88,197**	**146**	**—**	**92,176**
Disposals	**—**	**—**	**(57)**	**(45)**	**—**	**—**	**—**	**(102)**
Transfer upon completion	**—**	**—**	**107**	**—**	**(107)**	**—**	**—**	**—**
Depreciation charge *(Note 8)* *(Note 9)*	**(3,399)**	**(813)**	**(5,920)**	**(460)**	**—**	**(4,164)**	**(596)**	**(15,352)**
Closing net book value	**144,199**	**2,725**	**44,449**	**1,547**	**411,048**	**8,412**	**2,882**	**615,262**
As at June 30, 2024 (Unaudited)								
Cost	**160,160**	**8,255**	**79,395**	**5,024**	**411,048**	**32,389**	**5,963**	**702,234**
Accumulated depreciation	**(15,961)**	**(5,530)**	**(34,946)**	**(3,477)**	**—**	**(23,977)**	**(3,081)**	**(86,972)**
Net book value	**144,199**	**2,725**	**44,449**	**1,547**	**411,048**	**8,412**	**2,882**	**615,262**

(i) During the six months ended June 30, 2024, the Group has capitalized the depreciation of right-of-use assets amounting to RMB220,000 to the construction in progress (for the six months ended June 30, 2023: RMB220,000).

(ii) Depreciation of property, plant and equipment has been charged to the consolidated statements of comprehensive income as follows:

	Six months ended June 30,	
	2024 *RMB'000* (Unaudited)	2023 *RMB'000* (Unaudited)
Cost of sales *(Note 8)*	**8,203**	3,056
Research and development expenses *(Note 8)*	**3,687**	5,212
Administrative expenses *(Note 8)*	**2,997**	3,149
Other expenses *(Note 9)*	**326**	320
Selling and distribution expenses *(Note 8)*	**139**	146
Total	**15,352**	11,883

15 Right-of-use assets

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Right-of-use assets		
— Land use rights *(a)*	**33,739**	34,105
— Buildings *(b)*	**6,003**	5,715
	39,742	39,820

(a) Land use rights

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

	Land use rights RMB'000
As at December 31, 2023 (Audited)	
Cost	36,581
Accumulated amortization	(2,476)
Net book value	34,105
Six months ended June 30, 2024 (Unaudited)	
Opening net book value	**34,105**
Amortization charge	**(366)**
Closing net book value	**33,739**
As at June 30, 2024 (Unaudited)	
Cost	**36,581**
Accumulated amortization	**(2,842)**
Net book value	**33,739**

15 Right-of-use assets (Continued)

(b) Buildings

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

	Buildings *RMB'000*
As at December 31, 2023 (Audited)	
Cost	18,030
Accumulated depreciation	(12,315)
Net book value	5,715
Six months ended June 30, 2024 (Unaudited)	
Opening net book value	**5,715**
Additions	**2,610**
Depreciation charge	**(2,322)**
Closing net book value	**6,003**
As at June 30, 2024 (Unaudited)	
Cost	**12,791**
Accumulated depreciation	**(6,788)**
Net book value	**6,003**

(ii) Lease liabilities recognized in the balance sheets:

	As at June 30, 2024 *RMB'000* (Unaudited)	As at December 31, 2023 *RMB'000* (Audited)
Lease liabilities		
— current	**3,875**	4,018
— non-current	**2,366**	1,859
	6,241	5,877

15 Right-of-use assets (Continued)

(b) Buildings (Continued)

(iii) Present value of lease liabilities due:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Within 1 year	**3,875**	4,018
Between 1 and 2 years	**1,360**	1,496
Between 2 and 5 years	**1,006**	363
	6,241	5,877

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

	Six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Depreciation and amortization charge of right-of-use assets		
— Land use rights	**366**	366
— Buildings	**2,322**	3,253
Less: amounts capitalized in property, plant and equipment *(Note 14 (i))*	**(220)**	(220)
	2,468	3,399
Interest expense *(Note 11)*	**151**	346

16 Intangible assets

	Non-proprietary technologies *RMB'000*	Softwares *RMB'000*	Technologies under research and development *RMB'000*	Patents *RMB'000*	Total *RMB'000*
As at December 31, 2023 (Audited)					
Cost	26,670	2,596	6,980	929	37,175
Accumulated amortization	(26,670)	(773)	—	(46)	(27,489)
Net book value	—	1,823	6,980	883	9,686
Six months ended June 30, 2024 (Unaudited)					
Opening net book value	**—**	**1,823**	**6,980**	**883**	**9,686**
Additions	**—**	**32**	**25,589**	**—**	**25,621**
Amortization charge *(Note 8)*	**—**	**(546)**	**—**	**(40)**	**(586)**
Closing net book value	**—**	**1,309**	**32,569**	**843**	**34,721**
As at June 30, 2024 (Unaudited)					
Cost	**26,670**	**2,628**	**32,569**	**929**	**62,796**
Accumulated amortization	**(26,670)**	**(1,319)**	**—**	**(86)**	**(28,075)**
Net book value	**—**	**1,309**	**32,569**	**843**	**34,721**

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

	Six months ended June 30,	
	2024 *RMB'000* (Unaudited)	2023 *RMB'000* (Unaudited)
Research and development expenses	**303**	1,353
Administrative expenses	**283**	54
Total	**586**	1,407

17 Financial instruments by Category

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents *(Note 22)*	**532,607**	1,086,579
Term deposits *(Note 22)*	**1,796,287**	1,388,432
Trade receivables *(Note 20)*	**1,837**	1,182
Prepayment, other receivables, and other current assets (excluding non-financial assets) *(Note 19)*	**8,265**	10,277
	2,338,996	2,486,470
Financial assets at FVPL *(Note 21)*	**255,138**	102,054
Financial liabilities		
Financial liabilities at amortized cost		
Trade and other payables (excluding non-financial liabilities) *(Note 26)*	**179,756**	163,143
Lease liabilities *(Note 15)*	**6,241**	5,877
Borrowings *(Note 28)*	**75,000**	50,000
	260,997	219,020

18 Inventories

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Raw materials	**107,711**	104,835
Finished goods	**44,815**	50,817
Work in progress	**16,862**	10,890
	169,388	166,542

As at June 30, 2024 and December 31, 2023, no inventory provision was made as the net realizable value of the inventory balances was higher than their carrying amounts.

19 Prepayments, other receivables and other current assets

	As at June 30, 2024 *RMB'000* (Unaudited)	As at December 31, 2023 *RMB'000* (Audited)
Included in non-current assets		
Prepayments:		
Prepayments for purchase of property, plant and equipment	**1,889**	3,137
Other receivables:		
Deposits for leases	**1,100**	1,141
Total	**2,989**	4,278
Included in current assets		
Prepayments:		
Prepayments for purchase of goods	**18,873**	17,133
Prepayments for purchase of service	**4,629**	5,256
Other receivables:		
Deposits for industrial land project performance guarantee and leases	**695**	3,444
Rental related receivable	**4,531**	3,363
Dividends from financial assets at FVPL	**—**	504
Others	**1,994**	1,865
Less: loss allowance	**(55)**	(40)
Others:		
Value-added tax recoverable	**7,856**	7,063
Total	**38,523**	38,588

20 Trade receivables

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Trade receivables from contracts with customers	**1,858**	1,202
Less: loss allowance	**(21)**	(20)
	1,837	1,182

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

As at June 30, 2024 and December 31, 2023, the ageing analysis of the trade receivables based on invoice date was as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Up to 3 months	**1,858**	941
3 to 6 months	**—**	103
Over 6 months	**—**	158
	1,858	1,202

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

As at June 30, 2024, a provision of RMB21,000 made against the gross amounts of trade receivables (December 31, 2023: RMB20,000).

21 Financial assets at fair value through profit or loss

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Included in non-current assets		
Investment in venture funds *(a)*	**60,940**	24,417
Preferred shares *(b)*	**30,645**	—
Strategic investment *(c)*	**25,000**	8,893
	116,585	33,310
Included in current assets		
Wealth management products *(d)*	**88,298**	—
Investment in a trust product *(e)*	**50,255**	50,330
Investment in convertible bond *(f)*	**—**	18,414
	138,553	68,744
	255,138	102,054

(a) On September 1, 2021, the Company entered into an agreement with a venture fund which makes investments in the healthcare sector. The Company subscribed for non-voting participating shares of the fund.

During six months ended June 30, 2024, the Company entered into several agreements with private funds which make investments in the healthcare sector and subscribed for non-voting participating shares of those funds.

(b) On March 4, 2024, the Group has entered into securities purchase agreement ("**the Purchase Agreement**") with Avinger Inc. ("**Avinger**"), a U.S. innovative medical device company by subscribing newly issued common shares and preferred shares. In connection with Purchase Agreement, the Group has also entered into a License and Distribution Agreement (the "**License Agreement**", together with the "Purchase Agreement", collectively as the "**Agreement**") with Avinger, pursuant to which, the Group will have the exclusive license and right to manufacture, register and sell certain of Avinger's products in the greater China region.

Pursuant to the Agreement, the Group will invest US$15.0 million into Avinger in two tranches (US$7.5 million in each tranche, subject to the achievement of certain milestones and satisfaction of other closing conditions). As at June 30, 2024, the Company has completed the first tranche of the investment. Specifically, the subscription for preferred shares, amounting to approximately RMB30,645,000 has been accounted for FVPL. Additionally, the license fees paid, totalling approximately RMB20,589,000, has been recognized as "Intangible assets — technologies under research and development" (Note 16).

21 Financial assets at fair value through profit or loss (Continued)

(c) On January 17, 2022, the Company signed an investment agreement with a private company as a strategic investor. The Company agreed to make cash contribution in the amount of RMB18,000,000 to subscribe for 8% of the registered capital and all contribution were paid for the year ended December 31, 2022. Fair value losses of approximately RMB8,893,000 have been recognized in "Other (losses)/gains — net" for this investment for the six months ended June 30, 2024.

On February 5, 2024, the Company signed an investment agreement with a private company as a strategic investor. The Company agreed to make cash contribution in the amount of RMB25,000,000 to subscribe for approximately 8% of the registered capital and all contribution has been paid as at June 30, 2024.

(d) The Group entered into contracts to subscribe wealth management products from banks with expected but not guaranteed rates of return ranging from 1.1% to 3.05% per annum for the six months ended June 30, 2024. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group's risk management and investment strategy and hence they are designated as financial assets at FVPL as at June 30, 2024.

(e) On September 27, 2023, the Company purchased a one-year trust product with 4.2% expected rate of return per year.

(f) On April 4, 2023, the Company entered into an agreement to purchase a convertible note issued at a cash consideration of RMB20,000,000. The principal and interest of the note shall be repayable within 16 months unless the Company choose to convert it into equity investment at pre-determined conversion condition. The management designated the above note as financial asset at FVPL. As at June 30, 2024, the principal and interest of the note has been repaid.

22 Cash and cash equivalents and term deposits

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Cash in bank and financial institution	**2,328,894**	2,475,011
Less: term deposits with initial term of over three months *(a)*	**(1,796,287)**	(1,388,432)
	532,607	1,086,579

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Cash and cash equivalents and term deposits are denominated in:		
— RMB	**2,120,135**	2,252,757
— USD	**149,345**	153,746
— HKD	**57,029**	66,758
— EUR	**2,385**	1,750
	2,328,894	2,475,011

(a) The directors of the Company considered that the carrying amount of the term deposits with initial terms of over three months approximated to their fair value as at June 30, 2024.

Term deposits with remaining maturity period over 1 year are classified as "non-current assets".

23 Share capital and share premium

	Number of Ordinary shares	Share capital *RMB'000*	Share premium *RMB'000*	Treasury shares *RMB'000*	Total *RMB'000*
Issued and fully paid					
As at January 1, 2023 (audited)	332,401,001	332,401	2,270,033	(33,793)	2,568,641
Purchase of treasury shares *(a)*	—	—	—	(125)	(125)
As at June 30, 2023 (unaudited)	332,401,001	332,401	2,270,033	(33,918)	2,568,516
As at January 1, 2024 (audited)	**332,401,001**	**332,401**	**2,270,033**	**(87,594)**	**2,514,840**
Purchase of treasury shares *(a)*	**—**	**—**	**—**	**(10,607)**	**(10,607)**
Issue of treasury shares to employees *(b)*	**—**	**—**	**(8,548)**	**23,601**	**15,053**
As at June 30, 2024 (unaudited)	**332,401,001**	**332,401**	**2,261,485**	**(74,600)**	**2,519,286**

(a) Movements in the treasury shares

	Number of shares	Value *RMB'000*
Opening balance as at January 1, 2023	2,711,500	33,793
Acquisition of shares	13,000	125
Balance as at June 30, 2023	2,724,500	33,918
Opening balance as at January 1, 2024	**8,355,500**	**87,594**
Acquisition of shares	**1,161,000**	**10,607**
Issue of treasury shares to employees *(b)*	**(1,713,525)**	**(23,601)**
Balance as at June 30, 2024	**7,802,975**	**74,600**

(b) During the six months ended June 30, 2024, the Group transferred 1,713,525 treasury shares of the Company (six months ended June 30, 2023: nil) to the share awardees upon vesting of the awarded shares. The related costs of the awarded shares vested are debited to "Other reserves", with a corresponding adjustment made to "Share premium".

24 Other reserves

	Capital reserve *RMB'000*	Share-based compensation expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
As at January 1, 2023 (Audited)	656,572	227,061	45,052	928,685
Share-based compensation expenses *(Note 25 (c))*	—	29,992	—	29,992
As at June 30, 2023 (Unaudited)	656,572	257,053	45,052	958,677

	Capital reserve *RMB'000*	**Share-based compensation expenses *RMB'000***	**Others *RMB'000***	**Total *RMB'000***
As at January 1, 2024 (Audited)	**656,572**	**312,828**	**45,052**	**1,014,452**
Share-based compensation expenses *(Note 25 (c))*	**—**	**9,306**	**—**	**9,306**
Issue of treasury shares to employees *(Note 23 (b))*	**—**	**(20,364)**	**—**	**(20,364)**
As at June 30, 2024 (Unaudited)	**656,572**	**301,770**	**45,052**	**1,003,394**

25 Share-based payments

(a) Employee Incentive Scheme and H Share Scheme

(i) Employee Incentive Scheme

Certain eligible employees of the Group were granted with shares of the Company through Hangzhou Fujiang Investment Partnership (Limited Partnership), Zhuhai Tongqiao Investment Center (Limited Partnership), Zhuhai Guichuang Equity Investment Center (Limited Partnership) and Hangzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (formerly known as Ningbo Guiqiao Enterprise Management Partnership (Limited Partnership)) as rewards for their services and in exchange for their full-time devotion and professional expertise.

(ii) H Share Scheme

The Board has resolved at a meeting of the Board held on August 30, 2021 to propose the adoption of the H Share Scheme. The H Share Scheme has been approved by the Shareholders at the extraordinary general meeting held on September 23, 2021. The H Share Scheme is a share award of H Shares and the Trust scheme established by the Company to award certain eligible employees. As at June 30, 2024, the Trustee has purchased a total number of 7,297,500 H shares in the amount of RMB74,445,000 pursuant to the H share scheme, of which, 894,399 shares were awarded and 1,713,525 shares were issued to certain employees during the six months ended June 30, 2024.

(iii) Under these employee incentive schemes, the employees were required to complete a service period and meet specified performance targets, if any.

The fair value of services received in return for a share award granted is measured by reference to the fair value of the share award granted less the consideration received by the Group. The fair value of the share award granted during the six months ended June 30, 2024 was measured using the share price as at the grant date, which was HK$9.65.

(iv) Movements in the number of shares granted but not vested for the six months ended June 30, 2024 and 2023 are as follows:

	Six months ended June 30,	
	2024	2023
	'000	*'000*
	(Unaudited)	(Unaudited)
At the beginning of the period	**4,872**	14,292
Granted during the period	**894**	3,694
Vested during the period	**—**	(292)
Forfeited during the period	**(52)**	(155)
At the end of the period	**5,714**	17,539

25 Share-based payments (Continued)

(b) Pre-IPO Share Option Scheme

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

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

		Six months ended June 30,	
		2024	2023
	Exercise price per share option *RMB*	**Number of options**	Number of options
As at January 1	2.13	**4,692,777**	4,692,777
Granted during the period	—	**—**	—
Forfeited during the period	—	**—**	—
Cancelled during the period	2.13	**(95,771)**	—
As at June 30	2.13	**4,597,006**	4,692,777
Vested and exercisable as at June 30	2.13	**4,597,006**	2,925,803

(ii) Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Grant date	**Expiry date**	**Exercise price per share** *RMB*	**Share options outstanding as at June 30, 2024**	**Share options outstanding as at June 30, 2023**
June 10, 2021	January 17, 2031	2.13	**4,597,006**	4,692,777

The remaining contractual life of outstanding share options was 6.6 years and 7.6 years as at June 30, 2024 and 2023.

25 Share-based payments (Continued)

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

(iii) Fair value of options granted

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

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

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

(c) Expenses arising from share-based payment transactions

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Selling and distribution expenses	**5,960**	9,356
Administrative expenses	**2,243**	6,180
Research and development expenses	**1,022**	13,914
Cost of sales	**81**	542
Total	**9,306**	29,992

26 Trade and other payables

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Trade payables *(a)*	**54,945**	27,508
Payables for purchase of property, plant and equipment	**113,280**	118,853
Staff salaries and welfare payables	**53,285**	64,431
Payables to suppliers of service	**10,303**	14,935
Accrued taxes other than income tax	**5,881**	6,312
Others	**1,228**	1,847
	238,922	233,886

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

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Within 1 year	**54,945**	27,508

27 Deferred revenue

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Included in non-current liabilities		
Government grants related to assets	**15,885**	8,674

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred revenue and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

28 Borrowings

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Current		
Bank borrowings — secured	**75,000**	50,000

(a) As at June 30, 2024, the Group has entered into loan agreements with total amounts of RMB75,000,000 and all the amounts were drawn down, bearing interest at rates ranging from 2.95% to 3.40% per annum. (December 31, 2023: 3.05% per annum). Certain self-developed patents of the Group have been pledged as collateral under loan agreements.

(b) As at June 30, 2024 and December 31, 2023, the Group's borrowings were repayable as follows:

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Within 1 year	**75,000**	50,000

29 Other current liabilities

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Provisions for sales rebates	**11,195**	7,368
Others	**3,231**	2,589
	14,426	9,957

30 Commitments and contingent liabilities

(a) Capital commitments

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

	As at June 30, 2024 *RMB'000* (Unaudited)	As at December 31, 2023 *RMB'000* (Audited)
Investment in venture funds	**168,715**	144,562
Property, plant and equipment	**36,050**	100,602
	204,765	245,164

(b) Operating lease commitments

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

	As at June 30, 2024 *RMB'000* (Unaudited)	As at December 31, 2023 *RMB'000* (Audited)
Operating lease contract	**429**	890

(c) The Group had no material contingent liabilities as at June 30, 2024 and December 31, 2023.

31 Related party transactions

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

The following is a summary of the significant transactions carried out between the Group and its related parties in the ordinary course of business for the six months ended June 30, 2024 and 2023 respectively.

(a) Key management compensation

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Discretionary bonuses	**5,981**	4,680
Wages, salaries, housing benefits, other social insurance and employee welfare	**5,140**	4,968
Share-based compensation expenses	**3,479**	10,339
Pension cost-defined contribution plan	**41**	40
	14,641	20,027

32 Dividend

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

33 Subsequent events

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

"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"BGC"	balloon guiding catheter, a large lumen catheter with a compliance balloon at the distal tip of the catheter. intending to facilitate the insertion and guidance of an intravascular catheter
"Board"	the board of Directors
"CE"	Conformité Européenne
"CE Mark"	a certification mark that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which for the purpose of this interim results report and for geographical reference only, excludes Hong Kong, Macao and Taiwan
"Company"	Zylox-Tonbridge Medical Technology Co., Ltd. (歸創通橋醫療科技股份有限公司), a limited liability company incorporated in the PRC on November 6, 2012 and converted into a joint stock limited liability company incorporated in the PRC on March 2, 2021, whose predecessor was Zhejiang Zylox Medical Device Co., Ltd. (浙江歸創醫療器械有限公司) and the H Shares of which are listed on the Stock Exchange (stock code: 2190)
"Core Products"	Thrombite CRD and Ultrafree DCB, the designated "core products" as defined under Chapter 18A of the Listing Rules
"CRD"	clot retriever device, a minimally invasive device to capture and remove the clot blocking blood vessels to treat neurovascular diseases such as acute ischemic stroke
"CTO"	chronic total occlusion
"DCB"	drug-coated balloon, angioplasty balloons (usually semi-compliant) coated with a cytotoxic chemotherapeutic agent
"Director(s)"	the director(s) of the Company or any one of them
"Domestic Share(s)"	ordinary share(s) issued by our Company, with a nominal value of RMB1.0 each, which are subscribed for or credited as paid in Renminbi

"DRG"	diagnosis-related group, a case-mix system to categorize patients with similar clinical diagnoses in order to better control hospital costs and determine payor reimbursement rates
"DVT"	deep vain thrombosis, which occurs when a blood clot forms in one or more of the deep veins in the body, usually in the leg
"EU"	European Union
"Frost & Sullivan"	Frost & Sullivan International Limited, an independent market, research and consulting company
"Frost & Sullivan Report"	the report commissioned by the Company and independently prepared by Frost & Sullivan, a summary of which is set forth in the section headed "Industry Overview" in the Prospectus
"Group", "our", "us" or "we"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign shares in the share capital of our Company with nominal value of RMB1.00 each, which are listed on the Stock Exchange
"H Share Scheme"	the 2021 H Share Award and Trust Scheme adopted by the Company on September 23, 2021
"HKD" or "HK$"	Hong Kong dollars and cents, both are the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"ischemic stroke"	a stroke caused by a blockage in an artery that supplies blood to the brain
"ISR"	in-stent restenosis
"IVC"	inferior vena cava, a large vein that carries the deoxygenated blood from the lower and middle body into the right atrium of the heart
"Latest Practicable Date"	September 12, 2024, being the latest practicable date prior to the publication of this interim report for the purpose of ascertaining certain information contained herein
"Listing" or "IPO"	the listing of the H Shares on the Main Board of the Stock Exchange on July 5, 2021
"Listing Date"	the date on which our H Shares are listed and from which dealings are permitted to take place on the Stock Exchange, being July 5, 2021

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
"Macao"	the Macao Special Administrative Region of the PRC
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
"OCT"	optical coherence tomography
"Over-allotment Option"	the over-allotment option which had been granted by the Company to the relevant underwriters to allot and issue up to an aggregate of 9,000,000 additional H Shares, representing 15% of the offer shares initially available under the Global Offering
"PE"	pulmonary embolism, a blockage in one of the pulmonary arteries in the lungs. Caused by blood clots that travel to the lungs from deep veins in the legs or, rarely, from veins in other parts of the body
"Pre-IPO Share Option Scheme"	the pre-IPO share option scheme of our Company approved and adopted by the Board on January 18, 2021, as amended from time to time
"Prospectus"	the prospectus issued by the Company dated June 22, 2021
"PTA"	percutaneous transluminal angioplasty, a percutaneous interventional procedure that can open up blocked peripheral arteries using a catheter with a balloon at the end of it, allowing blood to circulate unobstructed
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) (as amended from time to time)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each

"Shareholder(s)"	holder(s) of the Shares
"Single Largest Group of Shareholders"	refers to Dr. Jonathon Zhong Zhao (趙中), Dr. Shengping Sam Zhong (鍾生平), Dr. Zheng Li (李崢), Ms. Na Wei (衛娜), Zhuhai Tongqiao Investment Center (Limited Partnership) (珠海通橋投資中心(有限合夥)), Hangzhou Fujiang Investment Partnership (Limited Partnership) (杭州涪江投資合夥企業(有限合夥)), Zhuhai Guichuang Equity Investment Center (Limited Partnership) (珠海歸創股權投資中心(有限合夥)), Hangzhou Guiqiao Enterprise Management Partnership (Limited Partnership) (杭州歸橋企業管理合夥企業(有限合夥)) (formerly known as Ningbo Guiqiao Enterprise Management Partnership (Limited Partnership)* (寧波歸橋企業管理合夥企業(有限合夥))), WEA Enterprises, LLC and Hangzhou Yuyihui Investment Partnership (Limited Partnership) (杭州語意慧企業管理合夥企業(有限合夥) (formerly known as Huzhou Yuyihui Investment Partnership (Limited Partnership) (湖州語意慧企業管理合夥企業(有限合夥)))
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	member(s) of the Supervisory Committee
"Supervisory Committee"	the supervisory committee of the Company
"Trustee"	Futu Trustee Limited, the trustee appointed by the Company for the purpose of the H Share Scheme
"US dollars"	United States dollars, the lawful currency of the United States of America
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VBP"	volume-based procurement, a program that enables local governments to procure medical devices in high volume and at low cost, thereby driving down medical expenses for patients
"%"	percent

* *For identification purpose only.*