MicroPort NeuroScientific Corporation

微創腦科學有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2172)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board of the Company is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2024 (the "**Reporting Period**") together with the unaudited comparative figures for the six months ended 30 June 2023 (the "**Prior-year Period**"), which have been reviewed by the Audit Committee.

During the six months period ended 30 June 2024, the Group's revenue was mainly derived from hemorrhagic stroke products, cerebral atherosclerotic stenosis products, acute ischemic stroke products and access products.

During the Reporting Period, the Group recorded the revenue of approximately RMB408.2 million, representing an increase of around 36.4% over that of approximately RMB299.2 million for the Prior-year Period. The increase was mainly due to:

(1) Overseas business achieved a breakthrough and the revenue for the Reporting Period increased by approximately 87.0% over the Prior-year Period;

(2) Intracranial Atherosclerotic Stenosis Products (including Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ("**Bridge® Vertebral Artery DES**"), APOLLO™ Intracranial Stent System ("**APOLLO™ Intracranial Stent**"), etc.) continued to increase their market share and realized a significant revenue growth;

(3) Coil products (including NUMEN® Coil Embolization System ("**NUMEN® Coil**"), etc.) benefited from winning the VBP bids, which accelerated the development of new markets and played an important role in the revenue growth;

(4) Several acute ischemic stroke and access products approved for marketing in recent years (including Neurohawk® Stent Thrombectomy Device ("**Neurohawk® Thrombectomy Device**"), X-track® Distal Catheter, U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**"), etc.) accelerated hospital admission and clinical use, contributing to the Group's revenue growth.

The Board has resolved to recommend the payment of an interim dividend of HK$0.08 per ordinary share for the six months ended 30 June 2024.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 — unaudited

(Expressed in Renminbi)

		Six months ended 30 June	
		2024	2023
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**408,225**	299,193
Cost of sales		**(113,206)**	(66,556)
Gross profit		**295,019**	232,637
Other net income	*4*	**20,699**	18,198
Research and development costs		**(48,345)**	(84,531)
Distribution costs		**(56,119)**	(55,919)
Administrative expenses		**(28,761)**	(28,185)
Profit from operations		**182,493**	82,200
Finance costs	*5(a)*	**(1,640)**	(1,963)
Share of losses of an associate		**(9,897)**	(11,923)
Profit before taxation	*5*	**170,956**	68,314
Income tax	*6*	**(30,871)**	(10,315)
Profit for the period		**140,085**	57,999
Attributable to:			
Equity shareholders of the Company		**143,504**	64,041
Non-controlling interests		**(3,419)**	(6,042)
Profit for the period		**140,085**	57,999
Earnings per share	*7*		
Basic		**0.25**	0.11
Diluted		**0.25**	0.11

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Profit for the period	**140,085**	57,999
Other comprehensive income for the period (after tax and reclassification adjustments):		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**7,883**	46,137
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(3,244)**	(20,858)
Other comprehensive income for the period	**4,639**	25,279
Total comprehensive income for the period	**144,724**	83,278
Attributable to:		
Equity shareholders of the Company	**148,143**	89,320
Non-controlling interests	**(3,419)**	(6,042)
Total comprehensive income for the period	**144,724**	83,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi)

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment		**142,584**	161,603
Investment property		**12,754**	12,925
		155,338	174,528
Intangible assets		**169,326**	151,384
Interest in an associate		**95,598**	103,692
Deferred tax assets		**13,959**	11,119
Other non-current assets		**174,414**	187,374
		608,635	628,097
Current assets			
Financial assets measured at fair value through profit or loss	*11*	**316,985**	283,504
Inventories		**170,613**	200,963
Trade and other receivables	*8*	**191,781**	62,765
Pledged deposit and time deposit		**111,965**	64,137
Cash and cash equivalents		**679,940**	721,175
		1,471,284	1,332,544
Current liabilities			
Trade and other payables	*9*	**241,178**	213,076
Contract liabilities		**5,110**	8,056
Lease liabilities		**23,007**	23,786
Income tax payables		**17,646**	4,331
		286,941	249,249
Net current assets		**1,184,343**	1,083,295
Total assets less current liabilities		**1,792,978**	1,711,392

	Note	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current liabilities			
Lease liabilities		**26,477**	37,574
Deferred income		**48,151**	24,816
Other non-current liabilities		**11,606**	10,751
		86,234	73,141
NET ASSETS		**1,706,744**	1,638,251
CAPITAL AND RESERVES	*10*		
Share capital		**76**	76
Reserves		**1,708,504**	1,635,429
Total equity attributable to equity shareholders of the Company		**1,708,580**	1,635,505
Non-controlling interests		**(1,836)**	2,746
TOTAL EQUITY		**1,706,744**	1,638,251

1 Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It has been reviewed by the audit committee of the Company and was authorised for issue on 28 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year-to-date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

This interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, Review of interim financial information performed by the independent auditor of the entity, issued by the HKICPA.

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's annual consolidated financial statements for the year ended 31 December 2023 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2024.

2 Changes in accounting policies

The HKICPA has issued the following new and amended HKFRSs and guidance that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been or presented in this interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 Revenue and segment reporting

The Group sells medical devices through appointed distributors.

For the purpose of resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**407,185**	298,185
Revenue from other sources		
Gross rentals	**1,040**	1,008
	408,225	299,193
Disaggregated by geographical location of customers		
— the PRC	**380,107**	284,158
— Outside the PRC	**28,118**	15,035
	408,225	299,193

The geographical analysis above includes property rental income in the PRC for the six months ended 30 June 2024 of RMB1,040,000 (six months ended 30 June 2023: RMB1,008,000).

4 Other net income

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Fair value changes in financial instruments measured at fair value	**6,686**	2,121
Government grants	**6,139**	7,731
Interest income on financial assets carried at amortised cost	**7,683**	8,318
Others	**191**	28
	20,699	18,198

5 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**1,304**	1,858
Others	**336**	105
	1,640	1,963

(b) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Amortisation of intangible assets	**7,700**	7,697
Depreciation charge		
— owned property, plant and equipment and investment property	**9,229**	8,909
— right-of-use assets	**11,467**	12,514
	20,696	21,423
Less: Capitalised into intangible assets	**(715)**	(817)
	19,981	20,606
Research and development expenditure	**74,039**	90,409
Less: Development costs capitalised into intangible assets	**(25,694)**	(5,878)
	48,345	84,531
Reversal of inventories write-down	**(335)**	(176)

6 Income tax

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("CIT")		
Provision for the period	**33,711**	11,569
Deferred tax		
Origination and reversal of temporary differences	**(2,840)**	(1,254)
	30,871	10,315

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25%, except for MP NeuroTech Shanghai, which is entitled to a preferential income tax rate of 15% as it is certified as a "High and New Technology Enterprise" ("**HNTE**") during the six months ended 30 June 2024 and 2023. According to Guoshuihan [2009] No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

7 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB143,504,000 for the six months ended 30 June 2024 (profit attributable to equity shareholders of the Company of RMB64,041,000 for the six months ended 30 June 2023) and the weighted average of 581,050,399 ordinary shares (six months ended 30 June 2023: 582,658,100 shares).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB143,504,000 (profit attributable to equity shareholders of the Company of RMB64,041,000 for the six months ended 30 June 2023) and the weighted average number of ordinary shares of 581,233,868 (six months ended 30 June 2023: 582,658,100 shares) after adjusting the effects of dilutive potential issuable ordinary shares under certain share options granted to the directors and employees of the Group that may be settled in ordinary shares of the Company.

8 Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade debtors (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Within 1 month	**134,582**	6,743
1 to 3 months	**19,113**	3,477
3 to 12 months	**1,054**	344
Over 12 months	**407**	—
	155,156	10,564
Other debtors	**10,679**	23,289
Deposits and prepayments	**25,946**	28,912
	191,781	62,765

Trade receivables are generally due within 90 days from the date of billing.

9 Trade and other payables

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Within 1 month	**31,516**	37,316
Over 1 month but within 3 months	**7,085**	18,389
Over 3 months but within 6 months	**5,043**	6,442
Over 6 months but within 1 year	**11,025**	2,292
Over 1 year	**5,796**	4,658
Trade payables	**60,465**	69,097
Dividends payables to ordinary shareholders *(Note 13(a))*	**58,496**	—
Accrued expenses	**29,411**	25,036
Accrued payroll	**27,668**	46,631
Other payables	**65,138**	72,312
	241,178	213,076

10 Capital and reserves

(a) Dividends

Dividends attributable to the interim period

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Interim dividends declared after the interim period of HKD0.08 per ordinary share (six months ended 30 June 2023: nil)	**43,000**	—

The interim dividend declared after the interim period has not been recognised as a liability at the end of the reporting period.

Dividends attributable to the previous financial year, approved during the interim period

	Six months ended 30 June	
	2024	2023
	RMB'000	*RMB'000*
Final dividends in respect of the previous financial year and approved during the following interim period, of HKD0.11 per ordinary share (six months ended 30 June 2023: nil)	**58,496**	—

(b) Purchase of own shares

During the six months ended 30 June 2024, the Company purchased its own ordinary shares through the designated trustees under the share award scheme (Note 13(f)) as follows:

Month/year	**No. of shares repurchased**	**Highest price paid per share** *HKD*	**Lowest price paid per share** *HKD*	**Aggregate considerations paid** *RMB'000*
January to June 2024	3,595,000	11.00	6.24	29,177

Repurchased shares held at the end of reporting period under the share award scheme were classified as treasury shares and presented as a decrease in the capital reserve.

(c) Share options granted by the ultimate controlling party

MicroPort Scientific Corporation ("**MPSC**"), the ultimate controlling party of the Group, has granted certain share options to the employee of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

Apart from the outstanding share options carried forward from 2023, during the six months ended 30 June 2024, MPSC granted 257,526 share options to the employees of the Group (75,496 share options were granted during the six months ended 30 June 2023). These share options granted in April 2024 will vest on the 8th day of each month over an explicit vesting period from April 2026 to April 2028.

During the six months ended 30 June 2024, no share option was exercised (six months ended 30 June 2023: 106,277).

(d) Share awards granted by the ultimate controlling party

MPSC has granted certain number of its own ordinary shares to the employee of the Group under the share award scheme approved by the board of MPSC with no vesting conditions attached at nil consideration. MPSC and the Group also entered into a recharge arrangement approximate to the grant-date fair value of this shared-based payment and the recharge is required to be paid after the shares are awarded. The fair value of services received in return for the shares awarded of RMB165,000 and RMB70,000 for the six months ended 30 June 2024 and 2023, respectively, which is measured by the grant-date share price of MPSC, was recognised as expenses on the grant date with a corresponding increase in trade and other payables due to MPSC.

(e) Employee share purchase plan (the "ESPP")

Since 2015, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group, invested in the Group by way of subscribing newly issued equity interests of MP NeuroTech Shanghai. All participants of the ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

All ESPPs contain a service condition. Employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partners of the partnership firms at a price no higher than the amounts specified in the respective partnership agreements. The fair value of the ESPP at the grant date, being the difference between the considerations and the fair value of the equity interests subscribed shall be spread over the vesting period and recognised as staff costs in the profit or loss.

The total expenses recognised in the consolidated statement of profit or loss for the above ESPP are RMB159,000 and RMB285,000 for the six months ended 30 June 2024 and 2023, respectively.

(f) Share awards granted by the Company

Pursuant to the share award scheme adopted by the Company approved by the Board in 2024, the Company may purchase its own shares and grant such shares to certain employees of the Group at nil consideration. For the six months ended 30 June 2024, the Company granted 780,000 shares (six months ended 30 June 2023: 516,717 shares) with a fair value of HKD6,536,000, equivalent to RMB5,928,000, (six months ended 30 June 2023: HKD7,544,000, equivalent to RMB6,652,000) to the Group's executives and certain employees to settle the discretionary bonuses.

(g) Share options granted by the Company

The Company has granted certain share options to the directors and employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

Apart from the outstanding share options carried forward from 2023, during the six months ended 30 June 2024, the Company granted 2,191,000 share options to the employees of the Group (nil share option was granted during the six months ended 30 June 2023). These share options granted in March 2024 will vest from April 2026 to April 2028.

During the six months ended 30 June 2024, no share option was exercised (six months ended 30 June 2023: nil).

(h) Common control transaction

In March 2024, MicroPort Sinica Co., Ltd. (微創投資控股有限公司), a subsidiary of MPSC transferred its subsidiary, MicroPort Brain Sciences (Suzhou) Co., Ltd. ("**MP Brain Sciences Suzhou**") (微創腦科學 (蘇州) 有限公司), to the Group with nil consideration. The merge constitutes to a common control transaction. In applying book value accounting, the amount of RMB18,000, being the opening balance of accumulated loss of MP Brain Sciences Suzhou was debited to "capital reserve" account in equity.

11 Financial assets measured at fair value through profit or loss

	30 June 2024	31 December 2023
	RMB'000	*RMB'000*
Wealth management products *(Note (a))*	**215,919**	283,504
Deposits *(Note (b))*	**101,066**	—
	316,985	283,504

Note:

(a) As at 30 June 2024, the Company held three wealth management products subscribed from three segregated portfolio companies incorporated in the Cayman Islands, with purchase cost amounted to US$30,000,000 (equivalent to RMB213,804,000) in aggregate at annualised return rate of 3.0%–5.5%. The Company can redeem the wealth management products at any time.

(b) As at 30 June 2024, the Group held two deposits subscribed from Bank of Shanghai Co., Ltd., with purchase cost amounted to RMB100,000,000 in aggregate at annualised return rate of 1.5%–2.5%, with a term of six months from January 2024.

The fair values of the wealth management products and deposits are within level 3 of the fair value hierarchy as disclosed in Note 15(a).

INDUSTRY OVERVIEW

Stroke is an acute cerebrovascular disease, which is the second major fatal disease in the world and the first major fatal disease in China, with high rates of incidence, disability, mortality and recurrence. According to the research data of the Global Burden of Disease (GBD), the number of stroke patients in China continues to rank first globally, and the proportion of patients younger than 70 years old kept increasing, with a trend toward younger patients. Another research result[1] on the burden of stroke disease in China showed that in 2020, the prevalence of stroke in China was 2.6% among people aged 40 years or older, which was much higher than the global prevalence of stroke, and in addition, the number of new stroke cases in China (approximately 3.4 million) was higher than that in the United States (approximately 0.61 million) and Europe (approximately 1.12 million), representing approximately a quarter of all new stroke cases worldwide each year. The research also shows that there were significant urban-rural differences in the burden of stroke disease in China, with both stroke incidence and mortality rates higher in rural areas than in urban areas.

Thanks to the development of neuroimaging, neuro-interventional therapy is gradually replacing the traditional surgical craniotomy and conventional drug therapy with its safe, effective and minimally invasive characteristics, and has become an important treatment for stroke. With the aging of the global population and the rising incidence of strokes, the volume of neuro-interventional surgeries is expected to grow rapidly. According to the estimation by Frost & Sullivan, the market size of neuro-interventional medical devices in China is projected to exceed RMB20 billion by 2028, with a compound annual growth rate of approximately 20% from 2023 to 2028. However, currently the neuro-interventional medical device industry in China is still at an early stage of development, with a relatively low market penetration especially in the vast grassroots areas represented by lower-tier cities and counties.

In the face of the serious challenge of stroke, the Chinese government and health organisations are taking active actions, including strengthening the construction of the primary healthcare system, promoting health education, improving the management of stroke risk factors such as hypertension, and raising public awareness of early recognition and first aid measures for stroke. In 2021, multiple departments including the NMPA jointly formulated the Comprehensive Plan for Strengthening Stroke Prevention and Treatment Work to Reduce Millions of New Disabilities (《加強腦卒中防治工作減少百萬新發殘疾工程綜合方案》), which proposes the overall goal of further improving the prevention and treatment effect of stroke and reducing the incidence rate and disability rate, and clarifies the

[1] Burden of stroke in China in 2020, JAMA Netw Open. 2023;6(3):e231455

phased goals to be achieved by 2022, 2025, and 2030, including the goals for the awareness rates of hypertension among residents, the development of intravenous thrombolysis and thrombectomy techniques, etc. Meanwhile, the "Identification and Hierarchical Diagnosis and Treatment Action for the Stroke in China's Thousands of Counties and Ten Thousands of Towns (中國千縣萬鎮卒中識別與分級診療行動)" has been expedited to implement the Green Channel for stroke treatment, and establish and improve the hierarchical diagnosis and treatment system for stroke. According to the Stroke Center of National Health Commission of the PRC, as of mid-August 2024, an aggregate of over 2,030 stroke centers have been established in the country, including over 630 stroke centers in tertiary hospitals and approximately over 1,400 in secondary hospitals.

Meanwhile, the Reform of the Medical and Health Care System in the PRC continues to be deepened. In terms of medical insurance coverage, treatment and surgical projects with clear clinical efficacy and significant technical value will be prioritized to be included into the medical insurance coverage. In terms of medical insurance payment mode, it is expected that by the end of 2024, all of the coordinated regions in the country will carry out the reform of DRG/DIP payment method; by the end of 2025, the DRG/DIP payment method will cover all the medical institutions, achieving a comprehensive coverage of diseases and medical insurance funds. In this context, medical devices with clear clinical value and rigid treatment demand are expected to usher in a rapid growth, while auxiliary attributes and non-essential varieties are showing a weakening trend, which will further promote the standardized development of the medical device industry.

While continuously regulating the medical insurance payment system, China has also successively introduced a number of policies to encourage the development of innovative medical device industry and strived to find a balance between "regulation" and "innovation". In December 2023, the NDRC issued the Guidance Catalogue for Industrial Structure Adjustment (2024) (《產業結構調整指導目錄(2024年)》), which included high-end implantable interventional products, high-performance medical imaging equipment and other high-end medical devices into the policy support list. In June 2024, the State Council issued the Key Tasks for Deepening the Reform of the Medical and Health System in 2024 (《深化醫藥衛生體制改革2024年重點工作任務》), which emphasized accelerating the review and approval of innovative medical devices, and proposed policy preferences such as excluding payment from DRG/DIP payments for the application of advanced medical technologies. In addition, Shanghai has issued Certain Opinions on Supporting the Development of Whole Chain Innovation of the Biomedical Industry (《關於支持生物醫藥產業全鏈條創新發展的若干意見》), which will provide financial support at all stages of development for products which are fulfilling national and Shanghai's special procedures for examination and approval of innovative medical devices, and promote admission of more innovative medical device products to hospitals and medical insurance, thereby speeding up their market access and application promotion.

Since 2021, the neuro-interventional industry has carried out multiple volume-based procurements (VBP). For example, the VBP for coils has gradually expanded from an individual province to provincial alliances. As of the end of the Reporting Period, most provinces across the country have implemented the post-VBP price of coils. In addition, in the first half of 2024, the Hebei "3+N" provincial alliance conducted the VBP of 28 types of consumables, including products in the field of neuro-intervention such as guide catheters, thrombectomy devices and intracranial stents. The VBP policies will become a turning point for China's neuro-interventional industry through exchanging price for volume and survival of the fittest, promoting the transformation of enterprises from "marketing-driven" to "cost-driven" and "R&D-driven" for the pursuit of the high-quality and standardized development of the industry.

COMPANY'S BUSINESS

As a pioneer and the largest Chinese company in the neuro-interventional medical device industry in China, the Group is committed to providing innovative and accessible solutions for cerebrovascular diseases to patients and physicians around the world. The Group has a comprehensive portfolio of commercialized products covering three major areas of cerebrovascular diseases, namely hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke. According to Frost & Sullivan, the Group's market share in China's neuro-interventional medical device market ranked the fourth place in terms of the sales in 2023 while ranking the first among all the domestic brands.

Since its establishment, while always adhering to the goal of addressing clinical needs, the Group has been placing key emphasis on research and development ("**R&D**") and innovation with independent intellectual property rights. After years of experiences, we have already mastered a number of core design and manufacturing technology platforms for the R&D and manufacturing of neuro-interventional medical devices. The Group has developed multiple "First-of-Its-Kind" products and "One-of-a-Kind" products, including the world-first stent system for treating intracranial atherosclerotic diseases in the world, the world-only intracranial stent graft approved for treating cerebrovascular diseases, the first Chinese-developed flow-diverting stents approved by the NMPA, and the first vertebral artery drug-eluting stent in China that has been admitted to the NMPA's special review procedure for innovative medical devices (the "**Green Path**") and approved by the NMPA.

COMMERCIALIZATION CAPABILITIES

The Group has established a promotion team for medical solutions with members who are professionally qualified and experienced. The team continues to promote innovative neuro-interventional treatment concepts to the market and provides patients and physicians with an integrated solution to treat cerebrovascular diseases. These are accomplished through the means of promotion and education regarding the surgical methods and products, recommendations for treatment options, training on surgery and surgical devices, clinical support and postoperative follow-ups, which strengthen our leading position as a domestic brand.

As of the end of the Reporting Period, the Group's team for the promotion of medical solutions consisted of a total of 94 senior personnel. In order to address different treatment needs, we have strategically created three professional marketing teams, namely the hemorrhagic stroke solution team, the cerebral atherosclerotic stenosis solution team and the acute ischemic stroke solution team. Such team structure enables us to provide the highly customised, professional and targeted treatment support to the market. In addition, the Group has established cooperative relationships with more than 330 distributors and sub-distributors, with sales channels covering 31 provinces, municipalities and autonomous regions across the country.

In the first half of 2024, the Group has newly developed approximately 300 hospitals in its sales channel, reaching a total coverage of around 3,300 hospitals nationwide, of which more than 1,800 tertiary hospitals and all of the top 100 hospitals in China's National Stroke Center are included therein. As of the end of the Reporting Period, the Group's products have cumulatively supported approximately 190,000 neuro-interventional procedures.

In terms of volume-based procurement policies, as most of the provinces across the country have successively implemented and renewed the VBP projects of coils, the Group's coil products have achieved the positive effect of exchanging price for volume by virtue of their excellent performance and brand reputation, with their market share steadily increasing. In addition, in the Hebei "3+N" provincial alliance's volume-based procurement projects carried out in early 2024, the Group's APOLLO™ Intracranial Stent became the only domestic intracranial stent product as selected thanks to its leading market position, and is expected to capture more market share in the future.

In the field of hemorrhagic stroke products, NUMEN® Coil took the opportunity of winning the VBP bids to accelerate hospital admission and clinical promotion. During the Reporting Period, NUMEN® Coil was newly admitted into approximately 240 hospitals and had achieved clinical applications in an accumulated number of nearly 1,200 hospitals. Although the Group's Tubridge® Flow-diverting Stent was affected by the standardized adjustment of the policy environment, we continued to increase the number of hospital admission for the product. During the Reporting Period, Tubridge® Flow-diverting Stent was newly admitted into approximately 80 hospitals, covering more than 1,100 hospitals in total. In addition, WILLIS® Intracranial Stent Graft ("**WILLIS® Stent Graft**"), as the world's first and only approved intracranial stent graft, not only has excellent clinical effects in the treatment of complex cranial vascular diseases, but has also been continuously exploring its advantages in the treatment of other diseases such as vascular rupture in nasopharyngeal carcinoma surgery and cervical dissection aneurysm. During the Reporting Period, WILLIS® Stent Graft was newly admitted into approximately 30 hospitals, covering more than 770 hospitals in total, which was widely recognised by clinical experts.

In the field of cerebral atherosclerotic stenosis treatment products, Bridge® Vertebral Artery DES has shown differentiated characteristics such as grooved drug loading design and low long-term restenosis rate, which leads to enhanced recognition of the drug-loaded balloon stent treatment concept by the surgeons. In the first half of 2024, Bridge® Vertebral Artery DES newly entered approximately 230 hospitals, covering approximately 1,300 hospitals in total. As the market promotion of this product enters the mature stage, the growth of its clinical use in second-tier and grassroots hospitals is particularly obvious. In addition, APOLLO™ Intracranial Stent System ("**APOLLO™ Intracranial Stent**") continued to consolidate its advantages in market share and established the presence in nearly 120 new hospitals during the Reporting Period, covering approximately 2,300 hospitals in total.

In the field of acute ischemic stroke products, the Group significantly accelerated the pace of commercialisation with the focus on developing the grassroots hospitals. In the first half of 2024, Neurohawk® Thrombectomy Device was newly admitted into more than 150 hospitals, covering approximately 440 hospitals in total. As of the end of the Reporting Period, WAVE-track™ Intracranial Aspiration Catheter ("**WAVE-track™ Aspiration Catheter**"), which was newly launched in 2023, had been listed on the procurement platforms of 24 provinces and cities across the country, which is expected to contribute to

the continuous growth of revenue as new impetus. In addition, X-track® Distal Catheter had been listed on the procurement platforms of all the provinces nationwide, and had newly entered over 200 hospitals during the Reporting Period, covering around 410 hospitals in total, and the clinical use volume of this product in the first half of 2024 has increased by approximately 800% year-on-year.

In the field of access products, the Group's market promotion strategy is to sell them in conjunction with therapeutic products, fully leveraging the competitive advantages of high clinical adaptability and a well-established sales distribution channel. During the Reporting Period, as the key accessory product in the aneurysm treatment surgery, driven by the sales volume of related therapeutic products of the Group, the clinical use of U-track® Support Catheter achieved a high double-digit growth year-on-year.

As for the grassroots market, the Group actively responded to the national call for establishing primary stroke centers. The Group has been providing the clinical training, follow-up consulting and routine guidance to physicians in hospitals in lower-tier cities and counties, thereby helping grassroots hospitals to improve their stroke treatment ability. The Group promoted the high quality medical resources to those local areas through the special fund of "Brain Power" (百腦神通) for cultivating young neuro-interventional physicians, so as to build a platform for technical communication among grassroots clinicians, allowing more local patients with cerebrovascular diseases to benefit from the initiatives. As of the end of the Reporting Period, the Group had provided technical trainings for the Brain Power program to 164 surgeons.

The Group is committed to improving the stroke clinical diagnosis and treatment technology in the globe and continues to provide professional training to doctors on clinical techniques and standardized diagnosis and treatment processes, gradually building up a customised, systematic and multi-level clinical training system. With the focus on the promotion of our innovative products, namely Tubridge® Stent, NUMEN® Coil, Bridge® Vertebral Artery Stent and Neurohawk® Thrombectomy Device, we have offered a series of innovative clinical therapies through the combination of several product portfolios including the "AND procedure" (APOLLO™ Intracranial Stent + Neurohawk® Thrombectomy Device + Diveer® Balloon Catheter) for the treatment of large vessel occlusions associated with intracranial atherosclerotic stenosis (ICAS-LVO) and the "NEXT procedure" (Neurohawk® Thrombectomy Device + X-track™ Distal Catheter) for the acute thrombectomy surgeries.

INTERNATIONAL BUSINESS

During the Reporting Period, the Group achieved a breakthrough in its international business with the overseas revenue of RMB28.12 million, representing an increase of 87% over the Prior-year Period. Among them, the Group's sales revenue increased by approximately 123%, 14%, 120% and 85% year-on-year in the Asia Pacific ("**APAC**"), North America ("**NA**"), Latin America ("**LATAM**") and Europe, the Middle East and Africa ("**EMEA**"), respectively.

As of the end of the Reporting Period, the Group had a total of 8 products that have been launched into the overseas market, and have been commercialized in 21 overseas countries, covering 9 of the top 10 countries worldwide in terms of the number of neuro-interventional procedures. In Japan, the commercialization of NUMEN® Coils has been impressive since its inclusion into medical insurance in October 2023 and the completion of the first batch of implantation. As of the end of the Reporting Period, it has entered more than 80 local hospitals. During the Reporting Period, in France, NUMEN® Coils achieved its first commercial clinical application. In Ireland and the United Kingdom, the Group's direct sales model delivered strong results, driving local revenue growth. In the United States, the Group gradually switched from a distribution model to a direct sales model since the first quarter of 2024, which has significantly improved the operational efficiency and profit levels while better adapting to local marketing habits.

In addition to coil products, a number of the Group's key products are also accelerating their overseas expansion. During the Reporting Period, the first commercial implantation of Tubridge® Flow-diverting Stent was achieved in Brazil and Argentina, while the first commercial usage of Neurohawk® Thrombectomy Device and X-track® Distal Catheter was also achieved in Brazil and Argentina respectively.

In terms of overseas market promotion, from the beginning of 2024 to the date of this announcement, the Group has carried out a total of 9 overseas surgical training and academic exchange conferences. We uniquely organized a series of "MindShare" activities, inviting a number of overseas clinicians and partners for corporate site visits, product training and seminars. These initiatives can not only strengthen international clinical technical exchange and enhance a better understanding of the Company's products in overseas markets, but also help to enhance the global competitiveness and influence of our brand.

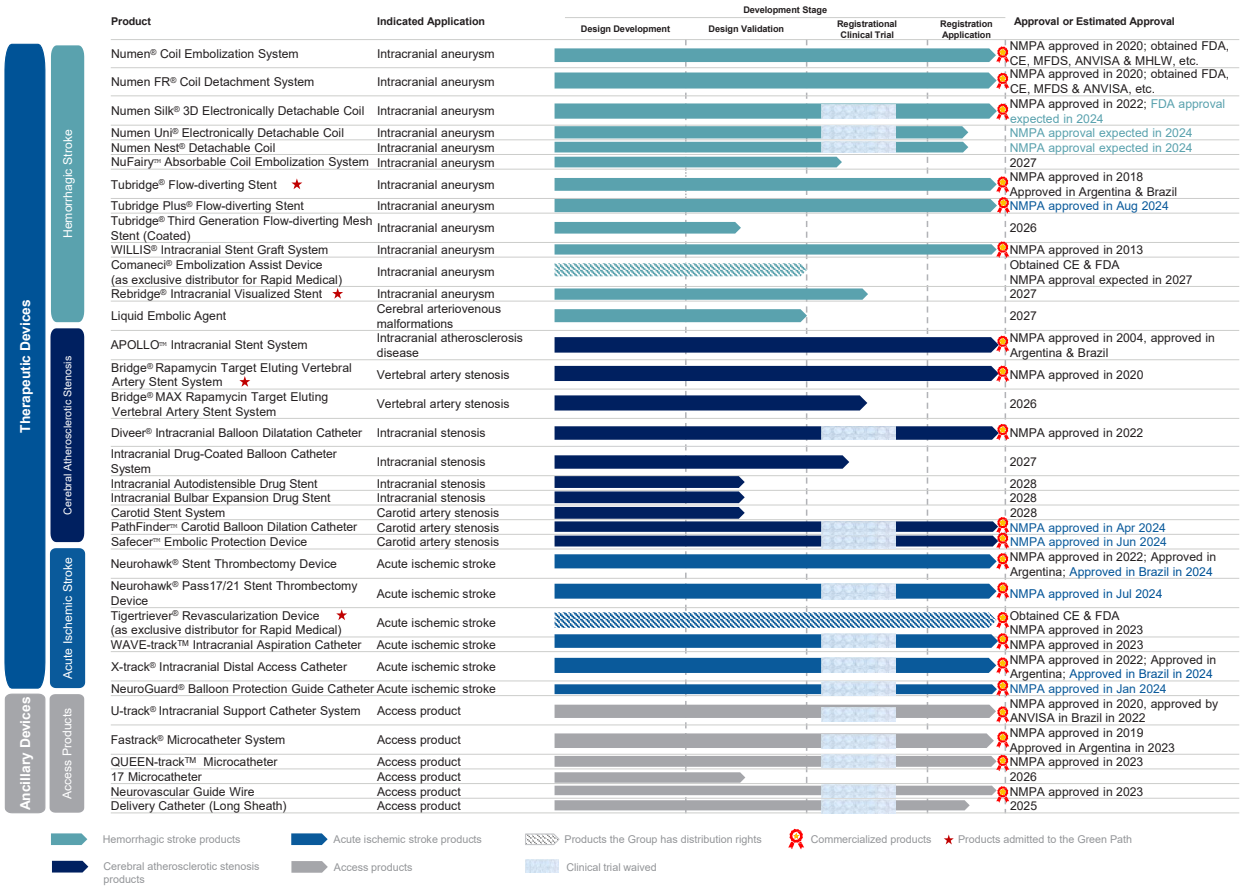
In June 2024, the Group made its debut at LINNC (Live Interventional Neuroradiology & Neurosurgery Course), one of the world's most important neuro-interventional conferences. At the conference, we focused on displaying six innovative products, including NUMEN® Coil, NUMEN Silk® Coil, Bridge® Vertebral Artery DES and Neurohawk® Thrombectomy Device, which attracted about 30 physicians in the neuro-interventional area to participate in the practical demonstration and training of the products.

PRODUCT PIPELINE

Since the marketing approval of the first product in 2004, leveraging its excellent R&D capability and efficient physician-engineer collaboration (醫工結合) model, the Group has built up a diversified portfolio of neuro-interventional products. As of the date of this announcement, the Group had a total of 21 products that have been approved and commercialized in China, and 14 pipeline products at different development phases. Among them, four products have been approved by the NMPA to be admitted to the Green Path, ranking the first among Chinese neuro-interventional medical device companies.

From the beginning of 2024 and up to the date of this announcement, the Group's R&D projects have achieved fruitful results. Five products including NeuroGuard® Neurovascular Balloon Guide Catheter ("**NeuroGuard® Balloon Guide Catheter**"), Neurohawk® Stent Thrombectomy Device 2, Safecer™ Embolic Protection Device, PathFinder™ Carotid Artery Balloon Dilatation Catheter ("**PathFinder™ Carotid Artery Balloon**"), and the new generation of Tubridge Plus® Flow-diverting Stent with fullvisualization ("**Tubridge Plus®Flow-diverting Stent**") have been approved by the NMPA for marketing. In addition, the registration applications of three products including Numen Uni® Electronically Detachable Coil, Numen Nest® Detachable Coil and the delivery catheter (sheath) have been submitted to the NMPA for approval.

The following chart summarizes our product portfolio and development status as of the date of this announcement.



Hemorrhagic Stroke Products

Intracranial aneurysm is one of the main causes of hemorrhagic stroke. According to Frost & Sullivan, hemorrhagic stroke products represent the largest segment in terms of sales of neuro-interventional medical devices in China. The Group has a portfolio of 13 products for the treatment of hemorrhagic stroke, of which 6 products have been approved for commercialisation, including embolization coils, flow-diverting stents and stent grafts, and covering key therapeutic areas of hemorrhagic stroke. According to Frost & Sullivan, in terms of the number of procedures performed in 2023, the market share of the Group's Tubridge® Flow-diverting Stent ranked the first among domestic brands in terms of the implantation volume in 2023. In addition, since its launch to market in 2021, the market share of the Group's coil products in China has rapidly climbed to the top five in terms of the implantation volume in 2023.

During the Reporting Period, the Group recorded the revenue of hemorrhagic stroke products of RMB222.9 million, representing an increase of 7.7% over the Prior-year Period, which was mainly due to the increase in the global sales revenue of NUMEN® Coil.

NUMEN® Coil

NUMEN® Coil is a coil embolization system used to treat intracranial aneurysm. It was approved by the NMPA in September 2020, and was subsequently approved for marketing in many countries, including the European Union, South Korea, the United States, Brazil, Japan, Argentina, Australia, Saudi Arabia, Colombia and the UAE. As of the end of the Reporting Period, the Group had submitted the registration application for NUMEN® Coil to the Canadian medical device regulator.

As of the end of the Reporting Period, NUMEN® Coil has been commercialised in 21 overseas countries or regions, including United States, United Kingdom, Ireland, Spain, Italy, Greece, Croatia, Poland, Germany, Belgium, France, Saudi Arabia, United Arab Emirates, Nepal, Brazil, Argentina, Colombia, Dominican Republic, South Korea, Japan and Hong Kong, China, receiving high praise from local clinicians.

NUMEN® Coil permits stable framing, smooth filling and finishing, with superb conformability to shapes of aneurysms. Its three models, MicroFrame, MicroFill and MicroFinish, have a total of 177 specifications, providing physicians with a full range of aneurysms embolization options. In June 2023, the research results of NUMEN® Coil applied to aneurysms less than 5mm were officially published in the journal "BMC Surgery", further demonstrating its safety and effectiveness of application to aneurysms less than 5mm as well as its world-leading clinical efficacy.

NUMEN Silk® Coil

NUMEN Silk® coil is an iterative product developed based on NUMEN® Coils, and was approved by the NMPA in February 2022. As of the date of this announcement, the NUMEN Silk® coil has been submitted an application for registration with the US FDA.

As a new generation of ultra-soft electronically detachable coil, NUMEN Silk® coil features a greater smoothness in the filling stage and finishing stage. The smoothness of the distal-end of its delivery wire improves the microcatheter's stability, to minimize the chance of the kick-back of the microcatheter in the finishing stage, therefore reducing the risk of aneurysm rupture.

Nufairy™ Absorbable Embolization Coil ("Nufairy™ Absorbable Coil")

NuFairy™ Absorbable Coil is a new generation of coil product independently developed by the Group for the treatment of intracranial aneurysm, and is also the world's first neuro-interventional product with an absorbable main structure. The product is mainly made of PLGA, a biodegradable silk with good biocompatibility, and its main structure can be completely degraded and absorbed by the human body, with water and carbon dioxide as the degradation products. Compared with the traditional non-degradable pure metal coils, NuFairy™ Absorbable Coil can reduce the amount of foreign matters in the body after degradation, thus lowering long-term safety risks for patients. Meanwhile, NuFairy™ Absorbable Coil is simple to use and easy to detach, eliminating the need for surgeons to relearn the operating techniques.

As of the end of the Reporting Period, NuFairy™ Absorbable Coil has completed all the patients enrollment of First-In-Man (FIM) clinical trials and was in the process of patients enrollment for the multi-centre registrational clinical trial.

Tubridge® Flow-diverting Stent

Tubridge® Flow-diverting Stent was the first neuro-interventional medical device that entered the Green Path, and was also the first Chinese-developed flow-diverting stent approved by the NMPA. Leveraging the principle of haemodynamics, Tubridge® Flow-diverting Stent can alter the blood flow state of the aneurysm to reduce the impact of blood flow on the aneurysm, which allows the endothelial cells to grow along the stent skeleton, gradually repairing the aneurysm neck and curing the aneurysm. The product was listed in the 2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue (《2022年度上海市生物醫藥「新優藥械」產品目錄》).

Since its launching in 2018, Tubridge® Flow-diverting Stent has been widely recognised by surgeons in the industry by virtue of its excellent clinical effects. As of the end of the Reporting Period, the Group had submitted the registration application to the NMPA for the expanded indication of Tubridge® Flow-diverting Stent for the treatment of small and medium-sized and intracranial wide-neck aneurysms.

In addition, during the Reporting Period, Tubridge® Flow-diverting Stent was successfully launched into the overseas market, with the first batch of commercial implantations completed in both Argentina and Brazil, opening up a new situation for its expansion into global markets.

In February 2024, the research results of Tubridge® Flow-diverting Stent applied to intracranial aneurysms were officially published in the journal "Clinical Neuroradiology", fully demonstrating its safety and effectiveness in treating intracranial aneurysms as well as its world-leading clinical efficacy. In July 2024, the IMPACT research results of the prospective, multi-center clinical study of Tubridge® Flow-diverting Stent were officially published in the "Journal of Neurosurgery", a core international journal in the SCI Q1, validating that it has good safety and significant effectiveness in the treatment of unruptured aneurysms of internal carotid artery and vertebral artery in complex clinical applications in the world. The two clinical studies provided a number of evidence-based medical evidences for Tubridge® series flow-diverting stent in the treatment of large and giant aneurysms, medium and small aneurysms, and real-world applications.

Tubridge Plus® Flow-diverting Stent ("Tubridge Plus® Flow-diverting Stent")

Tubridge Plus® Flow-diverting Stent is an iterative product developed based on Tubridge® Flow-diverting Stent, which aims to improve the smoothness in delivery and stent visibility under angiography, could facilitate the accurate placement of the stent and enhance the safety of procedures.

In August 2024, Tubridge Plus® Flow-diverting Stent was approved by the NMPA for marketing, further enriching the Group's product portfolio in the field of flow-diverting stents.

WILLIS® Stent Graft

WILLIS® Stent Graft is the first and the only intracranial stent graft approved for treating cerebrovascular diseases in the world. It is also the first neuro-interventional medical device that applies the theory of intracranial parent artery reconstruction in practice to treat neurovascular diseases. It focuses on the characterised and unique treatment sector and provides viable solutions for complex neurovascular diseases, including dissecting aneurysms, blood blister-like aneurysms, pseudo-aneurysms as well as carotid-cavernous fistulae.

Rebridge® Intracranial Visualized Stent ("Rebridge® Stent")

Rebridge® Stent is the first Chinese-developed full-visualized coil embolization assisting stent to enter the stage of registrational clinical trials. The whole body of the stent is densely braided from radiopaque alloy wires, and thus, when compared with other stents that only have several radiopaque wires, Rebridge® Stent allows physicians to position more precisely for optimal adherent effect after stent expansion.

As of the end of the Reporting Period, Rebridge® Stent was in the process of patients enrollment for the multi-centre registrational clinical trial.

Comaneci® Assist Device

Comaneci® Assist Device is a temporary coil embolization assisting stent developed by Rapid Medical. It has received CE Marking in 2014 and FDA approval in 2019. It has also received FDA Breakthrough Device designation in February 2022 for the treatment of cerebral vasospasm after hemorrhagic stroke. The product is used in the coil embolization of wide-neck or unusually shaped aneurysms to prevent the coil from falling and inadvertently blocking the artery. The Group is the exclusive distributor in Greater China for Comaneci® Assist Device.

Intracranial Atherosclerotic Stenosis Products

The Group has a comprehensive product portfolio in the field of treatment of cerebral atherosclerotic stenosis, consisting of five self-developed products, which specifically cover solutions for the three major disease segments including intracranial stenosis, vertebral artery stenosis and carotid artery stenosis. According to Frost & Sullivan, the market shares of the Group's APOLLO™ Intracranial Stent ranked the first (approximately 60%) and the market share of Bridge® Vertebral Artery DES ranked the second (approximately 50%) in China in terms of the implantation volume in 2023.

During the Reporting Period, the Group recorded the revenue of cerebral atherosclerotic stenosis products of RMB122.5 million, representing an increase of 119.5% over the Prior-year Period. The increase was mainly due to the acceleration of marketing of Bridge® vertebral artery stents.

APOLLO™ Intracranial Stent

APOLLO™ Intracranial Stent is a balloon-expandable stent system, and was approved by the NMPA in 2004. It is the first stent system in the world to treat intracranial atherosclerotic disease (ICAD). With its excellent safety and efficacy, APOLLO™ Intracranial Stent has maintained the first place in its market share for many years. In recent years, benefiting from the application of stenosis cases in emergency clot retrieval procedure in grassroots hospitals, the market demand for APOLLO™ Intracranial Stent has maintained a stable growth trend.

Since 2022, we have completed multiple commercial implantations for APOLLO™ Intracranial Stent in Brazil and Argentina.

Bridge® Vertebral Artery DES

Bridge® Vertebral Artery DES is the first approved vertebral artery DES admitted to the Green Path. Bridge® Vertebral Artery DES has been designed with single-sided grooved drug-coated stent, and the drug is accurately targeted to release, which can effectively reduce the incidence of in-stent stenosis and avoid the negative impact of drugs on the endothelialization of the stent. The results of pre-marketing clinical trials of the product showed that the success rate of Bridge® Vertebral Artery DES implantation was 98%, and the incidence of in-stent restenosis (≥50%) at 6 months after operation was only 3.7%, which fully proved its clinical safety and effectiveness. The product was listed in the *2022 Shanghai Biomedical "New and Excellent Medical Devices" Product Catalogue* (《2022年度上海市生物醫藥「新優藥械」產品目錄》).

Clinical treatment of vertebral artery stenosis mostly involves the location of the opening of the vertebral artery, and the proximal diameter of the lesion is usually larger than 4.0 mm. Therefore, Bridge® Vertebral Artery DES planned to add new large-diameter sizes of 4.5 and 5.0 mm to the existing specifications.

During the Reporting Period, clinical study project of the product's new large-sized Bridge-MAX has completed the enrollment of all patients, which will effectively fill the gap in clinic large-sized stents and better meet the needs of patients with vertebral artery stenosis.

Diveer® Intracranial Balloon Catheter ("Diveer® Intracranial Balloon")

Diveer® Intracranial Balloon is a specialized rapid-exchange intracranial balloon catheter developed in-house by the Company, which is useful for interventional treatment of patients suffering from non-acute symptomatic intracranial atherosclerotic stenosis. Its ultra-soft tip reduces the risk of vascular injury, and its low push resistance enables excellent placement and pushability in tortuous vessels and complex lesions. The product was approved by the NMPA in January 2022, further expanding the Group's product line for treatment of cerebral atherosclerosis stenosis.

Safecer™ Embolic Protection Device

Safecer™ Embolic Protection Device is designed to provide patients with distal embolization protection during carotid artery stenting (CAS) by effectively trapping and removing embolization materials such as clots. The product was approved by the NMPA in April 2024.

Safecer™ Embolic Protection Device's umbrella body is a new symmetric structure based on 3D knitting technology. After the umbrella body is opened, its adhesion performance is not affected by blood vessel tortuosity. The product's delivery sheath adopts multi-layer material composite tube technology that is both flexible and supportive, allowing for smooth passage through more tortuous and complex lesion locations. Safecer™ Embolic Protection Device is available in 10 different sizes and is compatible with a wide range of therapeutic devices to improve surgical efficiency and treatment effects.

PathFinder™ Carotid Artery Balloon Dilatation Catheter ("PathFinder™ Carotid Artery Balloon")

PathFinder™ Carotid Artery Balloon is a specialized rapid-exchange carotid artery balloon catheter developed in-house by the Company, which is mainly used in percutaneous transluminal angioplasty for patients with carotid artery obstruction, and is effective in dilating and unblocking the stenotic blood vessels during treatment. The product was approved by the NMPA for marketing in June 2024.

PathFinder™ Carotid Artery Balloon has an advanced folding process that allows the catheter to have a smaller outer diameter, helping traverse stenotic lesions. At the same time, the product has low push resistance, which gives it excellent push and placement in tortuous vessels. PathFinder™ Carotid Artery Balloon is available in 33 different sizes and is compatible with a wide range of surgical devices to meet the needs of physicians in a variety of surgical scenarios.

Acute Ischemic Stroke Products

In the field of acute ischemic stroke, the Group has six commercialized products, covering stent thrombectomy devices and aspiration thrombectomy devices. According to Frost & Sullivan, the Company is the only Chinese company with stent thrombectomy devices compatible with different sizes of blood vessels.

During the Reporting Period, the Group recorded the revenue of acute ischemic stroke products of RMB28.3 million, representing an increase of 308.2% over the Prior-year Period, mainly due to the revenue growth contributed by Neurohawk® Thrombectomy Device and X-track® Distal Access Catheter, which were newly launched in 2022.

Neurohawk® Thrombectomy Device

Neurohawk® Thrombectomy Device is the Group's self-developed stent retriever with full visualization, which was approved by the NMPA in February 2022. It features a composite mesh design consisting of two meshes with different opening sizes arranged in a staggered spiral pattern, which allows it to better capture large, tough or fragile clots and improves its wall apposition.

In the first half of 2024, we have completed the first commercial usage of Neurohawk® Thrombectomy Device in Brazil.

NeuroHawk® Pass17/21 Stent Thrombectomy Device ("NeuroHawk® Pass17/21 Thrombectomy Device")

NeuroHawk® Pass17/21 Thrombectomy Device is a retrievable, self-expandable thrombectomy device, which is mainly used for mechanical thrombectomy procedures for recanalization of intracranial large vessel occlusions. In July 2024, the product received the marketing approval from the NMPA.

NeuroHawk® Pass17/21 Thrombectomy Device inherits the merits of its first generation of product Neurohawk® Thrombectomy Device, with stable thrombus capture ability, excellent support force and good adherent property. On this basis, it effectively improves visibility of the stent's headend and the ability to push it to the place, and product specifications are also more complete. The product can efficiently achieve vascular recanalization in the treatment of acute ischemic stroke, either through direct thrombectomy or joint thrombectomy combining with WAVE-track™ Intracranial Aspiration Catheter.

Tigertriever® Revascularization Stent

Tigertriever® Revascularization Stent is the world's first adjustable stent retriever with full visualization, indicated for procedures performed in blood vessels of varying diameters. The product obtained CE Marking in the European Union in May 2018 and FDA approval in the United States in March 2021. In China, Tigertriever® Revascularization Stent was admitted to the NMPA's Green Path in May 2020 and was approved by the NMPA in August 2023.

In addition, its iterative product Tigertriever® 13 Revascularization Stent is the smallest stent embolectomy device for the treatment of distal vascular occlusion in the world, which was approved by the FDA in July 2022.

We were engaged by Rapid Medical as the exclusive distributor in Greater China for Tigertriever® Revascularization stent, Tigertriever® 13 Revascularization Stent and all iterations of Tigertriever®.

WAVE-track™ Aspiration Catheter

WAVE-track™ Aspiration Catheter is an intracranial aspiration catheter used for clot aspiration. It has a multi-segment transition design to allow its smooth delivery, and its double-wire braided structure with stainless steel enhances the elongation resistance of the catheter while maintaining flexibility. WAVE-track® Aspiration Catheter can reach the target occlusion quickly and smoothly, in particular in tortuous intracranial vessels. The product was approved by the NMPA in August 2023.

Neurovascular Balloon Guide Catheter

Neurovascular Balloon Guide Catheter is a large lumen catheter with a compliant balloon at the distal tip of the catheter, which is designated to facilitate the insertion and guidance of an intravascular catheter while causing temporary distal flow arrest in the artery. The product was approved by the NMPA in January 2024.

X-track® Distal Access Catheter

X-track® Distal Access Catheter is an intermediate catheter product developed by the Group for treating acute ischemic stroke, which was approved by the NMPA in April 2022. The product adopts special polymer material and double-wire braided structure, which can reach the lesion site multiple times during the operation. Its good anti-fatigue performance can fully address the clinical needs for catheter improvement.

In the first half of 2024,we have completed the first commercial usage of X-track® Distal Access Catheter in Argentina.

Access Products

The Group has a product portfolio of six auxiliary access devices, among which four have been commercialized, including U-track® Intracranial Support Catheter System ("**U-track® Support Catheter**"), Fastrack® Microcatheter System, QUEEN-track™ Microcatheter and Veyronwire™ Neurovascular Guide Wire ("**Veyronwire™ Guide Wire**"). The products under research and development include various models of microcatheter products and delivery catheter products.

During the Reporting Period, the Group recorded the revenue of access products of RMB33.2 million, representing an increase of approximately 16.2% over the Prior-year Period, which was primarily due to the U-track® Support Catheter's successful strategy of combining sales with therapeutic products.

Fastrack® Microcatheter

Fastrack® Microcatheter is currently the only microcatheter system with a lumen of 0.029" in China. Its unique large lumen can provide the simplicity of instrument delivery and recovery. The product is designed to reach farther lesions in neurovascular surgery and support the precise delivery of intracranial interventional devices. The product was approved by the NMPA in July 2019.

U-track® Support Catheter

U-track® Support Catheter can reach proximal lesions in neurovascular surgery and support the precise delivery of various neurovascular interventional devices. The product was approved by the NMPA in December 2020 and was approved for marketing in Brazil in September 2022. During the Reporting Period, the first batch of commercial use of this product was completed in Brazil. It was the Company's fourth product entering the Brazilian market and the first access product, which enriched the Company's product portfolio for cerebrovascular diseases in Brazil.

QUEEN-track™ Microcatheter

QUEEN-track® Microcatheter was approved by the NMPA in June 2023. The product adopts a non-invasive head end, specially treated transition section design and hydrophilic coating lubrication, which can reach the deep blood vessels of the brain and avoid the stimulation of blood vessels as much as possible. The product has an effective length of 155cm and is compatible with various surgical procedures to meet the needs of different scenarios. In particular, it can effectively remove thrombus when using in conjunction with the Neurohawk® Thrombectomy Device during the treatment of acute ischemic stroke.

Veyronwire™ Guide Wire

Veyronwire™ Guide Wire, the Group's self-developed neurovascular guide wire, was approved by the NMPA in August 2023. The product uses precise-cut far end of the hypotube, multistage designed core wire and special hydrophilic coating, which enables the guide wire to pass smoothly through the tortuous vessels and improves the stability of stable delivery of instruments such as microcatheters to the targeted place.

RESEARCH AND DEVELOPMENT

The Group has always adhered to the purpose of addressing clinical needs and continued on innovation. After years of accumulation, we have mastered the core design and manufacturing technology platforms for the R&D and manufacturing of neuro-interventional medical devices, including braiding and coiling technology, stent forming and processing technology, balloon technology and catheter technology. We have also established a core R&D team with significant technical expertise in these fields. As of the end of the Reporting Period, the Group had an R&D team of 132 personnel, over 60% of which have doctor's or master's degrees.

The Group has established a mature project evaluation mechanism to regularly track the development direction of cutting-edge technology in the industry and evaluate market demand and its own technology reserves, so as to provide a foundation for medium-and long-term product development strategy. Through a mature physician-engineer collaboration system, we actively listen to the clinical needs of physicians and patients, conduct in-depth exploration of clinical pain points, and regularly evaluate new technologies under development to ensure our products meet the clinical needs.

INTELLECTUAL PROPERTY RIGHTS

The Group insists on R&D and innovation with independent intellectual property rights. As at the end of the Reporting Period, the Group had 239 authorized patents, including 55 overseas patents. In addition, the Group also has 343 patents under application.

According to the branding, marketing and compliance protection strategies, we have actively managed the domestic and foreign trademark portfolio. As at the end of the Reporting Period, the Group held a total of 192 registered trademarks.

QUALITY CONTROL AND MANUFACTURING

The Group upholds the product quality as its core value. We have established a digital product quality control system covering the entire production process, allowing us to trace the whole life cycle of product design, development, manufacturing and after-sale service. As at the end of the Reporting Period, the Group obtained various system certifications including the MDSAP (Medical Device Single Audit Program), covering the relevant regulations and standard requirements of China, the European Union, the United States, Australia, Brazil, Japan, South Korea, Argentina and other countries around the world, forming an international quality control system, which effectively reduces the audit cost for products entering overseas markets.

In the first half of 2024, the Group's production capacity steadily increased, and the product pass ratio has always maintained a high level with stable production quality. During the Reporting Period, the Group completed approximately 36 supply chain improvement and upgrading projects, and promoted a two-digit decrease in the production costs of key products such as coils and flow-diverting stents by optimizing its production processes and product designs, localizing the development of raw materials, and integrating and improving the utilization of production resources and process efficiency. As of the end of the Reporting Period, the localization rate of key materials for our products reached over 90%, representing an increase of approximately 5 percentage points from that as at the end of 2023.

HUMAN RESOURCES

After more than a decade of development, the Group has built the largest neuro-interventional industrialization team in China, with a full-cycle operational capabilities in the neuro-interventional medical device industry covering R&D, clinical trials and registration, supply chain management and commercialization. As at the end of the Reporting Period, the Group had a total of 534 employees, over 50% of which had bachelor's degrees or above.

PROSPECT

Considering the aging population, the increasing number of stroke patients and the improvement of medical infrastructures, the neuro-interventional medical device industry in China is faced with huge development opportunities. In order to seize such opportunities and enhance core competitiveness amidst the market competition, the Group will make full use of its first-mover advantage and scaling advantage and implement active business strategies, including but not limited to the following:

1. **Continue to enhance innovation capabilities to offer comprehensive solutions for cerebrovascular diseases**

   We will continue to expand the depth and breadth of our product portfolio to achieve full product coverage of the cerebrovascular therapeutic area. We will keep on with research and development, innovation, and iteration through in-house R&D and external cooperation, aligning every step of product improvement with clinical needs to offer stroke patients with comprehensive top-quality solutions. At the same time, we will also gradually explore more solutions in the field of brain science to meet the growing clinical needs of brain diseases.

2. Promote the universal and affordable strategy and improve operating efficiency

We will continue to optimize our operating system and quality control system in an all-round way, upgrade our manufacturing technologies, strengthen our training system, and build a global supply chain system to reduce costs and improve operating efficiency. In addition, we plan to expand our production and selling teams to further increase our production capacity, and strengthen the ability to promote treatment solutions. Capitalizing the economies of scale, we will promote quality and affordable neuro-interventional solutions, thereby increasing the level of stroke disease diagnosis and treatment in grassroots medical institutions, and benefiting more patients.

3. Expand the strategic global footprint

We will actively expand our global presence and gradually enter the countries and regions ranked top 30 in terms of the volume of neuro-interventional procedures. We plan to advance the registration of our innovative products overseas and expand our international team to further expand our brand visibility and attract talents and resources in the neuro-interventional field worldwide. In addition, we will continue to have in-depth cooperation with leading international companies to enlarge our product portfolio and sales network, so as to build an international innovation platform.

FINANCIAL REVIEW

Revenue

The Group's revenue was mainly derived from hemorrhagic stroke products, cerebral atherosclerotic stenosis products, acute ischemic stroke products and access products. During the Reporting Period, the Group's revenue increased by approximately 36.4% from approximately RMB299.2 million for the Prior-year Period to approximately RMB408.2 million.

The increase was mainly due to:

(1) Overseas business achieved a breakthrough and revenue for the Reporting Period increased by approximately 87.0% over the Prior-year Period;

(2) Intracranial Atherosclerotic Stenosis Products (including Bridge® Vertebral Artery DES, APOLLO™ Intracranial Stent, etc.) continued to increase market share and realized a significant revenue growth;

(3) Coil products (including NUMEN® Coil, etc.) benefited from winning the VBP bids, which accelerated the development of new markets and played an important role in the revenue growth;

(4) Several acute ischemic stroke and access products approved for marketing in recent years (including Neurohawk® Thrombectomy Device, X-track® Distal Catheter, U-track® Support Catheter, etc.) accelerated hospital admission and clinical use, contributing to the Group's revenue growth.

Set out below is the breakdown of revenue by product category:

	For the six months ended 30 June		
	2024	2023	**Change**
	RMB'000	*RMB'000*	***%***
	(unaudited)	(unaudited)	
Hemorrhagic stroke products	**222,853**	206,837	**7.7%**
Cerebral atherosclerotic stenosis products	**122,550**	55,827	**119.5%**
Acute ischemic stroke products	**28,261**	6,924	**308.2%**
Access products	**33,232**	28,597	**16.2%**
Other business revenue	**1,329**	1,008	**31.8%**
Total	**408,225**	299,193	**36.4%**

Cost of Sales

During the Reporting Period, our cost of sales increased by 70.1% from approximately RMB66.6 million for the Prior-year Period to approximately RMB113.2 million. Such increase was primarily due to an increase in sales volume of various types of products mentioned above.

Gross Profit and Gross Profit Margin

During the Reporting Period, our gross profit increased by approximately 26.8% from approximately RMB232.6 million for the Prior-year Period to RMB295.0 million. The increase was primarily due to an increase in sales volume of various types of products mentioned above.

The Group's gross profit margin was approximately 72.3% during the Reporting Period, representing a decrease of 5.5 percentage points from approximately 77.8% for the Prior-year Period. The decrease was primarily due to the VBP of coil products and the changes in the product sales structure.

Research and Development Costs

During the Reporting Period, research and development costs decreased by 42.8% from approximately RMB84.5 million for the Prior-year Period to approximately RMB48.3 million, primarily due to: (1) the conversion of related research and development costs into capitalized expenditures as a result of the entry of multiple R&D projects to the registrational clinical stage during the Reporting Period; (2) the improvement in operating efficiency due to the Group's implementation of a number of cost optimization initiatives.

Distribution Costs

During the Reporting Period, our distribution costs increased by 0.4% from approximately RMB55.9 million for the Prior-year Period to approximately RMB56.1 million, with no significant change.

Administrative Expenses

During the Reporting Period, our administrative expenses increased by 2.0% from approximately RMB28.2 million for the Prior-year Period to approximately RMB28.8 million, primarily due to an increase in operating profit, which brought about a corresponding increase in taxes and surcharges of approximately RMB1.3 million.

Other Net Income

During the Reporting Period, other net income increased by 13.7% from approximately RMB18.2 million for the Prior-year Period to approximately RMB20.7 million for the Reporting Period, primarily due to the increase in interest income and fair value changes in financial instruments measured at fair value of approximately RMB3.9 million aggregately.

Finance Costs

During the Reporting Period, our finance costs decreased by 16.5% from approximately RMB2.0 million for the Prior-year Period to approximately RMB1.6 million, all of which were attributable to the amortization of the lease liabilities.

Share of the Losses of an Associate

During the Reporting Period, the Group's share of the losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from an accounting perspective since May 2021.

Share of the losses of an associate decreased by approximately 17.0% from approximately RMB11.9 million for the Prior-year Period to approximately RMB9.9 million for the Reporting Period.

Income Tax Expenses

During the Reporting Period, our income tax expenses increased by 199.3% from approximately RMB10.3 million for the Prior-year Period to approximately RMB30.9 million, primarily due to an increase in operating profit before tax.

Non-HKFRS Measures

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

From time to time in the future, we may exclude other items from our review of financial results. The use of the non-HKFRS 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 HKFRS. In addition, the non-HKFRS 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 sets out the reconciliation to net profit for the period indicated:

	For the six months ended 30 June		
	2024	2023	**Change**
	RMB'000	*RMB'000*	***%***
	(unaudited)	(unaudited)	
Net profit	**140,085**	57,999	**141.5%**
Add:			
— Equity-settled share-based payment expenses	**9,249**	3,546	**160.8%**
— Share of losses of an associate	**9,897**	11,923	**-17.0%**
Non-HKFRS adjusted net profit for the period	**159,231**	73,468	**108.6%**

(1) Equity-based share-based payment expenses are expenses arising from granting shares through the Share Option Scheme and Employee Incentive Platforms to relevant eligible employees of the Group, the amount of which may not directly correlate with the underlying performance of our business operations;

(2) Share of losses of an associate came from Rapid Medical. The Group began to treat Rapid Medical as an associate under equity method from accounting perspective since May 2021.

Inventories

Our inventories consist of: (1) raw materials used in production and research and development; (2) work in progress; and (3) finished goods.

Our inventory decreased from RMB201.0 million as of 31 December 2023 to RMB170.6 million as of 30 June 2024, primarily due to the effective enhancement of the Group's inventory turnover during the Reporting Period.

Current Trade and Other Receivables

Our current trade and other receivables primarily consist of: (1) trade receivables; and (2) prepayments and deposits.

Our current trade and other receivables increased from RMB62.8 million as of 31 December 2023 to RMB191.8 million as of 30 June 2024, primarily due to an increase in trade receivables as a result of the growth of the business.

Trade and Other Payables

Our trade and other payables primarily consist of: (1) trade payables due to third-party suppliers and related parties; (2) dividend payable; (3) accrued expenses; (4) accrued payroll; and (5) other payables.

Our trade and other payables increased from RMB213.1 million as of 31 December 2023 to RMB241.2 million as of 30 June 2024, primarily due to the increase in dividend payable (31 December 2023: no dividend payable).

Lease Liabilities

As of 30 June 2024, the Group recorded lease liabilities of RMB49.5 million, which were primarily in relation to the properties the Group leased for our office premises, manufacturing and R&D facilities. The Group recognizes lease liabilities with respect to all leases, except for short-term leases and leases of low value assets.

Capital Expenditure

The capital expenditure of the Group amounted to RMB30.1 million during the Reporting Period, representing an addition of intangible assets and property, plant and equipment. In particular, the intangible assets of the Group primarily represent the capitalized development costs.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of 30 June 2024, certain portion of the Group's bank balances was denominated in U.S. dollars. The Group currently does not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade receivables, trade and other payables, and other amounts denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of 30 June 2024.

Significant Investment

As of 30 June 2024, the Group's significant investment was an investment in an associate Rapid Medical at a cost of US$27.5 million (equivalent to RMB191.9 million). The issued and fully paid share capital of Rapid Medical is 22.1 million shares, 22.3% of which are held by the Group, and its principal business is the development, manufacture and sale of innovative devices for neuro-interventional procedures. As at 30 June 2024, the Group's interests in associates were all derived from Rapid Medical, amounting to RMB95.6 million, which accounted for 4.6% of the Group's total assets.

During the Reporting Period, Rapid Medical recorded a loss of US$6.1 million (equivalent to RMB43.0 million), which was mainly due to the increase in R&D and sales activities expenses of Rapid Medical, and the Group recorded a share of losses of an associate of approximately RMB9.9 million. For details, please refer to the section headed "Acquisition of certain interests in Rapid Medical" in the Prospectus. We have been approved to use trademarks of Rapid Medical and became the exclusive agent of Rapid Medical's related products in Greater China, and we have leveraged Rapid Medical's sales network in the United States to facilitate our overseas business. As a strategic investor, we will hold our investment in Rapid Medical for the long term.

Contingent Liabilities

As of 30 June 2024, the Group did not have any contingent liabilities.

Capital Management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

The Group's cash and cash equivalents were approximately RMB679.9 million as of 30 June 2024, as compared to approximately RMB721.2 million as of 31 December 2023, primarily due to the net cash inflow from operating activities of approximately RMB98.5 million, net cash outflow from investing activities of approximately RMB101.4 million and net cash outflow from financing activities of approximately RMB39.7 million during the Reporting Period. The Group's policy is to regularly monitor its liquidity requirements, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowing as of 30 June 2024 and 31 December 2023 were nil. As of 30 June 2024, the gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by equity) decreased to 2.9%, as compared to 3.7% as of 31 December 2023.

Net Current Assets

The Group's net current assets as of 30 June 2024 were RMB1,184.3 million, as compared to net current assets of RMB1,083.3 million as of 31 December 2023. Such increase was mainly attributable to the Group's net cash inflow from operating activities during the Reporting Period.

Charge on Assets

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

Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

Future Plans for Material Investments or Capital Assets

As of 30 June 2024, the Group did not have any plans for material investments and capital assets. The Group actively responded to external environment changes and continuously promoted business development. The Group will make further announcements in accordance with the Listing Rules, where applicable, if any investments and acquisition opportunities materialize.

USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company was listed on the Main Board of the Stock Exchange on Listing Date with total net proceeds from the listing of approximately HK$278.1 million after deduction of the underwriting commissions, fees and other estimated expenses payable by the Company in connection with the Global Offering. The proceeds from listing are and will continuously be used in accordance with the plans as disclosed in the section headed "Future Plans and Use of Proceeds" of the Prospectus, namely:

Use of proceeds	**Approximate percentage of total amount** *(%)*	**Amount of net proceeds allocated upon Listing** *(HK$ million)*	**Utilized amount as at 1 January 2024** *(HK$ million)*	**Utilized amount during the Reporting Period** *(HK$ million)*	**Unutilized amount as at 30 June 2024** *(HK$ million)*	**Expected timeline of full utilization**
Research and development of therapeutic and access products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	30%	83.4	83.4	—	—	Fully utilized
Commercialization of the Company's products for hemorrhagic stroke, cerebral atherosclerotic stenosis and AIS	20%	55.6	55.6	—	—	Fully utilized
Expansion of the Company's manufacturing facility to increase the scale of the Company's production	15%	41.7	41.7	—	—	Fully utilized
Expansion of the Company's global presence	20%	55.6	55.6	—	—	Fully utilized
Advancing the Company's product portfolio through strategic acquisitions, investment, cooperation or a combination of these tactics	10%	27.8	—	—	—	By the year ending 31 December 2024
Working capital and other general corporate purposes	5%	13.9	13.9	—	—	Fully utilized

Save as disclosed above, since the Listing Date, the Group has not utilized any other portion of the net proceeds and will gradually utilize the remaining net proceeds in accordance with the intended purposes as stated in the Prospectus. The expected timeline is based on the best estimation of future market conditions and business operations made by the Company currently and remains subject to change based on future development of market conditions and actual business needs.

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

During the six months ended 30 June 2024, save for the 3,595,000 Shares purchased by the Trustee of the Share Award Scheme on the Stock Exchange at the total consideration of HK$32,076,000 (equivalent to RMB29,177,000) pursuant to the terms of the trust deed under the Share Award Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

SHARE OPTION SCHEME

A Share Scheme (the "**2023 Share Scheme**") was approved and adopted by the Company on 12 July 2023.

The purpose of the 2023 Share Scheme was to provide incentives to the Eligible Participants to align their interests with that of the Group. The Eligible Participants and the criteria for determination of their eligibility are set out in the section headed "3. ELIGIBLE PARTICIPANTS AND THE BASIS OF ELIGIBILITY" in Appendix II to the Company's circular dated 2 June 2023.

During the six months ended 30 June 2024, the Company granted 2,191,000 share options at the exercise price of HK$8.496 per share under the 2023 Share Scheme.

SHARE AWARD SCHEME

The Group has adopted a share award scheme on its Board meeting held on 26 August 2022 (the "**Share Award Scheme**") as a means of recognising the contributions of selected employees of the Group. Pursuant to the Share Award Scheme, the Board may, from time to time and at its absolute discretion, award eligible participants by granting shares of the Company ("**Award Shares**"). A summary of the Share Award Scheme was set out in the announcement of the Company dated 26 August 2022.

During the six months ended 30 June 2024, 780,000 Award Shares have been granted and been fully vested on the same day.

MATERIAL EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, there were no material events after the Reporting Period.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of the Shareholders. To accomplish this, the Company has adopted the CG Code and the associated Listing Rules after the Listing.

The Board reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all applicable code provisions as set out in the CG Code during the Reporting Period.

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

COMPLIANCE WITH THE MODEL CODE OF FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transactions by the Directors. Upon specific enquiry, all Directors confirmed that they had complied with the requirements as set out in the Model Code during the six months ended 30 June 2024.

REVIEW BY THE AUDIT COMMITTEE

The Audit Committee consists of three independent non-executive Directors, namely Mr. Fan Xin (Chairman), Dr. Xu Yi and Dr. Zhang Haixiao.

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Company, the interim results and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2024.

REVIEW BY INDEPENDENT AUDITOR

The Group's interim financial report for the six months ended 30 June 2024 is unaudited, but has been reviewed by the Company's independent auditor, KPMG, in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information performed by the Independent Auditor of the Entity* issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM DIVIDEND

The Board has approved the payment of an interim dividend of HK$0.08 per share for the six months ended 30 June 2024 to the Shareholders whose names appear on the register of members of the Company on 16 September 2024.

The interim dividend is expected to be paid on or about 26 September 2024. Dividend warrants will be dispatched by ordinary mail on or about 26 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to the interim dividend, the register of members of the Company will be closed from Thursday, 12 September 2024 to Monday, 16 September 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 11 September 2024 (Hong Kong Time), being the last registration date.

EMPLOYEES AND REMUNERATION POLICIES

The Group offers remuneration packages based on individuals' qualifications and experiences and generally match the market rate for salary and bonus to stay competitive in the labour market. The Group also provide extensive training programs to our employees and award incentives to encourage inventions by our R&D team. As required under the PRC regulations, the Group participate in housing fund and various employee social security plan that are organized by applicable local municipal and provincial governments.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company, and the interim report of the Group for the six months ended 30 June 2024 will be dispatched to shareholders in due course and will also be available at the website above.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

In this interim results announcement, unless the context otherwise requires, the following expressions shall have the following meanings.

"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"CG Code"	the corporate governance code as contained in Appendix C1 to the Listing Rules
"Company" or "we" or "us" or "our"	MicroPort NeuroScientific Corporation, an exempted company incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2172)
"Director(s)"	director(s) of the Company
"FDA"	the United States Food and Drug Administration
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., our industry consultant
"Global Offering"	the global offering of the shares, details of which are set forth in the Prospectus
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards

"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"KPMG"	KPMG, Certified Public Accountants
"Listing"	the listing of the shares on the Main Board of the Stock Exchange
"Listing Date"	15 July 2022, the date on which dealings in the shares on the Main Board of the Stock Exchange first commence
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"MFDS"	the Ministry of Food and Drug Safety in South Korea
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules
"NHSA"	National Healthcare Security Administration
"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)
"PRC"	the People's Republic of China, for the purpose of this announcement, shall not include Hong Kong, Macau Special Administrative Region and Taiwan
"Prospectus"	the prospectus of the Company dated 29 June 2022
"Rapid Medical"	Rapid Medical Ltd., a company incorporated in the State of Israel with limited liability on 12 August 2008, which is primarily engaged in the development, manufacturing and sales of innovative devices for neuro-interventional procedures and is indirectly owned as to 22.28% by the Company
"Reporting Period"	for the six months ended 30 June 2024
"RMB"	Renminbi, the lawful currency of the PRC

"share(s)"	ordinary share(s) of the Company
"Shareholder(s)"	holder(s) of the shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

By Order of the Board
MicroPort NeuroScientific Corporation
Dr. Chang Zhaohua
Chairman and Non-Executive Director

Hong Kong, 28 August 2024

As at the date of this announcement, the Board comprises Mr. Xie Zhiyong and Mr. Wang Yiqun Bruce as the executive directors; Dr. Chang Zhaohua, Mr. Wang Lin, Ms. Wu Xia and Mr. Sun Qingwei as the non-executive directors; and Dr. Xu Yi, Dr. Zhang Haixiao and Mr. Fan Xin as the independent non-executive directors.