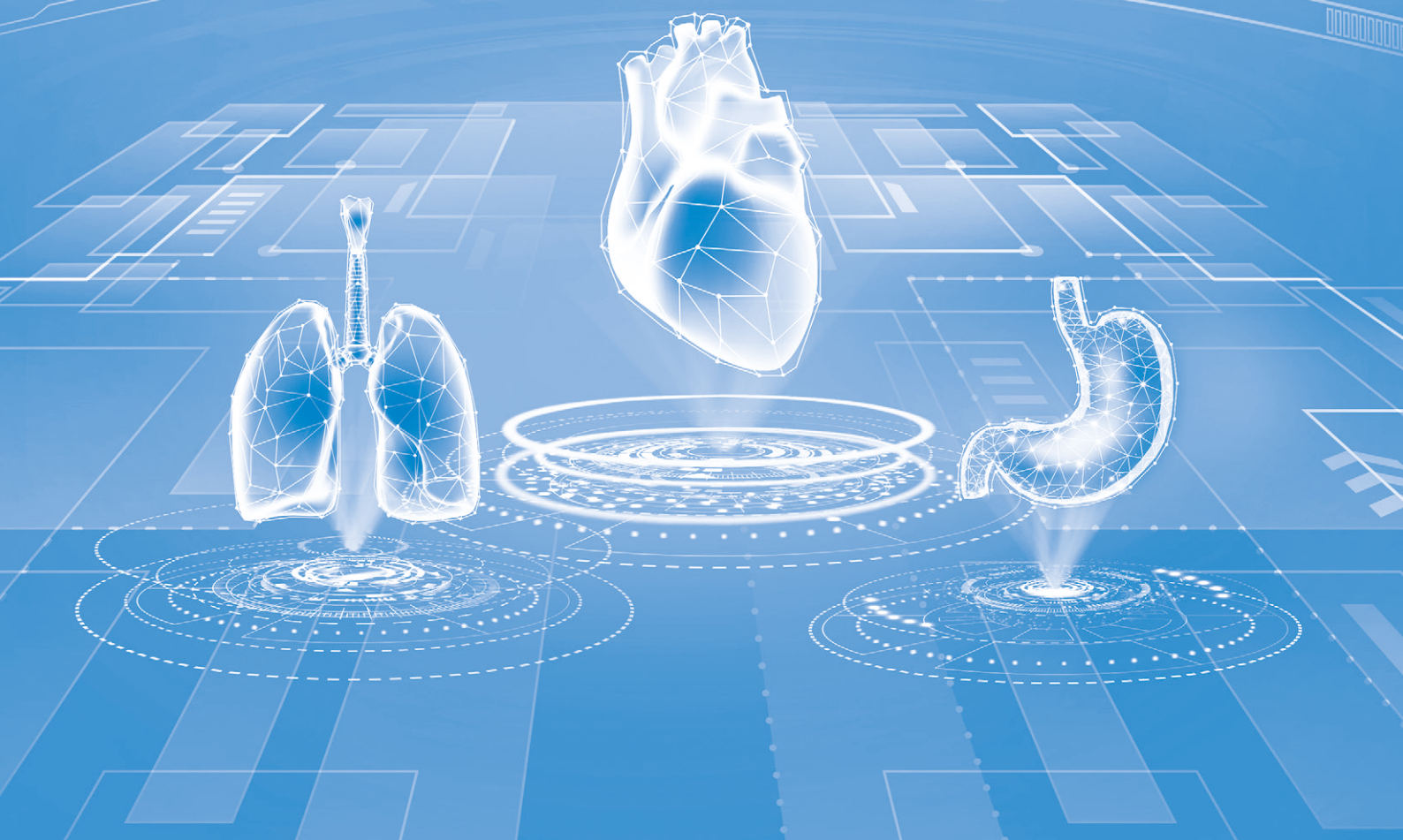
康灃生物科技(上海)股份有限公司
Cryofocus Medtech (Shanghai) Co., Ltd.

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

Stock Code: 6922

INTERIM REPORT 2024

Contents



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. LI Kejian (李克儉) *(Chairperson)*
Mr. ZHU Jun (朱軍) *(General manager)*
Mr. LIU Wei (劉偉) *(Chief financial officer, board secretary and joint company secretary)*

Non-executive Directors

Mr. LV Shiwen (呂世文)
Mr. ZHAO Chunsheng (趙春生)

Independent non-executive Directors

Dr. GAO Dayong (高大勇)
Mr. LIANG Hsien Tse Joseph (梁顯治)
Dr. QIN Zheng (覃正)
Dr. HU Henan (胡赫男)

AUDIT COMMITTEE

Mr. LIANG Hsien Tse Joseph (梁顯治) *(Chairperson)*
Mr. ZHAO Chunsheng (趙春生)
Dr. QIN Zheng (覃正)

REMUNERATION COMMITTEE

Dr. QIN Zheng (覃正) *(Chairperson)*
Mr. LIANG Hsien Tse Joseph (梁顯治)
Mr. LI Kejian (李克儉)

NOMINATION COMMITTEE

Mr. LI Kejian (李克儉) *(Chairperson)*
Dr. QIN Zheng (覃正)
Dr. HU Henan (胡赫男)

SUPERVISORS

Ms. LI Jiawei (李佳蔚) *(Chairperson)*
Mr. ZHU Haorong (朱浩榮)
Mr. QIU Junkang (邱軍康)

JOINT COMPANY SECRETARIES

Mr. LIU Wei (劉偉)
Ms. LEUNG Wai Yan (梁慧欣) *(ACG, HKACG)*

AUTHORIZED REPRESENTATIVES

Mr. ZHU Jun (朱軍)
Ms. LEUNG Wai Yan (梁慧欣)

REGISTERED OFFICE, HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Certified Public Accountants and Registered Public Interest Entity Auditor
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Shanghai
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Jiangbei District
Ningbo City
Zhejiang Province
PRC

STOCK CODE

6922

COMPANY'S WEBSITE

www.cryofocus.com

LISTING DATE

December 30, 2022

Financial Highlights

	Six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Revenue	**19,475**	18,914
Gross profit	**15,281**	14,638
Research and development expenses	**(37,222)**	(34,330)
Loss for the period	**(55,953)**	(47,428)

BUSINESS HIGHLIGHTS

During the Reporting Period and up to the date of this interim report, we have made various progress with respect to our product pipeline and business operations, including but not limited to:

- We passed the good manufacturing practice examination for our Atrial Fibrillation Cryoablation System in January 2024.
- We received marketing approval for the Cryoadhesion System in January 2024, after securing the NMPA approval for the accompanying cryotherapy equipment in December 2023 and the disposable cryoprobe in January 2024.
- Our Benign Stenosis Cryoablation System entered into the confirmatory clinical trial phase in January 2024.
- We have submitted the registration application for our Malignant Stenosis Cryoablation System.
- We have submitted the registration application for our Anti-Gastroesophageal Reflux System.
- We entered into a distribution agreement with BSC International Medical Trading (Shanghai) Co., Ltd. in respect of respiratory intervention products in mainland China in July 2024.

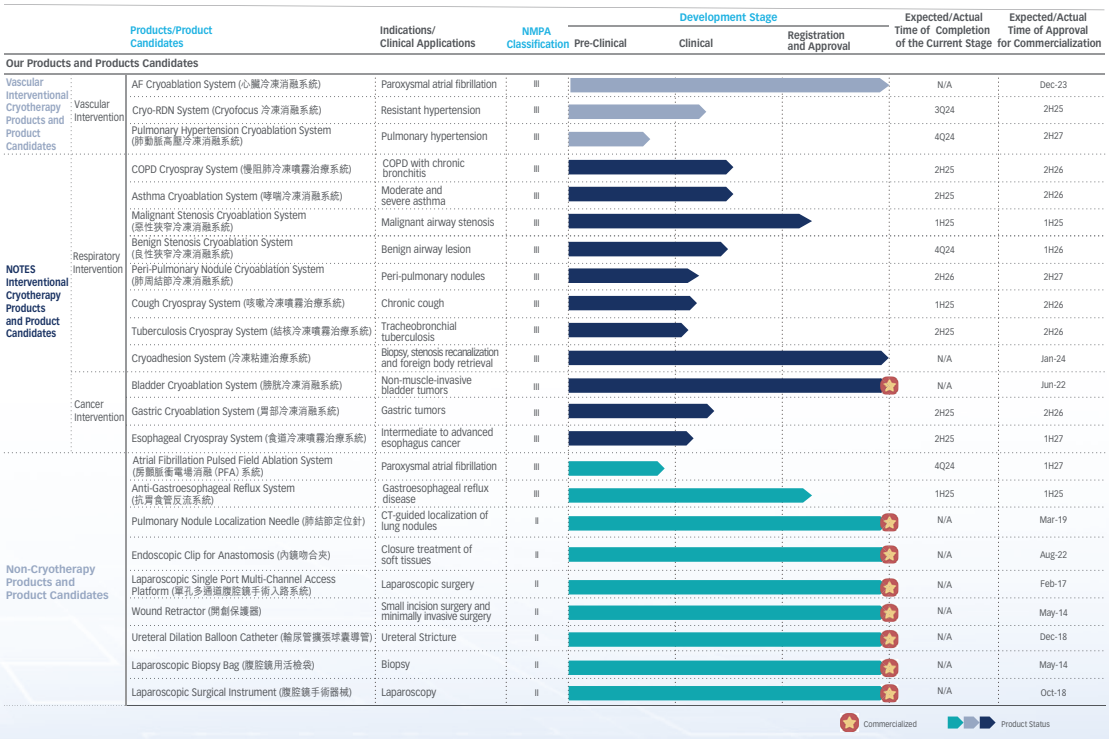
I. BUSINESS REVIEW

Overview

We are an innovative medical device company in China with a main focus on the field of minimally-invasive interventional cryotherapy. We use liquid nitrogen as the main cryogenic source for cryotherapy systems by leveraging our unique liquid nitrogen cryoablation technology and advanced flexible catheter technology. Since our inception in 2013, we have developed a comprehensive product portfolio mainly focusing on two therapeutic areas: (i) vascular interventional therapy for the treatment of atrial fibrillation, hypertension and other cardiovascular diseases; and (ii) natural orifice transluminal endoscopic surgery, or NOTES, for the treatment of urinary, respiratory, and digestive diseases (e.g., bladder cancer, chronic obstructive pulmonary disease, asthma, airway stenosis, gastric cancer, and esophageal cancer). With China's economy recovering, the strengthening of public health awareness and the growth in the aging population, we believe that the medical device industry is entering into a period of rapid development. As a medical device company committed to innovation and possessing advanced medical research technology, we will continue to concentrate on high growth fields and consistently build and improve our innovative and comprehensive product portfolio as we become a global leading innovative medical technology enterprise in the minimally-invasive interventional cryotherapy sector. We believe our competitive advantage, technologies and product pipeline have helped us establish high entry barriers difficult for our competitors to surpass.

Products and Pipeline

We have developed a comprehensive product portfolio including 14 cryotherapy products and product candidates with a main focus on vascular intervention and NOTES, as well as nine additional non-cryotherapy products and product candidates. We have commercialized eight products as of June 30, 2024. The following diagram summarizes the status of our products and product candidates as of June 30, 2024:



Our Products and Product Candidates

Vascular Interventional Cryotherapy Products and Product Candidates

Vascular Intervention

1. AF Cryoablation System

   Our Atrial Fibrillation Cryoablation System (心臟冷凍消融系統) ("**AF Cryoablation System**") is a self-developed cryoablation system indicated for the treatment of paroxysmal atrial fibrillation. The AF Cryoablation System treats atrial fibrillation by freezing and destroying abnormal heart tissues that create irregular heartbeats in a minimally invasive procedure.

   We initiated the clinical trial for the AF Cryoablation System in October 2019. We submitted the registration application for our AF Cryoablation System to the NMPA in July 2022, and have received the NMPA approval for the AF Cryoablation System in December 2023. Further, we have passed the good manufacturing practice examination conducted by the Shanghai Medical Products Administration for the AF Cryoablation System in January 2024.

2. Cryo-RDN System

   Our Cryofocus Renal Denervation System (Cryofocus 冷凍消融系統) ("**Cryo-RDN System**") is a self-developed cryoablation system designed for the treatment of hypertension. Renal denervation is a minimally-invasive procedure intended to deliver energy to overactive nerves in the kidney, which is a cause of hypertension, so as to decrease their activity and treat hypertension. Our Cryo-RDN System delivers liquid nitrogen to the target area of the renal artery to perform circumferential ablation, which damages nerve tissues through the formation and rewarming of ice balls, thus achieving the treatment of hypertension.

   We aim to make this product candidate the world's first cryoablation product that specifically focuses on the treatment of hypertension. In December 2022, the Cryo-RDN System was granted designation as a "Breakthrough Device" by the FDA. We are currently conducting a confirmatory clinical trial of the Cryo-RDN System, and we expect to obtain approval from the NMPA in the second half of 2025.

3. Pulmonary Hypertension Cryoablation System

   Our Pulmonary Hypertension Cryoablation System (肺動脈高壓冷凍消融系統) ("**PH Cryoablation System**") is a self-developed cryoablation system designed for treating pulmonary hypertension. It employs a balloon catheter to perform circumferential cryoablation on the sympathetic nerve of pulmonary artery, effectively isolating the sympathetic nerve signaling and thus treating pulmonary hypertension.

   Our PH Cryoablation System is currently in the stage of pre-clinical study and we expect to obtain approval from the NMPA in the second half of 2027.

NOTES Interventional Cryotherapy Products and Product Candidates

Respiratory Intervention

1. COPD Cryospray System

   Our COPD Cryospray System (慢阻肺冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company, which is indicated to perform cryotherapy for patients suffering from COPD with chronic bronchitis. Our COPD Cryospray System ablates and deactivates the diseased airway mucosal epithelium by spraying liquid nitrogen under the bronchoscope to achieve therapeutic effect.

   Our COPD Cryospray System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

2. Asthma Cryoablation System
Our Asthma Cryoablation System (哮喘冷凍消融系統) is a self-developed cryoablation system for treating moderate and severe asthma.

Our Asthma Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Asthma Cryoablation System destroys the vagus nerve in the lungs through cryoablation, reducing the release of over-activated acetylcholine that is a cause of asthma, and decreasing mucus secretion, thus achieving the effect of treating asthma.

Our Asthma Cryoablation System entered into the confirmatory clinical trial phase in March 2023. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

3. Malignant Stenosis Cryoablation System
Our Malignant Stenosis Cryoablation System (惡性狹窄冷凍消融系統) is a self-developed cryoablation system indicated to ablate malignant airway tumor tissue and reduce the frequency of airway restenosis.

Our Malignant Stenosis Cryoablation System consists of a cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Malignant Stenosis Cryoablation System ablates tumor cells in the lumen and luminal wall of the trachea with the ultra-low temperature generated by the cryoablation system, and then further destroys tumor cells through rewarming. The cryoablation balloon allows for more complete ablation of malignant tumors on a larger scale and delays restenosis time.

As of June 30, 2024, we submitted the registration application for the Malignant Stenosis Cryoablation System, and we expect to obtain approval from the NMPA for the product in the first half of 2025.

4. Benign Stenosis Cryoablation System
Our Benign Stenosis Cryoablation System (良性狹窄冷凍消融系統) is a self-developed cryoablation system based on liquid nitrogen for ablating benign airway stenosis lesion. This product candidate can dilate and shape the airway stenosis with the balloon dilation and perform cryoablation treatment and reduce the frequency of airway restenosis.

Our Benign Stenosis Cryoablation System entered into the confirmatory clinical trial phase in January 2024. We expect to submit the product registration submission to the NMPA in the fourth quarter of 2024 and to obtain approval from the NMPA in the first half of 2026.

5. Peri-Pulmonary Nodule Cryoablation System
Our Peri-Pulmonary Nodule Cryoablation System (肺周結節冷凍消融系統) is a self-developed cryoablation system for treating peri-pulmonary nodules. Our Peri-Pulmonary Nodule Cryoablation System consists of a piece of cryotherapy equipment and an airway cryoablation catheter. During the procedure, the Peri-Pulmonary Nodule Cryoablation System delivers the cryoablation balloon to the target site via the bronchoscope, the ultra-low temperature from liquid nitrogen in the catheter leads to the rapid formation of ice spheres inside the tumor, which results in the formation of ice crystals inside and outside the tumor cells, thus destroying the tumor cells. The Peri-Pulmonary Nodule Cryoablation System utilizes a flexible catheter and trans-airway access treatment modality, which can greatly reduce the chance of pneumothorax, hemoptysis and other complications.

As of June 30, 2024, our Peri-Pulmonary Nodule Cryoablation System was in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2026, and to receive the NMPA approval for this product in the second half of 2027.

6. Cough Cryospray System
Our Cough Cryospray System (咳嗽冷凍噴霧治療系統) is a self-developed cryoablation system for treating chronic cough. It achieves therapeutic effect by ablating visible lesions in the airway.

As of June 30, 2024, our Cough Cryospray System was in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the first half of 2025 and to obtain approval from the NMPA in the second half of 2026.

7. Tuberculosis Cryospray System
Our Tuberculosis Cryospray System (結核冷凍噴霧治療系統) is a spray cryotherapy system developed by the Company for treating tracheobronchial tuberculosis. It achieves therapeutic effect by ablating visible lesions in the airway.

As of June 30, 2024, our Tuberculosis Cryospray System was in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

8. Cryoadhesion System
Our Cryoadhesion System (冷凍粘連治療系統) is a cryoadhesion device used for biopsy, stenosis recanalization and foreign body retrieval. It employs subcritical refrigeration technology (亞臨界製冷技術) and heat transfer with controlled pressure technology (控壓傳熱技術) for rapid freezing and adhesion.

This product candidate consists of a disposable cryoprobe (一次性使用冷凍探頭) and an accompanying piece of cryotherapy equipment (冷凍治療設備). During the operation, the cryoprobe is connected to the cryotherapy equipment, and the distal end of the disposable cryoprobe is brought into contact with the target tissue or foreign body under endoscopic guidance for cryoadhesion to achieve tissue biopsy, stenosis recanalization and foreign body removal.

We received marketing approval for the Cryoadhesion System in January 2024, after securing the NMPA approval for the accompanying cryotherapy equipment in December 2023 and the disposable cryoprobe in January 2024.

Cancer Intervention

1. Bladder Cryoablation System
Our Bladder Cryoablation System (膀胱冷凍消融系統) is a self-developed cryoablation system for the treatment of bladder tumors. This product employs liquid nitrogen to perform efficient cryoballoon ablation on target tissue, and similar to Bacillus Calmette-Guerin perfusion or chemotherapy, this product is indicated for use in conjunction with transurethral resection of bladder tumor surgeries to reduce tumor residuals for patients suffering from non-muscle-invasive bladder cancer.

We initiated the clinical trial for the Bladder Cryoablation System in November 2017, and received the NMPA approval for the Bladder Cryoablation System in June 2022. We commercialized our Bladder Cryoablation System in China in December 2022.

2. Gastric Cryoablation System
Our Gastric Cryoablation System (胃部冷凍消融系統) is a self-developed cryoablation system indicated for performing cryoablation on gastric tumors to treat gastric cancer.

The Gastric Cryoablation System consists of a piece of cryotherapy equipment (冷凍治療設備) and a cryotherapy catheter (冷凍治療導管). During the procedure, the cryoablation equipment provides a stable delivery of liquid nitrogen and the catheter can pass through an electronic gastroscope into the stomach. The distal end of the catheter is connected to a pre-folded balloon, which can expand after passing through the electronic gastroscope to contact the target gastric mucosa, creating an ultra-low temperature at the balloon through the stable delivery of liquid nitrogen within the balloon to destroy target cells. When reaching the set freezing time, the system stops freezing process, and starts rewarming cycle which further destroys the target cells.

As of June 30, 2024, our Gastric Cryoablation System was in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the second half of 2026.

3. Esophageal Cryospray System
Our Esophageal Cryospray System (食道冷凍噴霧治療系統) is used to perform endoscopic spray cryotherapy on patients with intermediate to advanced esophagus cancer to reduce the size of the tumor, alleviate the symptoms of dysphagia and improve their quality of life.

Patients with intermediate to advanced esophagus cancer may have trouble swallowing due to esophageal stricture as a result of tumor occupancy. Our Esophageal Cryospray System can spray liquid nitrogen directly on the surface of the tumor to destroy the tumor cells, thus reducing the volume of the tumor, alleviating the patient's dysphagia, and improving the quality of life.

As of June 30, 2024, our Esophageal Cryospray System was in the feasibility clinical trial phase. We expect to submit the product registration submission to the NMPA in the second half of 2025 and to obtain approval from the NMPA in the first half of 2027.

Non-Cryotherapy Products and Product Candidates

1. Pulmonary Nodule Localization Needle

Our Pulmonary Nodule Localization Needle (肺結節定位針), also known as the Disposable Pulmonary Nodule Localization Needle, is a single-use localization needle indicated for CT-guided localization of lung nodules in patients with lung nodules prior to undergoing thoracoscopic surgery. Our Pulmonary Nodule Localization Needle adopts a combination of multi-hook localization and flexible wire, which greatly reduces the risk of dislocation after localization to ensure safe and effective resection of pulmonary nodules during surgery.

Our Pulmonary Nodule Localization Needle received the NMPA registration certificate in March 2019 and was subsequently commercialized in China in May 2019, and obtained CE Marking in January 2019. We successfully renewed the NMPA registration certificate in March 2024 and our Pulmonary Nodule Localization Needle is now classified as Class II medical device by the NMPA.

2. Endoscopic Clip for Anastomosis

Our Endoscopic Clip for Anastomosis (內鏡吻合夾) is a self-developed anastomotic device for closure (閉合治療) of soft tissue in digestive tract. It is indicated for the closure treatment of bleeding, perforation, and tissue defects in digestive tract, and in particular, is suitable for treating perforation in gastrointestinal endoscopic surgery and endoscopic full-thickness closure (全層內鏡閉合) after NOTES. Its addressable patients primarily include the patients with acute gastrointestinal bleeding, ulcerative or medically induced perforations, or those undergoing endoscopic tissue removal procedures. This product offers various benefits, such as its large clamping scope and strong clamping force, and it is detachable to facilitate the clip removal and avoid secondary damage to the tissue. This product is one of the over-the-scope clips approved for commercialization in China.

We initiated the clinical trial for the Endoscopic Clip for Anastomosis in June 2020, and received the approval for this product in August 2022. We commercialized this product in October 2022.

3. Laparoscopic Single Port Multi-Channel Access Platform

Our Laparoscopic Single Port Multi-Channel Access Platform (單孔多通道腹腔鏡手術入路系統), also known as the Disposable Multi-Channel Laparoscopic Access Platform, is a self-developed system used in laparoscopic surgery as a channel for the endoscope, instruments and hands during surgery. It is applicable for single incision laparoscopic surgery, NOTES, reduced-port laparoscopic surgery, or hand-assisted laparoscopic surgery.

Our Laparoscopic Single Port Multi-Channel Access Platform received the registration certificate in February 2017 and was subsequently commercialized in China in April 2017, and obtained CE Marking in January 2019.

4. Atrial Fibrillation Pulsed Field Ablation System

Our Atrial Fibrillation Pulsed Field Ablation System (房顫脈衝電場消融(PFA)系統) ("**AF PFA System**") is indicated for use in the interventional treatment of paroxysmal atrial fibrillation. It destroys myocardial tissue with high voltage electrical impulses to achieve electrical isolation of the pulmonary vein vestibule, resulting in the therapeutic effect.

As of June 30, 2024, our AF PFA System was in the stage of pre-clinical study and is expected to be approved by the NMPA in the first half of 2027.

5. Anti-Gastroesophageal Reflux System

Our self-developed Anti-Gastroesophageal Reflux System (抗胃食管反流系統) is a surgical device indicated for treating gastroesophageal reflux disease ("**GERD**") in the magnetic sphincter augmentation procedure. The magnetic sphincter augmentation procedure is designed to treat GERD by increasing the tension of the lower esophageal sphincter to achieve anti-reflux effect.

As of June 30, 2024, we submitted the registration application for the Anti-Gastroesophageal Reflux System, and we expect to obtain approval from the NMPA for the product in the first half of 2025.

6. Other Non-Cryotherapy Products

Our non-cryoablation products also include our Wound Retractor (開創保護器), Ureteral Dilation Balloon Catheter (輸尿管擴張球囊導管), Laparoscopic Biopsy Bag (腹腔鏡用活檢袋) (also known as Endoscopic Biopsy Bag), and Laparoscopic Surgical Instrument (腹腔鏡手術器械). They are all single-use medical consumables. All such non-cryoablation products have been commercialized.

WE CANNOT GUARANTEE THE FUTURE PROSPECTS OF OUR PRODUCTS AND WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR OTHER PRODUCT CANDIDATES.

Research and Development

We have established a dedicated product development team led by industry experts with extensive experience in the medical device industry or in the field of engineering research and development. As of June 30, 2024, our product development team consisted of an in-house research and development team of 90 employees and a clinical operation team of 36 employees (including certain management members undertaking product development functions). We have also developed relationships with industry leaders, including scientists, physicians and industry practitioners, giving us a thorough understanding of the clinical needs and demands of patients and physicians.

We have built a comprehensive intellectual property portfolio in China and overseas to protect our technologies, including our core liquid nitrogen cryoablation technology, flexible catheter technology and other key technologies. As of June 30, 2024, we owned 152 patents and 53 patent applications in China and overseas.

Production

During the Reporting Period, we manufactured, assembled and tested our products at our two production facilities, one being a leased property in Ningbo, Zhejiang Province and the other being a self-owned property in Shanghai, with a total gross floor area of over 12,800 square meters. We produce commercial products, mainly including our Core Products (as defined under the Listing Rules) as well as other commercialized products, including our Pulmonary Nodule Localization Needle and Laparoscopic Single Port Multi-Channel Access Platform, and also produce, assemble and test sample products related to NOTES at our production facility in Ningbo. We produce, assemble and test sample products related to vascular intervention for product development at our facility in Shanghai.

Future and Outlook

Our mission is to become a global medical device platform in the field of minimally-invasive interventional cryotherapy, bringing benefits to patients and physicians worldwide with our cryotherapy technology. We plan to implement the following strategies to achieve our goal:

- Rapidly advance the clinical development and commercialization of our product candidates;
- Further expand our product portfolio leveraging technology platforms and continue to focus on minimally-invasive interventional cryotherapy;
- Continue to research and develop various underlying and supporting technologies; and
- Selectively expand our worldwide footprint.

II. FINANCIAL REVIEW

Revenue

Our revenue increased by RMB0.6 million, or 3.0%, from RMB18.9 million for the six months ended June 30, 2023 to RMB19.5 million for the six months ended June 30, 2024, mainly driven by the increase in the sales volume of our Pulmonary Nodule Localization Needle.

Cost of Sales

Our cost of sales remained relatively stable with RMB4.2 million for the six months ended June 30, 2024 and RMB4.3 million for the six months ended June 30, 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our overall gross profit increased from RMB14.6 million for the six months ended June 30, 2023 to RMB15.3 million for the six months ended June 30, 2024. Our overall gross profit margin increased from 77.4% for the six months ended June 30, 2023 to 78.5% for the six months ended June 30, 2024, primarily due to the increase in revenue from our Pulmonary Nodule Localization Needle with higher gross profit margins.

Other Income and Gains

Our other income and gains decreased from RMB6.9 million for the six months ended June 30, 2023 to RMB3.0 million for the six months ended June 30, 2024, mainly due to the decrease in net foreign exchange differences and government grants.

Research and Development Expenses

Our research and development expenses primarily consisted of (i) staff costs for our research and development personnel; (ii) cost of materials and consumables used; (iii) share-based payments; and (iv) clinical trial fees, including payment to hospitals, contract research organizations, site management organizations, and other service providers in connection with our research and development activities. The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Six months ended June 30,			
	2024 (Unaudited)		2023 (Unaudited)	
	RMB'000	***%***	*RMB'000*	*%*
Staff cost	**20,039**	**53.8**	18,485	53.8
Cost of materials and consumables used	**9,364**	**25.2**	7,119	20.7
Share-based payments	**1,420**	**3.8**	2,019	5.9
Clinical trial fees	**3,208**	**8.6**	4,035	11.8
Depreciation and amortization	**483**	**1.3**	385	1.1
Others[(1)]	**2,708**	**7.3**	2,287	6.7
Total	**37,222**	**100.0**	34,330	100.0

Note:

(1) Primarily included intellectual property and CE certification expenses, business travel and transportation expenses incurred by our research and development staffs, animal experiment expenses and product design expenses.

Our research and development expenses increased by RMB2.9 million, or 8.4%, from RMB34.3 million for the six months ended June 30, 2023 to RMB37.2 million for the six months ended June 30, 2024, primarily due to (i) the increase in staff cost of RMB1.6 million as a result of the increase in average salaries of our research and development personnel during the Reporting Period; and (ii) the increase in cost of materials and consumables used in ongoing research and development projects of RMB2.2 million.

Administrative Expenses

Our administrative expenses slightly increased by RMB1.3 million, or 4.2%, from RMB31.9 million for the six months ended June 30, 2023 to RMB33.2 million for the six months ended June 30, 2024, primarily attributed to an increase in staff cost.

Selling and Distribution Expenses

Our selling and distribution expenses increased by RMB0.8 million, or 35.6%, from RMB2.5 million for the six months ended June 30, 2023 to RMB3.3 million for the six months ended June 30, 2024, primarily due to the increase in staff cost of RMB0.7 million as a result of salary adjustment and an increase in the number of sales personnel.

Finance Costs

Our finance costs remained relatively stable with RMB0.3 million for the six months ended June 30, 2023 and RMB0.4 million for the six months ended June 30, 2024.

Income Tax Expenses

Our principal applicable taxes and tax rates are set forth as follows:

Mainland China

Pursuant to the Corporate Income Tax Law of the PRC (the "**CIT Law**"), the Company and our PRC subsidiaries are subject to a standard corporate income tax rate of 25% on taxable income, except that Ningbo SensCure was qualified as a "High and New Technology Enterprise" to enjoy a preferential income tax rate of 15% during the Reporting Period. The related tax authorities review the "High and New Technology Enterprise" status every three years. Ningbo SensCure has been qualified and will continue to qualify as a "High and New Technology Enterprise" for three years starting from 2021.

No provision for Mainland China income tax has been provided for pursuant to the CIT Law and the respective regulations, as our Group's PRC entities have no estimated assessable profits.

United States

Among our subsidiaries, Cryofocus America, Inc. was incorporated in California, the U.S. and was subject to statutory U.S. federal corporate income tax at a rate of 21% during the Reporting Period. It is also subject to the state income tax in California during the Reporting Period. No provision for federal corporate income tax and the state income tax have been provided as the subsidiary has no estimated assessable profits.

We did not record any income tax expense during the Reporting Period. Our Directors confirm that during the Reporting Period, we had made all the required tax filings and had paid all outstanding tax liabilities with the relevant tax authorities in the relevant jurisdictions and we are not aware of any outstanding or potential disputes with such tax authorities.

Loss for the Reporting Period

As a result of the foregoing, our loss for the Reporting Period increased from RMB47.4 million for the six months ended June 30, 2023 to RMB56.0 million for the six months ended June 30, 2024.

Liquidity and Financial Resources

Our primary use of cash is to fund the development of our product candidates, clinical trials, payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our cash and cash equivalents decreased by RMB33.9 million, or 32.8%, from RMB103.5 million as of December 31, 2023 to RMB69.6 million as of June 30, 2024. The decrease was mainly due to:

- For the six months ended June 30, 2024, our net cash used in operating activities was RMB50.4 million, primarily because we incurred significant research and development expenses during the Reporting Period. Our operating cash flow will continue to be affected by our research and development expenses.

- For the six months ended June 30, 2024, our net cash used in investing activities was RMB1.4 million, primarily attributable to the purchase of property, plant and equipment items.

- For the six months ended June 30, 2024, our net cash from financing activities was RMB17.2 million, primarily attributable to the new bank loans during the Reporting Period.

During the Reporting Period, we mainly relied on the net proceeds from the Global Offering as the main source of liquidity. Our management closely monitors the utilization of cash and cash balances and strives to maintain healthy liquidity for our business. Going forward, we believe that our liquidity requirements will be satisfied with the net proceeds from the Global Offering and cash generated from our operations.

As of June 30, 2024, we had total bank and other borrowings of RMB20.0 million denominated in RMB at a fixed annual interest rate of 3.45% (2023: Nil). During the Reporting Period, the Group did not employ any financial instruments for hedging purposes nor make any foreign currency net investments.

Capital Expenditures

We regularly incur capital expenditures to expand and enhance our research and development facilities, establish our manufacturing capacities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on machinery, office equipment, as well as leasehold improvements during the Reporting Period. The following table sets forth our capital expenditures for the periods indicated:

	Six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Purchases of items of property, plant and equipment	**1,425**	1,812

We expect to incur capital expenditures in the next five years primarily for purchase of equipment and the construction of our manufacturing facilities.We may adjust our capital expenditures for any given period according to our development plans or in light of market conditions and other factors we believe to be appropriate.

Indebtedness

The following table sets forth the components of our indebtedness as of the dates indicated:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Lease liabilities		
Current	**5,161**	3,247
Non-current	**12,536**	7,764
Total	**17,697**	11,011

The Company had no unutilized banking facilities during the Reporting Period. As of June 30, 2024, we had total bank and other borrowings of RMB20.0 million denominated in RMB at a fixed annual interest rate of 3.45% (2023: Nil).

Key Financial Ratios

The following table sets forth the key financial ratios as of the dates indicated:

	As of June 30, 2024 (Unaudited)	As of December 31, 2023 (Audited)
Current ratio[(1)]	**2.5**	4.9
Quick ratio[(2)]	**2.1**	4.1
Gearing ratio[(3)]	**31.7%**	18.5%

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(3) Gearing ratio is calculated based on total liabilities divided by total assets and multiplied by 100%.

Capital Commitments

The Group had the following capital commitments as of the dates indicated:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**799**	177

Pledge of Assets

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

Contingent Liabilities

As of June 30, 2024, the Group did not have any material contingent liabilities, guarantees or any litigation or claims of material importance, pending or threatened against any of its member.

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures during the Reporting Period

As of June 30, 2024, the Group did not hold any significant investments. The Group did not make any material investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Foreign Exchange Exposure

We are exposed to foreign currency risk mainly arising from cash and cash equivalents which are denominated in Renminbi, USD and HKD. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

Future Plans for Material Investments or Capital Assets

As of June 30, 2024, the Group had not authorized any plan for any material investments or acquisitions of capital assets.

Human Resources

As of June 30, 2024, the Group had 370 full-time employees, and substantially all of them were based in China. The total employee benefits expenses of our Group, which consisted of (i) terms, wages, salaries and bonuses, (ii) social security costs, and (iii) equity-settled share options, were approximately RMB55.4 million for the six months ended June 30, 2024. We recruit our employees after consideration of a number of factors, including our needs and expansion plans, and the candidates' work experience and educational background. We invest in continuing training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters including terms, wages, bonuses, employee benefits, and grounds for termination. In addition, we are required under PRC law to make contributions to social security insurance funds (including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurances) and housing funds at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

Other Information

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the Reporting Period (six months ended June 30, 2023: Nil).

CORPORATE GOVERNANCE

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the principles and code provisions set out in the CG Code as its own code to govern its corporate governance practices.

The Company regularly reviews its compliance with the CG Code and the Company was in compliance with all applicable code provisions set out in Part 2 of the CG Code throughout the Reporting Period.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the CG Code, and maintain a high standard of corporate governance practices.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

USE OF PROCEEDS FROM LISTING

Use of Proceeds from the Listing

The Company was listed on the Main Board of the Stock Exchange on December 30, 2022. The net proceeds raised from the issue of new H Shares by the Company from the Listing (after deducting the underwriting fees and related Listing expenses) amounted to approximately HK$139.9 million.

As disclosed in the Company's announcement dated March 27, 2024 (the "**UOP Announcement**"), the Board announced that it had resolved to change the use of the unutilized portion of the net proceeds from the issue of new H Shares on the Stock Exchange in connection with the Global Offering (after deducting the underwriting fees and related listing expenses), which amounted to approximately HK$66.48 million as of March 27, 2024, to deploy such unutilized net proceeds more efficiently and facilitate an effective use of the financial resources of the Group. The proposed changes in the use of such unutilized net proceeds were duly approved by the Shareholders at the AGM. For further details, please refer to the Company's announcements dated March 27, 2024 and June 14, 2024, and the Company's circular dated April 26, 2024, respectively.

The net proceeds have been allocated and utilized in accordance with the purposes and proportions set out in the Prospectus or the UOP Announcement (as the case may be) during the Reporting Period. The following table sets forth the status of the use of revised allocation of the net proceeds as of the date of the UOP Announcement and June 30, 2024, and a summary of their utilization as of June 30, 2024 together with the expected timeline of use (where applicable).

Use of proceeds from Listing	Allocation of net proceeds from the global offering in the proportion disclosed in the Prospectus *(HK$ million)*	Actual use of net proceeds from the Listing Date to the date of the UOP Announcement *(HK$ million)*	Revised allocation of the unutilized net proceeds following the UOP Announcement *(HK$ million)*	Amount utilized after the date of the UOP Announcement and up to June 30, 2024 *(HK$ million)*	Unutilized net proceeds as of June 30, 2024[1] *(HK$ million)*	Expected timeline of full utilization of the unutilized net proceeds[2]
For the Core Products						
1. Research and development activities, commercial launch (including sales and marketing) and manufacturing of the Bladder Cryoablation System	81.40	29.34	–	–	–	–
2. Research and development activities, commercial launch (including sales and marketing) and manufacturing of the Endoscopic Clip for Anastomosis	22.00	7.58	–	–	–	–
For research and development activities, planned commercial launch and manufacturing of our AF Cryoablation System	8.50	8.50	–	–	–	–
For research and development activities, registration filings, and planned commercial launch and manufacturing of the remaining 14 products and product candidates in our current product pipeline	28.00	28.00	66.48	33.20	33.28	2024
Total	**139.90**	**73.42**	**66.48**	**33.20**	**33.28**	

Notes:

(1) As of June 30, 2024, all the unutilized net proceeds were held by the Company in short-term deposits with licensed banks.

(2) The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change based on future developments and events which may be outside of the Group's control.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including treasury shares, if any) during the Reporting Period. As of June 30, 2024, there was no treasury share held by the Company.

REVIEW OF INTERIM RESULTS

The Audit Committee consists of one non-executive Director, namely, Mr. ZHAO Chunsheng (趙春生), and two independent non-executive Directors, namely, Mr. LIANG Hsien Tse Joseph (梁顯治) and Dr. QIN Zheng (覃正). The chairperson of the Audit Committee is Mr. LIANG Hsien Tse Joseph, who holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed and considered that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made. There is no disagreement by the Audit Committee with respect to the accounting treatment adopted by the Company.

CHANGES IN THE BOARD AND THE DIRECTORS' AND SUPERVISORS' INFORMATION

There was no change in the Board and Board of Supervisors, and the information of Directors and Supervisors since the publication of the annual report 2023 of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

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

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

Name of Director/ Supervisor/ Chief Executive	Capacity/ nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Mr. ZHU Jun (朱軍) ("**Mr. Zhu**")[3]	Beneficial owner; interest in a controlled corporation	Unlisted Shares H Shares	9,721,236 4,166,244	4.07% 1.74%	7.78% 3.65%
Mr. LV Shiwen (呂世文) ("**Mr. Lv**")[4]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares H Shares	91,369,084 41,664,172	38.21% 17.42%	73.09% 36.52%

Notes:

(1) The calculation is based on the total number of 239,110,000 Shares in issue as of June 30, 2024.

(2) The calculation is based on the total number of 125,013,402 Unlisted Shares and 114,096,598 H Shares in issue as of June 30, 2024.

(3) As of June 30, 2024, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of June 30, 2024, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)) ("**Ningbo Hongyingkang**") as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.

(4) As of June 30, 2024, Mr. Lv beneficially owned 15,308,992 Unlisted Shares and 6,560,996 H Shares of our Company. As of June 30, 2024, Mr. Lv owned approximately 37.22% in Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業(有限合夥)) ("**Ningbo Maishang**") as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. Further, pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. LI Hui (李輝) ("**Ms. Li**") and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of June 30, 2024, Ms. Li beneficially owned 86,000 H Shares of our Company. Further, as of June 30, 2024, Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟澧生物科技有限公司) ("**Ningbo Linfeng**") was owned as to 65% by Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司) ("**Shanghai Shidi**") which was in turn wholly owned by Ms. Li. Further, as of June 30, 2024, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)) ("**Ningbo Kangrui**"), namely, Shanghai Shidi Biotechnology Co., Ltd. (上海仕地生物科技有限公司) ("**Shidi Biotechnology**"). Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of June 30, 2024, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟澧股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ms. Li is also deemed to be interested in the 76,060,092 Unlisted Shares and 35,017,176 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.

Save as disclosed above, as of June 30, 2024, so far as it was known to the Directors, Supervisors or chief executive of the Company, none of the Directors, Supervisors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As of June 30, 2024, so far as the Directors are aware, the following persons had or were deemed or taken to have interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provision of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Long Positions in the Shares of Our Company

Name of shareholder	Capacity/ nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Ms. LI Hui (李輝) ("**Ms. Li**")[3]	Beneficial owner; interest in controlled corporations; interest held jointly with another person; interest of spouse	Unlisted Shares H Shares	91,369,084 49,355,772	38.21% 20.64%	73.09% 43.26%
Mr. WU Jianhui (鄔建輝)[3]	Beneficial owner; interest of spouse	H Shares	49,355,772	20.64%	43.26%
Mr. LV Shiwen (呂世文) ("**Mr. Lv**")[3]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Unlisted Shares H Shares	91,369,084 41,664,172	38.21% 17.42%	73.09% 36.52%
Ningbo Linfeng Biotechnology Co., Ltd. (寧波麟澧生物科技有限公司) ("**Ningbo Linfeng**")[4]	Beneficial owner; interest in controlled corporations	Unlisted Shares H Shares	66,058,120 30,730,616	27.63% 12.85%	52.84% 26.93%
Shanghai Shidi Industrial Development Co., Ltd. (上海仕地實業發展有限公司) ("**Shanghai Shidi**")[4][5]	Beneficial owner; interest in controlled corporations	Unlisted Shares H Shares	76,060,092 35,017,176	31.81% 14.64%	60.84% 30.69%
Shanghai Shidi Biotechnology Co., Ltd. (上海仕地生物科技有限公司) ("**Shidi Biotechnology**")[4]	Interest in controlled corporations	Unlisted Shares H Shares	21,519,825 9,222,783	9.00% 3.86%	17.21% 8.08%
Mr. ZHU Jun (朱軍) ("**Mr. Zhu**")[6]	Beneficial owner; interest in a controlled corporation	Unlisted Shares H Shares	9,721,236 4,166,244	4.07% 1.74%	7.78% 3.65%
Ningbo Maishang Investment L.P. (Limited Partnership) (寧波脈尚投資合夥企業（有限合夥）) ("**Ningbo Maishang**")	Beneficial owner	Unlisted Shares H Shares	8,972,712 3,845,448	3.75% 1.61%	7.18% 3.37%

Name of shareholder	Capacity/ nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Ningbo Hongyingkang Enterprise Management Partnership (Limited Partnership) (寧波弘盈康企業管理合夥企業(有限合夥)) ("**Ningbo Hongyingkang**")	Beneficial owner	Unlisted Shares H Shares	8,690,539 3,724,517	3.63% 1.56%	6.95% 3.26%
Zhuhai Junheng Investment L.P. (Limited Partnership) (珠海鈞恒投資合夥企業(有限合夥)) ("**Junheng**")[7]	Beneficial owner	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	10.83% 5.08%
Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司)[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	10.83% 5.08%
Ms. ZHANG Haiyan (張海燕)[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	10.83% 5.08%
Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥))[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	10.83% 5.08%
Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥))[7]	Interest in controlled corporations	Unlisted Shares H Shares	13,537,272 5,801,688	5.66% 2.43%	10.83% 5.08%
Suzhou Industrial Park New Phase 2 Venture Capital Enterprise (Limited Partnership) (蘇州工業園區新建元二期創業投資企業(有限合夥)) ("**Suzhou New Phase 2 VC**")[8]	Beneficial owner	H Shares	12,283,500	5.14%	10.77%
Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥))[8]	Interest in controlled corporations	H Shares	12,283,500	5.14%	10.77%
Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司)[8]	Interest in controlled corporations	H Shares	12,283,500	5.14%	10.77%

Name of shareholder	Capacity/ nature of interest	Class of Shares	Number of Shares	Approximate percentage of shareholding in the total issued share capital of our Company[1]	Approximate percentage of shareholding in the relevant proportion of Shares[2]
Mr. CHEN Jie (陳杰)[8]	Interest in controlled corporations	H Shares	12,283,500	5.14%	10.77%
Hangzhou Proxima Venture Investment L.P. (Limited Partnership) (杭州比鄰星創業投資合夥企業（有限合夥）) ("**Hangzhou Proxima**")[9]	Beneficial owner	H Shares	8,047,944	3.37%	7.05%
Mr. SUN Xiaolu (孫曉路)[9]	Interest in controlled corporations	Unlisted Shares H Shares	5,295,368 10,317,388	2.21% 4.31%	4.24% 9.04%
Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業（有限合夥））[9]	Interest in controlled corporations	Unlisted Shares H Shares	5,295,368 10,317,388	2.21% 4.31%	4.24% 9.04%
Shanghai Xingze Asset Management Co., Ltd. (上海星澤資產管理有限公司)[9]	Interest in controlled corporations	Unlisted Shares H Shares	5,295,368 10,317,388	2.21% 4.31%	4.24% 9.04%
FutureX Investment I Company Limited[10]	Beneficial owner	H Shares	7,963,128	3.33%	6.98%
FutureX Capital Limited[10]	Interest in controlled corporations	H Shares	7,963,128	3.33%	6.98%
FutureX Fund Management (Hong Kong) Limited[10]	Investment manager	H Shares	7,963,128	3.33%	6.98%
FutureX ICT Opportunity Fund II LP[10]	Interest in controlled corporations	H Shares	7,963,128	3.33%	6.98%
FutureX Innovation II Limited[10]	Interest in controlled corporations	H Shares	7,963,128	3.33%	6.98%
Ms. ZHANG Qian (張倩)[10]	Interest in controlled corporations	H Shares	7,963,128	3.33%	6.98%
Shengshan Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司)[11]	Interest in controlled corporations	H Shares	6,072,552	2.54%	5.32%
Mr. GAN Shixiong (甘世雄)[11]	Interest in controlled corporations	H Shares	6,072,552	2.54%	5.32%

Notes:

(1) The calculation is based on the total number of 239,110,000 Shares in issue as of June 30, 2024.

(2) The calculation is based on the total number of 125,013,402 Unlisted Shares and 114,096,598 H Shares in issue as of June 30, 2024.

(3) Pursuant to a concert party agreement dated April 26, 2021 entered into by Ms. Li and Mr. Lv, Ms. Li and Mr. Lv confirmed that they have been acting in concert in exercising Shareholders' rights pertaining to our Group (including our Company and Ningbo SensCure) since January 1, 2014, and they have agreed to continue to act in concert and reach consensus on proposals related to the daily management and operation of our Group presented to general meetings of the Shareholders for voting. As of June 30, 2024, Mr. Lv beneficially owned 15,308,992 Unlisted Shares and 6,560,996 H Shares of our Company. As of June 30, 2024, Mr. Lv owned approximately 37.22% in Ningbo Maishang as one of its limited partners. As such, under the SFO, Mr. Lv is deemed to be interested in the 8,972,712 Unlisted Shares and 3,845,448 H Shares held by Ningbo Maishang. As of June 30, 2024, Ms. Li beneficially owned 86,000 H Shares of our Company. Further, as of June 30, 2024, Ningbo Linfeng was owned as to 65% by Shanghai Shidi which was in turn wholly owned by Ms. Li. Further, as of June 30, 2024, Ms. Li controlled the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui Investment Management Partnership (Limited Partnership) (寧波康銳投資管理合夥企業(有限合夥)) ("**Ningbo Kangrui**"), namely, Shidi Biotechnology. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As of June 30, 2024, Tongshang Linfeng Equity Investment Partnership (Limited Partnership) (寧波通商麟澧股權投資合夥企業(有限合夥)) ("**Tongshang Linfeng**") was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As of June 30, 2024, Mr. WU Jianhui (鄔建輝), the spouse of Ms. Li, owned 7,691,600 H Shares of our Company. As such, under the SFO, Ms. Li is deemed to be interested in the 76,060,092 Unlisted Shares and 42,708,776 H Shares held by Shanghai Shidi, Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui, Tongshang Linfeng and Mr. WU Jianhui (鄔建輝).

(4) As of June 30, 2024, Ningbo Linfeng beneficially owned 44,538,295 Unlisted Shares and 19,087,841 H Shares of our Company. As of June 30, 2024, the executive partner of each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui, namely, Shidi Biotechnology, is wholly owned by Ningbo Linfeng. Shidi Biotechnology is entitled to exercise the voting power held by each of Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui in our Company pursuant to their respective partnership agreements. As such, under the SFO, Shidi Biotechnology and Ningbo Linfeng are deemed to be interested in the 21,519,825 Unlisted Shares and 9,222,783 H Shares held by Ningbo Maishang, Ningbo Hongyingkang and Ningbo Kangrui. Further, as of June 30, 2024, Tongshang Linfeng was owned as to approximately 49.02% by Ningbo Linfeng as a limited partner. As such, under the SFO, Ningbo Linfeng is also deemed to be interested in the 2,419,992 H Shares held by Tongshang Linfeng.

(5) As of June 30, 2024, Shanghai Shidi beneficially owned 10,001,972 Unlisted Shares and 4,286,560 H Shares of our Company. As of June 30, 2024, Ningbo Linfeng was owned as to 65% by Shanghai Shidi. As such, under the SFO, Shanghai Shidi is deemed to be interested in the 66,058,120 Unlisted Shares and 30,730,616 H Shares held by Ningbo Linfeng, Ningbo Maishang, Ningbo Hongyingkang, Ningbo Kangrui and Tongshang Linfeng.

(6) As of June 30, 2024, Mr. Zhu, our executive Director, beneficially owned 1,030,697 Unlisted Shares and 441,727 H Shares of our Company. As of June 30, 2024, Mr. Zhu owned approximately 38.77% in Ningbo Hongyingkang as one of its limited partners. As such, under the SFO, Mr. Zhu is deemed to be interested in the 8,690,539 Unlisted Shares and 3,724,517 H Shares held by Ningbo Hongyingkang.

(7) Junheng is a limited partnership established in the PRC, whose general manager is Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司), which is owned as to 55% by Ms. ZHANG Haiyan (張海燕). Further, Junheng is owned as to approximately 50.11% and 36.42% by its limited partners, Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)), respectively. As such, under the SFO, Shenzhen Gao Ling Tiancheng III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司), Ms. ZHANG Haiyan (張海燕), Shenzhen Gao Ling Muqi Equity Investment Fund L.P. (Limited Partnership) (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) and Xiamen Gao Ling Ruiqi Equity Investment Fund L.P. (Limited Partnership) (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)) are deemed to be interested in the 13,537,272 Unlisted Shares and 5,801,688 H Shares held by Junheng.

(8) Suzhou New Phase 2 VC is a limited partnership established in the PRC, which is managed by its general partner, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), whose general partner is Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司), which is owned as to 99% by Mr. CHEN Jie (陳杰). As such, under the SFO, Suzhou YuanBio Private Equity Fund Management Partnership Enterprise (Limited Partnership) (蘇州元生私募基金管理合夥企業(有限合夥)), Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務信息諮詢有限公司) and Mr. CHEN Jie (陳杰) are deemed to be interested in the 12,283,500 H Shares held by Suzhou New Phase 2 VC.

(9) Each of Hangzhou Proxima and Suzhou Proxima Venture Investment L.P. (Limited Partnership) (蘇州比鄰星創業投資合夥企業(有限合夥)) ("**Suzhou Proxima**") is a limited partnership established in the PRC and is managed by its general partner, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), whose general partner is Shanghai Xingze Asset Management Co., Ltd. (上海星澤資產管理有限公司), which is owned as to 90% by Mr. SUN Xiaolu (孫曉路), our former non-executive Director. As such, under the SFO, Hangzhou Proxima Innovative Investment Management L.P. (Limited Partnership) (杭州比鄰星創新投資管理合夥企業(有限合夥)), Shanghai Xingze Asset Management Co., Ltd. (上海星澤資產管理有限公司) and Mr. SUN Xiaolu (孫曉路) are deemed to be interested in 5,295,368 Unlisted Shares and 10,317,388 H Shares held by Hangzhou Proxima and Suzhou Proxima.

(10) FutureX Investment I Company Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX ICT Opportunity Fund II LP, whose general partner is FutureX Innovation II Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). FutureX Fund Management (Hong Kong) Limited is the Investment Manager of FutureX ICT Opportunity Fund II LP. FutureX Fund Management (Hong Kong) Limited is a limited company incorporated in Hong Kong and is wholly owned by FutureX Capital Limited, which is in turn indirectly wholly owned by Ms. ZHANG Qian (張倩). As such, under the SFO, FutureX ICT Opportunity Fund II LP, FutureX Innovation II Limited, FutureX Fund Management (Hong Kong) Limited, FutureX Capital Limited and Ms. ZHANG Qian (張倩) are deemed to be interested in the 7,963,128 H Shares held by FutureX Investment I Company Limited.

(11) Shanghai Shengshan Xingqian Venture Capital Center (Limited Partnership) (上海盛山興錢創業投資中心(有限合夥)) ("**Shengshan Xingqian**") is a limited partnership established in the PRC and is managed by its general partner, Shengshan Asset Management (Shanghai) Co., Ltd. (盛山資產管理(上海)有限公司) ("**Shengshan Asset Management**"). Suzhou Shengshan Huiying Venture Capital Enterprise (Limited Partnership) (蘇州盛山滙贏創業投資企業(有限合夥)) ("**Shengshan Huiying**") is a limited partnership established in the PRC and is managed by its general partner, Suzhou Shengshan Chuanghe Venture Capital Center (Limited Partnership) (蘇州盛山創禾創業投資中心(有限合夥)) whose general partner is Shengshan Asset Management. Shengshan Asset Management is owned as to 51% by Mr. GAN Shixiong (甘世雄). As such, under the SFO, Shengshan Asset Management and Mr. GAN Shixiong (甘世雄) are deemed to be interested in the 6,072,552 H Shares held by Shengshan Xingqian and Shengshan Huiying.

Save as disclosed above, as of June 30, 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, other than the Directors, Supervisors and chief executive of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

H SHARE FULL CIRCULATION

On March 7, 2024, the China Securities Regulatory Commission (中國證券監督管理委員會) (the "**CSRC**") issued a filing notice to the Company (the "**Filing Notice**") in respect of an application made by the Company on behalf of certain Shareholders to the CSRC for the conversion of a total of 29,341,981 Unlisted Shares held by such Shareholders into H Shares and the listing thereof on the Stock Exchange (the "**Conversion and Listing**"). According to the Filing Notice, the filing in relation to the Conversion and Listing to the CSRC has been completed, and if the Company wishes to continue the Conversion and Listing after 12 months from the date of the issuance of the Filing Notice, an updated filing to the CSRC would be required.

Further, on April 3, 2024, the approval of the listing of, and the permission to deal in, 29,341,981 H Shares, representing the maximum number of Unlisted Shares to be converted under the Conversion and Listing, was granted by the Stock Exchange, subject to fulfillment of all other conditions of the Conversion and Listing.

The conversion of 29,341,981 Unlisted Shares into H Shares was completed on September 5, 2024, and the listing of the converted H Shares on the Stock Exchange commenced at 9:00 a.m. on September 6, 2024.

For further details, please refer to the Company's announcements dated March 11, 2024, April 3, 2024 and September 5, 2024.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

On March 27, 2024, the Board proposed to amend the Articles of Association to comply with the requirements of the Listing Rules and applicable laws and regulations of the PRC, and make slight adjustments to certain provisions in the Articles of Association after taking into consideration, among others, the operation and management needs of the Company. According to the then existing articles of association of the Company and the relevant laws and regulations in the PRC, the amendments to the Articles of Association were subject to the approval of the Shareholders by way of a special resolution at a general meeting, H share class meeting and unlisted share class meeting of the Company.

The amendments to the Articles of Association were duly approved by the Shareholders at the AGM, the H share class meeting and the unlisted share class meeting of the Company held on June 14, 2024.

For further details, please refer to the Company's announcements dated March 27, 2024 and June 14, 2024, and the Company's circular dated April 26, 2024.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in this section, the Group did not have any other material subsequent events after the Reporting Period and up to the publication date of this interim report.

By Order of the Board
Cryofocus Medtech (Shanghai) Co., Ltd.
Mr. LI Kejian
Chairman of the Board

Hong Kong, August 28, 2024

Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended June 30, 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
REVENUE	5	**19,475**	18,914
Cost of sales		**(4,194)**	(4,276)
Gross profit		**15,281**	14,638
Other income and gains	5	**2,955**	6,929
Research and development expenses		**(37,222)**	(34,330)
Selling and distribution expenses		**(3,338)**	(2,462)
Administrative expenses		**(33,193)**	(31,857)
Other expenses		**–**	(12)
Finance costs	7	**(436)**	(334)
LOSS BEFORE TAX	6	**(55,953)**	(47,428)
Income tax expenses	4	**–**	–
LOSS FOR THE PERIOD		**(55,953)**	(47,428)
Attributable to:			
Owners of the parent		**(52,171)**	(43,402)
Non-controlling interests		**(3,782)**	(4,026)
		(55,953)	(47,428)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
For loss for the period	9	**RMB(0.22)**	RMB(0.18)

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2024

	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
LOSS FOR THE PERIOD	**(55,953)**	(47,428)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(23)**	(246)
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**(23)**	(246)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(55,976)**	(47,674)
Attributable to:		
Owners of the parent	**(52,194)**	(43,648)
Non-controlling interests	**(3,782)**	(4,026)
	(55,976)	(47,674)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	Notes	June 30, 2024 (Unaudited) RMB'000	December 31, 2023 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**39,150**	40,165
Right-of-use assets		**17,413**	11,112
Other intangible assets		**12**	22
Other non-current assets		**11,369**	11,607
Total non-current assets		**67,944**	62,906
CURRENT ASSETS			
Inventories		**21,799**	24,354
Trade receivables	10	**–**	–
Prepayments, other receivables and other assets		**25,339**	22,088
Restricted cash		**–**	71
Cash and cash equivalents		**69,563**	103,402
Total current assets		**116,701**	149,915
CURRENT LIABILITIES			
Trade payables	11	**1,454**	906
Interest-bearing bank and other borrowings		**20,000**	–
Other payables and accruals		**18,772**	25,637
Lease liabilities		**5,161**	3,247
Contract liabilities		**694**	992
Total current liabilities		**46,081**	30,782
NET CURRENT ASSETS		**70,620**	119,133
TOTAL ASSETS LESS CURRENT LIABILITIES		**138,564**	182,039
NON-CURRENT LIABILITIES			
Lease liabilities		**12,536**	7,764
Deferred income		**–**	815
Total non-current liabilities		**12,536**	8,579
NET ASSETS		**126,028**	173,460
EQUITY			
Equity attributable to owners of the parent			
Share capital		**239,110**	239,110
Reserves		**(121,295)**	(77,645)
		117,815	161,465
Non-controlling interests		**8,213**	11,995
Total equity		**126,028**	173,460

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Attributable to owners of the parent							
	Share capital *RMB'000*	Share premium* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Share option reserve* *RMB'000*	Accumulated loss* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As of January 1, 2024 (audited)	**239,110**	**299,768**	**(89)**	**253,638**	**(630,962)**	**161,465**	**11,995**	**173,460**
Loss for the period	–	–	–	–	(52,171)	(52,171)	(3,782)	(55,953)
Exchange differences related to foreign operations	–	–	(23)	–	–	(23)	–	(23)
Total comprehensive loss for the period	–	–	(23)	–	(52,171)	(52,194)	(3,782)	(55,976)
Equity-settled share option expense	–	–	–	8,544	–	8,544	–	8,544
As of June 30, 2024 (unaudited)	**239,110**	**299,768**	**(112)**	**262,182**	**(683,133)**	**117,815**	**8,213**	**126,028**

	Attributable to owners of the parent							
	Share capital *RMB'000*	Share premium* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Share option reserve* *RMB'000*	Accumulated loss* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
As of January 1, 2023 (audited)	239,110	299,768	(48)	233,780	(533,476)	239,134	20,255	259,389
Loss for the period	–	–	–	–	(43,402)	(43,402)	(4,026)	(47,428)
Exchange differences related to foreign operations	–	–	(246)	–	–	(246)	–	(246)
Total comprehensive loss for the period	–	–	(246)	–	(43,402)	(43,648)	(4,026)	(47,674)
Equity-settled share option expense	–	–	–	9,939	–	9,939	–	9,939
As of June 30, 2023 (unaudited)	239,110	299,768	(294)	243,719	(576,878)	205,425	16,229	221,654

* These reserve accounts comprise the consolidated reserves of negative RMB121,295,000 (2023: negative RMB33,685,000) in the condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Notes	2024 (Unaudited) RMB'000	2023 (Unaudited) RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	6	**(55,953)**	(47,428)
Adjustments for:			
Finance costs	7	**436**	334
Depreciation of property, plant and equipment		**3,323**	2,530
Amortisation of other intangible assets		**10**	9
Depreciation of right-of-use assets		**2,795**	1,844
Impairment of other receivables		**–**	–
Foreign exchange difference, net		**(833)**	(3,179)
(Gain)/loss on disposal of items of right-of-use assets		**(9)**	11
Equity-settled share option expense		**8,544**	9,939
Write-down of provision		**–**	(32)
Net cash flows used in operating activities		**(41,687)**	(35,972)
Decrease/(increase) in inventories		**2,555**	(5,205)
Increase in trade receivables		**–**	(19)
Increase in prepayments, other receivables and other assets		**(3,902)**	(7,173)
Increase in trade payables		**548**	2,406
Decrease in other payables and accruals		**(6,865)**	(12,766)
(Decrease)/increase in deferred income		**(815)**	879
Decrease in contract liabilities		**(298)**	(393)
Decrease in restricted cash		**71**	–
Net cash flows used in operating activities		**(50,393)**	(58,243)

	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(1,425)**	(1,812)
Proceeds from disposal of items of property, plant and equipment	**6**	–
Net cash flows used in investing activities	**(1,419)**	(1,812)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liabilities	**(2,780)**	(2,048)
Listing expenses	**–**	(8,238)
New bank loans	**20,000**	–
Interest paid	**(57)**	–
Net cash flows from/(used in) financing activities	**17,163**	(10,286)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(34,649)**	(70,341)
Cash and cash equivalents at beginning of period	**103,402**	226,422
Effect of foreign exchange rate changes, net	**810**	2,933
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**69,563**	159,014

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

1. CORPORATE AND GROUP INFORMATION

Cryofocus Medtech (Shanghai) Co., Ltd. (the "Company") is a joint stock company with limited liability established in the People's Republic of China ("PRC"). The registered office of the Company is located at Building 15, Lane 3399, Kangxin Road, Pudong New District, Shanghai, the PRC.

During the six months ended June 30, 2024, the Group was principally engaged in the following activities:

- research and development, manufacture and sale of cryoablation minimally-invasive interventional treatment technology and related medical products
- manufacture and sale of minimally-invasive surgical consumables

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 30, 2022.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Ningbo SensCure Biotechnology Co., Ltd. (寧波腾杰康生物科技有限公司)*	People's Republic of China ("PRC")/ Chinese Mainland September 28, 2011	RMB60,000,000	100%	–	Research, development of technology and manufacturing and sale of related products
Cryofocus America Inc.*	California, The United States of America January 4, 2018	USD1,000,000	100%	–	Research and development of cryoablation medical devices and provision of related technical consultation service
Beijifeng Biotechnology (Shanghai) Co., Ltd. (北極澧生物科技(上海)有限公司)*	PRC/Chinese Mainland April 9, 2021	RMB41,765,000	71.83%	–	Research, development of technology and manufacturing and sale of related products
Huifeng Biotechnology (Shanghai) Co., Ltd. (輝澧生物科技(上海)有限公司)*	PRC/Chinese Mainland April 9, 2021	RMB79,208,000	50.50%	–	Research, development of technology and manufacturing and sale of related products
Ningbo Beijifeng Biotechnology Co., Ltd. (寧波北極澧生物科技有限公司)*	PRC/Chinese Mainland November 16, 2022	RMB20,000,000	–	71.83%	Manufacturing of medical devices and sale of related products
Ningbo Huifeng Biotechnology Co., Ltd. (寧波輝澧生物科技有限公司)*	PRC/Chinese Mainland November 14, 2022	RMB30,000,000	–	50.50%	Manufacturing of medical devices and sale of related products
Jadefeng Medtech (Shanghai) Co., Ltd. (迦德澧生物科技(上海)有限公司)*	PRC/Chinese Mainland July 7, 2023	RMB10,000,000	100%	–	Research, development of technology and manufacturing and sale of related products

* These entities are limited liability enterprises established under PRC law, except for Cryofocus America Inc.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023.

2.2. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as of January 1, 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

2.2. CHANGES IN ACCOUNTING POLICIES *(Continued)*

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure of relevant information for supplier finance arrangements is not required for any interim reporting period during the first annual reporting period in which an entity applies the amendments. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the interim condensed consolidated financial information.

3. OPERATING SEGMENT INFORMATION

Operating segment information

The Group is engaged in research and development of medical consumables and devices, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no further operating segment analysis thereof is presented.

Geographical information

Since nearly all of the Group's revenue was generated from sale of medical consumables and devices in Chinese Mainland and nearly all of the Group's non-current assets were located in Chinese Mainland, no further geographical segment information in accordance with HKFRS 8 *Operating Segments* is presented.

4. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The Group's principal applicable taxes and tax rates are as follows:

Chinese Mainland

No provision for Chinese Mainland income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the related regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable profits. One of the subsidiaries of the Group was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% during the period.

United States of America

The subsidiary incorporated in California, the United States is subject to statutory United States federal corporate income tax at a rate of 21%. It was also subject to the state income tax in California during the period. No provisions for federal corporate income tax and the state income tax have been provided as the subsidiary was loss-making during the period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Revenue from contracts with customers		
Sale of medical devices and consumables	**19,475**	18,914

Revenue from contracts with customers

(a) Disaggregated revenue information

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Goods transferred at a point in time	**19,475**	18,914

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Medical consumables	**934**	2,775

5. REVENUE, OTHER INCOME AND GAINS *(Continued)*

Revenue from contracts with customers *(Continued)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of medical consumables and devices
The performance obligation is satisfied upon delivery and inspection of the medical consumables and devices, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Other income		
Government grants *(note)*	**1,930**	3,035
Bank interest income	**148**	706
Others	**44**	9
Subtotal	**2,122**	3,750
Gains		
Foreign exchange differences, net	**833**	3,179
Subtotal	**833**	3,179
Total	**2,955**	6,929

Note: There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Cost of inventories sold	**4,194**	4,276
Depreciation of property, plant and equipment	**3,323**	2,530
Amortisation of other intangible assets	**10**	9
Depreciation of right-of-use assets	**2,378**	1,844
Research and development expenses	**37,222**	34,330
Lease payments not included in the measurement of lease liabilities	**184**	215
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**36,779**	29,414
Pension scheme contributions	**10,033**	8,644
Equity-settled share option arrangements	**8,544**	9,939
Foreign exchange differences, net	**(833)**	(3,179)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Interest on lease liabilities	**379**	334
Interest on interest-bearing bank and other borrowings	**57**	–
Total	**436**	334

8. DIVIDENDS

No dividend was paid or declared by the Company during the reporting period (2023: Nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 239,110,000 (six months ended June 30, 2023: 239,110,000) in issue during the period, as adjusted to reflect the rights issue during the period. The weighted average number of ordinary shares in issue before the conversion from a limited liability company into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital upon transformation into a joint stock company in July 2021.

No adjustment has been made to the basic loss per share amounts presented for the six months ended June 30, 2024 and 2023 in respect of a dilution as the impact of the share options outstanding has an anti-dilutive effect on the basic loss per share amount presented.

The calculations of basic and diluted loss per share are based on:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(52,171)**	(43,402)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**239,110,000**	239,110,000
Loss per share (basic and diluted) (RMB per share)	**(0.22)**	(0.18)

10. TRADE RECEIVABLES

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Trade receivables	**74**	74
Impairment	**(74)**	(74)
Total	**–**	–

The Group's trading terms with its customers are mainly on advance payments from the customers, except for some customers, who are of lower credit risk evaluated by senior management, and the Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Overdue balances are reviewed regularly by senior management. The Group does hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

10. TRADE RECEIVABLES *(Continued)*

An ageing analysis of the trade receivables as of the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	As of June 30, 2024 Unaudited *RMB'000*	As of December 31, 2023 Audited *RMB'000*
Over 3 years	**74**	74
Total	**74**	74

11. TRADE PAYABLES

An ageing analysis of the trade payables as of the end of the reporting period, based on the invoice date, is as follows:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Within 1 year	**1,454**	906

The trade payables are non-interest-bearing and are normally settled within one to three months.

12. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Contracted, but not provided for:		
Plant and machinery	**799**	177

13. RELATED PARTY TRANSACTIONS

(a) Name and relationship

Name	Relationship with the Company
Ningbo Linfeng Biotechnology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Linstant Polymer Materials Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Muhe Catering Management Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Shidi Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Trando 3D Medical Technology Co., Ltd.	Controlled by a Controlling Shareholder
TD Engineering	An entity controlled by a member of key management personnel of the Company
Ningbo Hongzheng Testing Technology Co., Ltd.	Controlled by a Controlling Shareholder
Ningbo Kangfeng Biotechnology Co., Ltd	Controlled by a Controlling Shareholder

(b) The Group had the following transactions with related parties during the period:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Advance of a utility bill to a related party		
Ningbo Linfeng Biotechnology Co., Ltd.	**325**	280
Purchases of products		
Ningbo Linstant Polymer Materials Co., Ltd.	**120**	108
Ningbo Trando 3D Medical Technology Co., Ltd.	**56**	23
TD Engineering	**–**	66
Total	**176**	197
Purchases of service		
Ningbo Muhe Catering Management Co., Ltd.	**243**	–
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd.	**26**	79
Ningbo Hongzheng Testing Technology Co., Ltd.	**25**	–
Ningbo Shidi Medical Technology Co., Ltd.	**–**	39
Total	**294**	118

The pricing of products and services was made according to the published prices and conditions similar to those offered to the major customers of the suppliers.

13. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Outstanding balances with related parties:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Prepayments, other receivables and other assets:		
Due from related parties:		
Ningbo Shidi Medical Technology Co., Ltd.*	**110**	63
Ningbo Trando 3D Medical Technology Co., Ltd.*	**–**	59
Ningbo Hongzheng Testing Technology Co., Ltd.**	**–**	9
Total	**110**	131
Other payables and accruals:		
Due to related parties:		
Ningbo Linfeng Biotechnology Co., Ltd.***	**138**	161
Ningbo Linstant Polymer Materials Co., Ltd.*	**65**	82
Total	**203**	243

* The balances are trade in nature.
** The balances are non-trade in nature.
*** The balances include both trade balances and non-trade balances in nature.

(d) Compensation of key management personnel of the Group:

	For the six months ended June 30,	
	2024 (Unaudited) *RMB'000*	2023 (Unaudited) *RMB'000*
Salaries, allowances, and benefits in kind	**3,283**	4,088
Pension scheme contributions	**429**	547
Equity-settled share option arrangements	**5,560**	5,341
Total compensation paid to key management personnel	**9,272**	9,976

13. RELATED PARTY TRANSACTIONS *(Continued)*

(e) Leases with related parties

The Group as a lessee:

The Group has lease contracts with Ningbo Linfeng Biotechnology Co., Ltd. ("Ningbo Linfeng") and Ningbo Kangfeng Biotechnology Co., Ltd ("Ningbo Kangfeng") and details of summary was as below:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Long-term *(Note)*:		
Lease liabilities – current	**2,086**	717
Lease liabilities – non-current	**6,598**	3,882
Total	**8,684**	4,599

Note: On September 15, 2022, the Group entered into a lease agreement with Ningbo Linfeng for 5 years lease terms, and on January 1, 2024, the Group entered into two lease agreements with Ningbo Kangfeng for 5 years lease terms respectively, these rental payments are mutually agreed by parties.

As of June 30, 2024, the corresponding right-of-use assets was approximately RMB8,995,000 (2023: RMB4,769,000). The rent was charged at terms mutually agreed by the parties in respect of lease of certain office units.

14. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as of the end of the reporting period are as follows:

	As of June 30, 2024 (Unaudited) *RMB'000*	As of December 31, 2023 (Audited) *RMB'000*
Financial assets		
Financial assets at amortised cost		
Financial assets included in prepayments, other receivables and other assets	**1,361**	1,565
Restricted cash	**–**	71
Cash and cash equivalents	**69,563**	103,402
Total	**70,924**	105,038
Financial liabilities		
Financial liabilities at amortised cost		
Trade payables	**1,454**	906
Financial liabilities included in other payables and accruals	**5,459**	6,267
Interest-bearing bank and other borrowings	**20,000**	–
Total	**26,913**	7,173

Definitions

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

"AGM"	the 2023 annual general meeting of the Company held at 3rd Floor, Building 25, Lane 3399, Kangxin Road, Pudong New Area, Shanghai, PRC at 10:30 a.m. on Friday, June 14, 2024
"Articles of Association"	the articles of association of the Company (as amended, supplemented or otherwise modified from time to time)
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Board"	the board of Directors
"Board of Supervisors"	the board of Supervisors
"CE Marking" or "CE"	Conformite Europeenne, an administrative marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area (EEA)
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China excluding, for the purposes of this interim report, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company", "our Company" or "Cryofocus"	Cryofocus Medtech (Shanghai) Co., Ltd. (康澧生物科技(上海)股份有限公司), a joint stock company incorporated in the PRC with limited liability on July 21, 2021, or, where the context requires (as the case may be), its predecessor, Cryofocus Medtech (Shanghai) Company Limited (康澧生物科技(上海)有限公司), a limited liability company established in the PRC on March 15, 2013
"Core Product(s)"	has the meaning ascribed thereto under the Listing Rules and in this interim report, refers to the Bladder Cryoablation System (膀胱冷凍消融系統) and the Endoscopic Clip for Anastomosis (內鏡吻合夾)
"CT"	computed tomography
"Director(s)"	the director(s) of the Company
"FDA"	the United States Food and Drug Administration
"Global Offering"	has the meaning ascribed thereto in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"HKD" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	listing of the H Shares on the Main Board of the Stock Exchange
"Listing Date"	December 30, 2022, on which the H Shares were listed and dealings in the H Shares first commenced on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Ningbo SensCure"	Ningbo SensCure Biotechnology Co., Ltd. (寧波勝杰康生物科技有限公司), a limited company established in the PRC and our wholly-owned subsidiary
"NMPA"	the National Medical Products Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
"NOTES"	natural orifice transluminal endoscopic surgery, a form of scarless surgery performed through cavities that connect to the outside of the body (such as the stomach wall or vagina) to access the abdominal cavity
"Prospectus"	the prospectus of the Company dated December 16, 2022
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"R&D"	research and development
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"Shareholder(s)"	holder(s) of the Share(s)

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"Unlisted Share(s)"	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each which are not listed on any stock exchange
"USD"	United States dollars, the lawful currency of the United States
"%"	per cent