



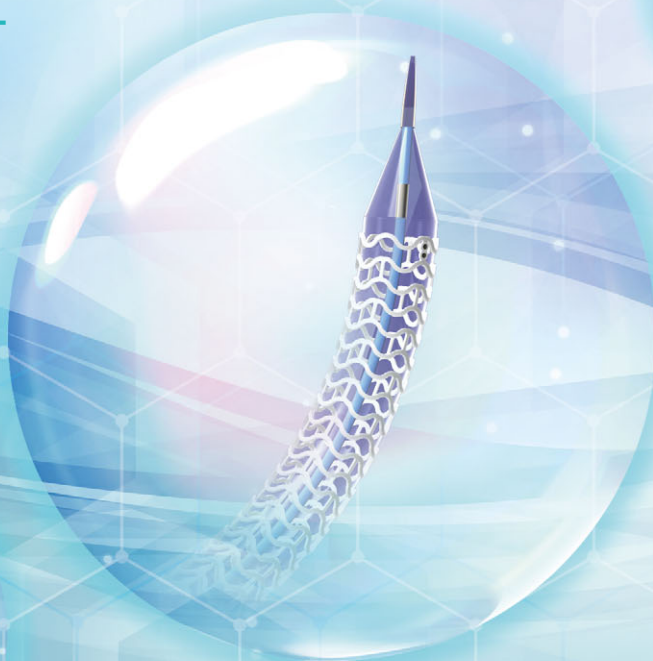
上海百心安生物技術股份有限公司

Shanghai Bio-heart Biological Technology Co., Ltd.

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

Stock Code: 2185

2024
INTERIM REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Philip Li WANG (汪立) (*Chairperson, chief executive officer and general manager*)
Mr. Yunqing WANG (王雲馨) (*Chief financial officer, board secretary and joint company secretary*)
Ms. Peili WANG (王佩麗)

Independent Non-executive Directors

Mr. Yiqing CHEN (陳軼青) (*appointed on June 21, 2024*)
Mr. Xubo LU (魯旭波)
Mr. Yifei JIANG (蔣一斐) (*appointed on June 21, 2024*)
Mr. Charles Sheung Wai CHAN (陳尚偉)
(*resigned on June 21, 2024*)
Mr. Wing Yiu DJEN (鄭榮曜) (*resigned on June 21, 2024*)

AUDIT COMMITTEE

Mr. Yiqing CHEN (陳軼青) (*Chairperson*)
(*appointed on June 21, 2024*)
Mr. Xubo LU (魯旭波)
Mr. Yifei JIANG (蔣一斐) (*appointed on June 21, 2024*)
Mr. Charles Sheung Wai CHAN (陳尚偉)
(*resigned on June 21, 2024*)
Mr. Wing Yiu DJEN (鄭榮曜) (*resigned on June 21, 2024*)

REMUNERATION COMMITTEE

Mr. Xubo LU (魯旭波) (*Chairperson*)
Mr. Yiqing CHEN (陳軼青) (*appointed on June 21, 2024*)
Mr. Yifei JIANG (蔣一斐) (*appointed on June 21, 2024*)
Mr. Charles Sheung Wai CHAN (陳尚偉)
(*resigned on June 21, 2024*)
Mr. Wing Yiu DJEN (鄭榮曜) (*resigned on June 21, 2024*)

NOMINATION COMMITTEE

Mr. Yifei JIANG (蔣一斐) (*Chairperson*)
(*appointed on June 21, 2024*)
Mr. Philip Li WANG (汪立)
Mr. Xubo LU (魯旭波)
Mr. Charles Sheung Wai CHAN (陳尚偉)
(*resigned on June 21, 2024*)

SUPERVISORS

Mr. Tao CAI (蔡濤) (*Chairperson*)
Mr. Lei ZHU (朱磊)
Mr. Junyi WANG (王君毅)

JOINT COMPANY SECRETARIES

Mr. Yunqing WANG (王雲馨)
Ms. Sarah Siu Ying KWOK (郭兆瑩)

AUTHORIZED REPRESENTATIVES

Mr. Yunqing WANG (王雲馨)
Ms. Sarah Siu Ying KWOK (郭兆瑩)

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

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PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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AUDITOR

Ernst & Young
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Registered Public Interest Entity Auditor
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LEGAL ADVISERS

As to Hong Kong law:
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Hong Kong

As to PRC law:
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PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
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PRINCIPAL BANK

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LG1-38, IFC
Pudong New District
Shanghai
PRC

STOCK CODE

2185

COMPANY'S WEBSITE

www.bio-heart.com

LISTING DATE

December 23, 2021

Financial Highlights

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Research and development expenses	(21,791)	(68,497)
Administrative expenses	(7,084)	(30,908)
Finance costs	(23)	(391)
Other income and gains	1,415	5,764
Share of losses of an associate	(661)	(1,085)
Other expenses	(181)	–
Loss for the period	(28,325)	(95,117)

- Net loss of the Group for the six months ended June 30, 2024 amounted to approximately RMB28.3 million, representing a decrease of 70.2% from approximately RMB95.1 million recorded for the six months ended June 30, 2023.
- Research and development expenses for the six months ended June 30, 2024 amounted to approximately RMB21.8 million, representing a decrease of 68.2% from approximately RMB68.4 million recorded for the six months ended June 30, 2023.
- As of June 30, 2024, cash and cash equivalents amounted to approximately RMB272.9 million, representing a decrease of 26.1% from approximately RMB369.4 million as of December 31, 2023.
- Basic and diluted loss per share for the six months ended June 30, 2024 amounted to RMB0.11 (six months ended June 30, 2023: RMB0.35).
- As of June 30, 2024, net gearing ratio was 4.9% (as of December 31, 2023: 5.4%).

Management Discussion and Analysis

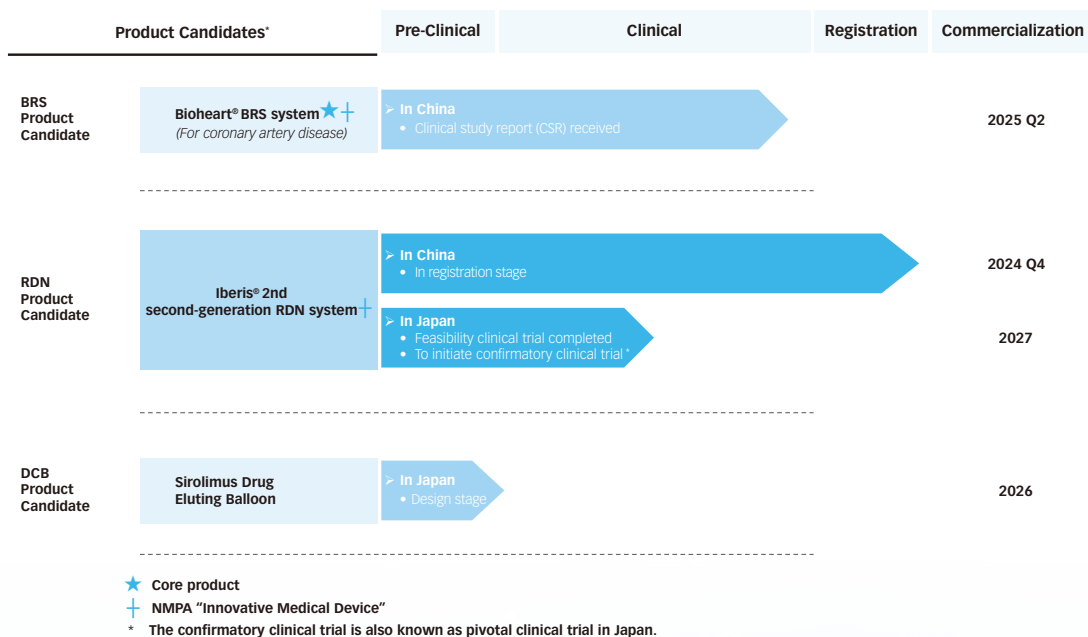
I. BUSINESS REVIEW

Overview

We are a leading innovative interventional cardiovascular device company in China with a current focus on two therapies: (i) BRS addressing the unmet medical needs of Chinese patients for the treatment of coronary artery diseases, and (ii) RDN addressing the unmet medical needs of patients for the treatment of uncontrolled hypertension and resistant hypertension.

Products and Pipeline

As of the date of this interim report, we have a portfolio of three product candidates in various stages of development. We have modified the estimated commercialization timeline according to the recent status of the product candidates. The following diagram summarizes the status of our product candidates under development as of the date of this interim report:



Our Products and Product Candidates

BRS Product Candidate

Bioheart®, our BRS product, is a self-developed temporary scaffold that will be fully resorbed by the human body over time. It is a BRS system used in percutaneous coronary intervention procedures for the treatment of coronary artery disease. As of the date of this interim report, we held over 40 patents, with one registered in the U.S. and one registered in Europe. Bioheart® was recognized as an "innovative medical device" by the NMPA in February 2017 and is therefore eligible for an expedited approval process. On February 16, 2022, the Company completed the patient enrollment process for the clinical trial of Bioheart®. We expect to obtain the approval from the NMPA in Q2 2025.

Management Discussion and Analysis

RDN Product Candidate

Iberis® 2nd is our self-developed second-generation RDN system. RDN is one of the few device therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension and is considered by many industry experts as having the potential to transform the treatment paradigm of hypertension. As of the date of this interim report, we held over 20 patents in relation to Iberis® 2nd with one registered in Japan. Iberis® 2nd was recognized as an “innovative medical device” by the NMPA in November 2016 and is therefore eligible for an expedited approval process. On January 26, 2022, the Company completed the patient enrollment process for the clinical trial of Iberis® 2nd. On April 11, 2023, the Company announced that the randomized controlled trial of Iberis® 2nd Multi-Electrode Renal Artery Radiofrequency Ablation Catheter System in patients with Essential Hypertension has achieved its primary clinical endpoint according to the Statistical Report that the Company received. Detailed data has been presented at China Interventional Therapeutics 2023. We expect to obtain the approval from the NMPA in Q4 2024.

We have contracted with the European Cardiovascular Research Center to conduct a European clinical trial evaluating Iberis® 2nd RDN system. At EuroPCR 2022, we finalized plans with clinical trial investigators on the RADIUS-HTN Trial. The European Cardiovascular Research Center will conduct the RADIUS-HTN Trial comparing the effectiveness of RDN performed via transradial arterial access (“TRA”) and transfemoral arterial access (“TFA”). We are the only company in the world to have CE Marking for catheters that can be used for both TRA and TFA to treat high blood pressure. The TRA approach to vascular interventions is preferred by physicians and patients. Compared to TFA, TRA interventions reduce access site complications and shorten the duration of hospital stay with a reduction in procedural costs and increased patient gratification. Clinical trials in Japan for Iberis® 2nd are conducted in collaboration with Terumo, our strategic business collaborator. On March 27, 2023, the first patient under the RADIUS-HTN Trial was enrolled, and the procedure was performed at the Centre Hospitalier Universitaire de Bordeaux.

DCB Product Candidate

Our newly developed DCB is a sirolimus drug-eluting balloon catheter designed for in-stent restenosis. Drug-eluting balloon is a kind of DCB, which usually has a longer drug release period. The drug coating contains sirolimus, amphipathic liposomes, biodegradable polymers and dispersants in a certain ratio to achieve efficient transfer and durable release of the drug coating, which is safe and effective. By encapsulating sirolimus in biodegradable nanoparticles to form nano drug-loaded microspheres, this method achieves an ultra-long release of about 90 days in the target vessel tissue. The final microsphere micelles are formed by the self-assembly effect resulting from the amphipathic liposome with the dispersant and the nano drug-loaded microspheres through intermolecular forces. Due to the effect of amphiphilic liposomes, the transfer ability of the microsphere micelles into the target vessel tissue is greatly improved, and finally drug transfer and long release period are achieved.

As of the date of this interim report, current DCB products available in Japan market all use paclitaxel-based drug coating. Compared with paclitaxel, sirolimus’ unique cytostatic effect makes it have higher safety and wider therapeutic window, and has anti-inflammatory effect.

Coronary sirolimus DCB, as the recommended product for in stent restenosis and bifurcation vessels, will be an ideal supplement to our BRS products. We are now actively communicating with PMDA preparing for clinical study.

Management Discussion and Analysis

WE MAY NOT BE ABLE TO SUCCESSFULLY DEVELOP AND/OR MARKET OUR CORE PRODUCT, BIOHEART®, OR ANY OTHER PRODUCT CANDIDATES.

Research and Development

Our research and development team has been focusing on developing medical devices for the treatment of coronary diseases, as well as uncontrolled and resistant hypertension. We have independently developed a number of innovative medical devices and commercialized our first-generation RDN product in multiple regions. As of the date of this interim report, we had:

- one Core Product, one RDN product candidate, as well as a sirolimus DCB product candidate in various stages of development;
- Over 80 registered patents and over 40 pending patent applications; and
- CE Marking and nine registration certificates for our first-generation RDN product commercialized in overseas markets.

Manufacturing

After thorough consideration of the status of our product candidates under development and future competitive landscape, we have terminated the lease for one of our manufacturing plants located at east Zhangjiang Hi-Tech Park in 2023 to reduce unnecessary expenses and allocate resources more efficiently towards the upcoming product commercialization phase. We expect to locate and establish a new manufacturing plant in other area before product commercialization to further enhance operational efficiency and reduce production costs.

Future and Outlook

Our goal is to become a world-renowned chronic disease management medical device platform. We plan to implement the following strategies to achieve this goal:

- rapidly advance the clinical development and commercialization of our product candidates, especially Bioheart® and Iberis® 2nd, in order to enjoy a “first-mover” advantage in the unmet BRS and RDN markets in China;
- enhance our sales efforts and strengthen our presence in the interventional cardiovascular device market in China;
- further enhance our research and development capabilities and expand our product portfolios;
- expand our manufacturing capabilities and build our in-house sales and marketing team;
- further expand our presence in China and globally; and
- actively seek opportunities for external partnerships, strategic investments and acquisitions to facilitate our future expansion.

Management Discussion and Analysis

II. FINANCIAL REVIEW

Other Income and Gains

During the six months ended June 30, 2024 and 2023, our other income and gains mainly consisted of government grants, bank interest income, foreign exchange gains and others. Other income and gains decreased by RMB4.4 million from RMB5.8 million for the six months ended June 30, 2023 to RMB1.4 million for the six months ended June 30, 2024. The decrease was primarily attributable to the decrease of foreign exchange gains of RMB3.0 million.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expenses, (ii) depreciation expenses, (iii) professional services expenses, and (iv) utilities and office expenses.

Employee benefit expenses mainly include salaries, equity-settled share awards and other welfare for our administrative employees. During the six months ended June 30, 2024 and 2023, we recorded equity-settled share award expenses of nil and RMB15.7 million, respectively, under our administrative expenses.

Our administrative expenses decreased by RMB23.8 million from RMB30.9 million for the six months ended June 30, 2023 to RMB7.1 million for the six months ended June 30, 2024. The decrease was primarily attributable to (i) the decrease of equity-settled share award expense amounting to RMB15.7 million related to our administrative employees with service periods requirements; (ii) the decrease of professional service expenses by RMB3.4 million resulted from decrease of compliance service expenses; and (iii) the decrease of depreciation expenses by RMB4.9 million, which resulted from the disposal of long-term assets during the second half of year 2023.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Employee benefits expenses	2,594	18,554
Including: equity-settled share award expenses	–	15,652
Depreciation expenses	677	5,588
Utilities, office and travel expenses	1,457	1,434
Professional service expenses	208	3,577
Others	2,148	1,755
	7,084	30,908

Management Discussion and Analysis

Research and Development Expenses

Our research and development expenses mainly consisted of (i) third party contracting cost, (ii) employee benefits expenses, (iii) costs of raw materials and consumables used, and (iv) depreciation and amortization expenses.

Employee benefits expenses under research and development expenses primarily included the salaries, welfare, and equity-settled share awards for our research and development employees. During the six months ended June 30, 2024 and 2023, we recorded equity-settled share award expenses of nil and RMB17.3 million, respectively, under our research and development expenses.

Our research and development expenses decreased by RMB46.7 million from RMB68.5 million for the six months ended June 30, 2023 to RMB21.8 million for the six months ended June 30, 2024, primarily attributable to (i) the decrease of equity-settled share award expense amounting to RMB17.3 million related to our research and development employees with service periods requirements; (ii) the decrease of third party contracting cost amounting to RMB16.7 million resulted from that the primary clinical endpoint of RDN product had been achieved in 2023 and less cost occurred during the six months ended June 30, 2024, and (iii) the decrease of depreciation expenses amounting to RMB3.5 million resulted from the disposal of long-term assets during the second half of year 2023.

The following table sets forth a breakdown of our research and development expenses for the periods indicated:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
Third party contracting cost	8,377	25,028
Employee benefit expenses	4,579	23,692
Including: equity-settled share award expenses	–	17,322
Costs of raw materials and consumables used	2,000	4,622
Depreciation and amortization expenses	3,337	6,866
Others	3,498	8,289
	21,791	68,497

Finance Costs

During the six months ended June 30, 2024 and 2023, our finance costs mainly consisted of interest on lease liabilities relating to our lease of office premises. Finance costs decreased to RMB23 thousand for the six months ended June 30, 2024 from RMB0.4 million for the six months ended June 30, 2023.

Management Discussion and Analysis

Income Tax Expense

We did not record any income tax expense during the six months ended June 30, 2024 and 2023.

Loss for the Period

Based on the factors described above, our net losses amounted to RMB28.3 million and RMB95.1 million for the six months ended June 30, 2024 and 2023, respectively.

Liquidity and Financial Resources

Our primary uses of cash are to fund the development of our product candidates, our clinical trials, our payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB76.9 million for the six months ended June 30, 2024, primarily attributable to the significant research and development expenses and administrative expenses we incurred during the Reporting Period. Our operating cash flow will continue to be affected by our research and development expenses. During the Reporting Period, we mainly relied on bank balances as the major sources of liquidity. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations.

Our net cash used in investing activities was RMB19.2 million for the six months ended June 30, 2024, primarily attributable to the purchases of items of property, plant and equipment amounting to RMB19.8 million.

Our net cash used in financing activities was RMB1.1 million for the six months ended June 30, 2024, primarily attributable to the payment of listing expenses and lease payments amounting to RMB0.3 million and RMB0.8 million, respectively.

As at June 30, 2024, we had cash and cash equivalents of RMB272.9 million, representing a decrease of 26.1% compared to RMB369.4 million as at December 31, 2023.

Our net current assets decreased from RMB388.4 million as at December 31, 2023 to RMB342.8 million as at June 30, 2024, primarily attributable to the decrease of cash and cash equivalents.

Capital Expenditure

Our capital expenditures primarily consist of expenditures on machinery, office equipment, motor vehicles and leasehold improvements.

Our capital expenditures increased from RMB10.5 million for the six months ended June 30, 2023 to RMB19.8 million for the six months ended June 30, 2024. The increase was primarily attributable to purchase of items of property, plant and equipment. Please refer to the announcement of the Company dated February 8, 2024 for further details.

Management Discussion and Analysis

Indebtedness

As of June 30, 2024, we did not have any outstanding balance of borrowings nor any unutilized banking facilities.

Our lease liabilities decreased from RMB1.8 million as at December 31, 2023 to RMB1.0 million as at June 30, 2024, primarily attributable to the lease payments made during the Reporting Period.

Gearing Ratio

Our gearing ratio, which was calculated by using total liabilities divided by total assets and multiplied by 100%, decreased from 5.4% as at December 31, 2023 to 4.9% as at June 30, 2024. The decrease was primarily attributable to the decrease of other payables and accruals and lease liabilities.

Capital Commitments

As of June 30, 2024, we had no contractual capital commitments.

Pledge of Assets

As of June 30, 2024, we had no pledge of assets.

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

In 2022, the Group subscribed for approximately 9.09% equity interest in Cardiotek (Beijing) Medical Technology Co., Ltd.* (康迪泰科(北京)醫療科技有限公司) (“Cardiotek”) at a consideration of RMB50 million. Cardiotek is a pre-revenue medical device developer dedicated to the research and development of minimally invasive interventional cardiovascular devices. Its core product is the transcatheter aortic valve replacement product, which has entered the confirmatory clinical trial stage, and the patient enrollment process is steadily advancing. The Company considered that the investment in Cardiotek, which is to be held by the Group for long-term investment purpose, is consistent with the Group’s strategy to seek opportunities for external partnerships, strategic investments and acquisitions to broaden the Group’s existing pipeline. The Group’s investment in Cardiotek is classified as financial assets at fair value through profit or loss. As of June 30, 2024, the fair value of the Group’s investment in Cardiotek was approximately RMB50.5 million, representing approximately 6.4% of the Group’s total assets. No dividend has been received by the Group from Cardiotek since making its investment.

Save as disclosed in this interim report, we did not hold any significant investments, nor did we conduct any material acquisitions and disposals of subsidiaries during the Reporting Period.

Foreign Exchange Exposure

We are exposed to foreign currency risk mainly arising from cash at bank denominated in USD. 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

Save for the capital expenditure we may incur in connection with acquisition of premises used or to be used as our manufacturing facilities, the Group had no other material capital expenditure plan as of the date of this interim report.

Management Discussion and Analysis

Human Resources

As of June 30, 2024, the Group had 54 full-time employees, who were all based in China. The total employee benefits expenses of our Group, which consisted of (i) wages, salaries and bonuses, (ii) contributions to statutory employee benefit plans, and (iii) employee welfare for the Reporting Period were approximately RMB7.2 million.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We invest in continuing education and 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 such as duration, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors, we take into account the experience of the Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual performance related bonus. In addition, we are required under PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance 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.

In September 2020, the Board passed a resolution to grant up to 14,509,413 restricted shares of the Company to directors, employees and founders of the Company and AngioCare (i.e. the 2020 Plan). The 2020 Plan was established in order to retain certain eligible employees for the continual operation and development of the Group. The subscription price paid by the shareholding platforms of the 2020 Plan was RMB1.0 per share of the Company. As at December 31, 2023, all the restricted shares have been vested and no further shares of the Company will be granted under the terms of the 2020 Plan. As a result, there was no unvested, cancelled or lapsed restricted shares as at June 30, 2024 under the 2020 Plan.

On June 27, 2022, the annual general meeting approved the proposed adoption of the 2022 Scheme. The 2022 Scheme aims to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group. The 2022 Scheme can also help the Company to modernize the remuneration practices and to improve the interests balancing mechanism among Shareholders, the operational and executive management by aligning their interests as a whole.

Management Discussion and Analysis

III. USE OF PROCEEDS

On December 23, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering after deducting underwriting fee and relevant expenses amounted to approximately HK\$441.69 million.

On March 31, 2023, the Board has reallocated the unutilized proceeds originally for “To fund the research and development, ongoing preclinical studies and planned clinical trials of other product candidates in our pipeline, including Bio-Leap™, Bioheart Ultra™, our Bioheart® balloon dilatation catheter, our Bioheart® non-compliant (high-pressure) balloon dilatation catheter and our Bioheart® impulse balloon dilatation catheters” to “To fund the research and development of DCB”. For details, please refer to the announcement of the Company dated March 31, 2023.

On February 8, 2024, the Board has resolved to change the use of unutilized net proceeds from the Global Offering (the “Revised allocation of the Net Proceeds”) as follows:

- (i) reallocating approximately HK\$26.37 million, which was originally allocated for funding the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group’s RDN product candidate, Iberis® 2nd, to funding the acquisition of the Property, which was completed in March 2024; and
- (ii) reallocating approximately HK\$70 million, which was originally allocated for funding the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company’s Core Product, Bioheart®, to funding the research and development of DCB.

For details, please refer to the announcement of the Company dated February 8, 2024.

Management Discussion and Analysis

The table below sets out the planned applications of the net proceeds from the Global Offering (after taking into account the Revised allocation of the Net Proceeds) and actual usage as of June 30, 2024:

Use of Net Proceeds	Original allocation of the Net Proceeds (HK\$ million)	Change of allocation of the Net Proceeds (HK\$ million)	Further change of allocation of the Net Proceed (HK\$ million)	Revised allocation of the Net Proceeds (HK\$ million)	Utilized amount as of June 30, 2024 (HK\$ million)	Unutilized amount as of June 30, 2024 (HK\$ million)	Expected timeline of full utilization of the Unutilized Net Proceeds
To fund the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company's Core Product, Bioheart®	273.85	-	(70.00)	203.85	107.57	96.28	December 2027
To fund the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group's RDN product candidate, Iberis® 2nd	94.08	-	(26.37)	67.71	48.21	19.50	December 2027
To fund the acquisition of manufacturing facility for the Group's RDN product candidate, Iberis® 2nd	-	-	26.37	26.37	26.37	-	N/A
To fund the research and development, ongoing pre-clinical studies and planned clinical trials of other product candidates in the Group's pipeline, including Bio-Leap™, Bioheart Ultra™, Bioheart® balloon dilatation catheter, Bioheart® non-compliant (high-pressure) balloon dilatation catheter and Bioheart® impulse balloon dilatation catheters	29.59	(17.25)	-	12.34	12.34	-	N/A
General corporate and working capital purposes	44.17	-	-	44.17	39.76	4.41	December 2027
To fund the research and development of DCB	-	17.25	70.00	87.25	82.79	4.46	December 2027
	441.69	-	-	441.69	317.04	124.65	

Notes:

- As of June 30, 2024, the unutilized net proceeds were deposited with certain licensed banks in Hong Kong or the PRC.
- The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

Other Information

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2024 (six months ended June 30, 2023: Nil).

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding securities transactions by the Directors, the Supervisors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to Company or its securities. Having made specific enquiries with all Directors and Supervisors, each of them has confirmed that he/she has complied with the Model Code during the Reporting Period. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions of the CG Code as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions set out in Part 2 of the CG Code, except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang is our chairperson of the Board and the general manager of our Company. Mr. Wang has extensive experience in the pharmaceutical industry and has served in the Company since its establishment. Mr. Wang is in charge of overall management, business, strategic development and scientific R&D of the Group. Despite the fact that the roles of our chairman of the Board and our general manager are both performed by Mr. Wang which constitutes a deviation from code provision C.2.1 of Part 2 of the CG Code, the Board considers that vesting the roles of the chairman of the Board and the chief executive officer in the same person is beneficial to the management of the Group. The Board also believes that the combined role of the chairman of the Board and the chief executive officer of the Company can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

The balance of power and authority is ensured by the operation of the Board, which comprises experienced and diverse individuals. The Board currently comprises three executive Directors (including Mr. Wang) and three independent non-executive Directors, and therefore has a strong independent element in its composition. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman and the chief executive officer is necessary.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)).

As of June 30, 2024, the Company did not hold any treasury shares. Treasury shares presented in the interim condensed consolidated financial statement refer to the shares acquired by the Trustee in connection with the 2022 Scheme, and does not fall within the meaning of "treasury shares" under the Listing Rules.

Other Information

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Board has established the Audit Committee with terms of reference in compliance with the Listing Rules. The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Yiqing CHEN, Mr. Xubo LU and Mr. Yifei JIANG. Mr. Yiqing CHEN serves as the chairperson of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls and risk management system, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management of the Company, have considered and reviewed the Group's interim results for the Reporting Period and the accounting principles and policies adopted by the Group and discussed internal control, risk management and financial reporting matters, including the review of the unaudited condensed consolidated interim financial results and the interim report of the Group for the Reporting Period, and is of the view that the interim results of the Group has been prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the laws of the PRC, which would oblige the Company to offer new shares of the Company on a pro-rata basis to its existing shareholders.

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

Changes in the Board and the information of Directors and Supervisors since the date of the 2023 annual report of the Company are as follows:

Mr. Charles Sheung Wan CHAN resigned as an independent non-executive Director, the chairperson of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee with effect from the conclusion of the annual general meeting of the Company held on June 21, 2024.

Mr. Wing Yiu DJEN resigned as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee with effect from the conclusion of the annual general meeting of the Company held on June 21, 2024.

Mr. Yiqing CHEN was appointed as an independent non-executive Director, the Chairperson of the Audit Committee and a member of the Remuneration Committee with effect from the conclusion of the annual general meeting of the Company held on June 21, 2024.

Mr. Yifei JIANG was appointed as an independent non-executive Director, the Chairperson of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee with effect from the conclusion of the annual general meeting of the Company held on June 21, 2024.

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

Other Information

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, 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 POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As of June 30, 2024, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of directors, supervisors and chief executives in the Company

Name of Director/ Supervisor/ Chief Executive	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Mr. Wang ⁽²⁾	H Shares	Interest in controlled corporation	99,010,085	40.59%	41.91%
	Unlisted Foreign Shares	Beneficial interest	7,713,678	3.16%	100%
Peili WANG ⁽³⁾	H Shares	Interest in controlled corporation	25,402,420	10.41%	10.75%

Notes:

- (1) All interests stated are long position.
- (2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns.
- (3) Ms. Peili Wang is the sole executive partner of Shanghai Baihate, which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Ms. Peili Wang is deemed to be interested in the equity interests held by Shanghai Baihate.

Other Information

Save as disclosed above and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as of June 30, 2024, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As of June 30, 2024, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which are to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Winning Powerful Limited ⁽²⁾	H Shares	Beneficial interest	45,645,584 (L)	18.71%	19.32%
Shanghai Baihate ⁽²⁾	H Shares	Beneficial interest	25,402,420 (L)	10.41%	10.75%
Shanghai Baixinantong ⁽³⁾	H Shares	Beneficial interest	27,962,081 (L)	11.46%	11.84%
Jay QIN ⁽³⁾	H Shares	Interest in controlled corporation	27,962,081 (L)	11.46%	11.84%
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) ⁽⁴⁾	H Shares	Beneficial interest	16,717,998 (L)	6.85%	7.08%
Xu YANG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998 (L)	6.85%	7.08%
Suzhou Meimingyang Investment Management Co., Ltd. ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998 (L)	6.85%	7.08%
Kun YANG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998 (L)	6.85%	7.08%

Other Information

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Shulan ZHONG ⁽⁴⁾	H Shares	Interest in controlled corporation	16,717,998 (L)	6.85%	7.08%
TPG ASIA VII SF PTE. LTD. ⁽⁵⁾	H Shares	Beneficial interest	20,753,025 (L)	8.51%	8.79%
TPG Asia VII Finance, Limited Partnership ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Asia GenPar VII, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Asia GenPar VII Advisors, Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Operating Group III, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Holdings III-A, Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Holdings III-A, L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Group Holdings (SBS), L.P. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Group Holdings (SBS) Advisors, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG GP A, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
TPG Inc. ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
DB CC, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%

Other Information

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
JC GP, LLC ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
David Bonderman ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
James George Coulter ⁽⁵⁾	H Shares	Interest in controlled corporation	20,753,025 (L)	8.51%	8.79%
Magic Grace Limited ⁽⁶⁾	H Shares	Beneficial interest	12,223,098 (L)	5.01%	5.17%
LC Healthcare Fund II, L.P. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Great Unity Fund I, L.P. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
SK China Company Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Proud Solar Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Loft Success Investments Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Right Lane Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Legend Holdings Corporation ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
LC Healthcare Fund II GP Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
LC Fund GP Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%

Other Information

Name	Class of shares	Nature of interest	Number of shares ⁽¹⁾	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Union Season Holdings Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Legend Capital Co., Ltd. ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Beijing Junqi Jiarui Business Management Limited ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Linan ZHU ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Hao CHEN ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
Ningguang WANG ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%

Other Information

Notes:

- (1) (L) Long position.
- (2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns. Ms. Peili Wang is the sole executive partner of Shanghai Baihate. Accordingly, under the SFO, Ms. Peili Wang is deemed to be interested in the equity interests held by Shanghai Baihate.
- (3) Mr. Qin is a limited partner who contributed more than one-third of the capital of Shanghai Baixinantong. Accordingly, under the SFO, Mr. Qin is deemed to be interested in the equity interests held by Shanghai Baixinantong.
- (4) Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) is owned as to 99.9% by Xu YANG (楊旭) as limited partner and 0.1% by Suzhou Meimingyang Investment Management Co., Ltd. (蘇州美明陽投資管理有限公司) as general partner. Suzhou Meimingyang Investment Management Co., Ltd. is owned as to 50% by Kun YANG (楊坤) and 50% by Shulan ZHONG (鍾淑蘭). Accordingly, under the SFO, Xu YANG, Suzhou Meimingyang Investment Management Co., Ltd. and Shulan ZHONG are deemed to be interested in the equity interests held by Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership).
- (5) Each of TPG Asia VII Finance, Limited Partnership (as sole ordinary shareholder of TPG Asia VII SF Pte. Ltd.), TPG Asia GenPar VII, L.P. (as a general partner of TPG Asia VII Finance, Limited Partnership), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Operating Group III, L.P. (which controls TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (which controls TPG Operating Group III, L.P.), TPG Holdings III-A, LLC. (as a general partner of TPG Holdings III-A, L.P.), TPG Group Holdings (SBS), L.P. (which controls TPG Inc., which in turn indirectly controls TPG Holdings III-A, LLC through TPG GPCo, LLC), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG GP A, LLC (which controls TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by TPG Asia VII SF Pte. Ltd. under the SFO. TPG GP A, LLC is controlled by David BONDERMAN (through DB CC, LLC) and James G. COULTER (through JC GP, LLC), who disclaim beneficial ownership of the Shares held by TPG Asia VII SF Pte. Ltd. except to the extent of their pecuniary interest therein.
- (6) Magic Grace Limited is owned as to 79.63% by LC Healthcare Fund II, L.P., which is owned as to 54.22% by Great Unity Fund I, L.P. as limited partner and 1% by LC Healthcare Fund II GP Limited as general partner.

Great Unity Fund I, L.P. is owned as to 49.08% by SK China Company Limited as limited partner, 49.08% by Proud Solar Limited as limited partner and 1% by LC Fund GP Limited as general partner. Proud Solar Limited is wholly owned by Loft Success Investments Limited, a wholly-owned subsidiary of Right Lane Limited, which is in turn wholly owned by Legend Holdings Corporation, a company listed on the Stock Exchange (stock code: 3396).

LC Healthcare Fund II GP Limited is wholly owned by Union Season Holdings Limited, a wholly-owned subsidiary of Legend Capital Co., Ltd. (君聯資本管理股份有限公司), which is in turn owned as to 80% by Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) (北京君誠合眾投資管理合夥企業(有限合夥)), which is owned as to 58.12% by Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) (天津匯智一號企業管理諮詢合夥企業(有限合夥)) as limited partner, 41.87% by Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) (天津君聯傑佑企業管理諮詢合夥企業(有限合夥)) as limited partner and 0.01% by Beijing Junqi Jiarui Business Management Limited (北京君祺嘉睿企業管理有限公司) as general partner, which is held as to 20% by Nengguang WANG and 40% by Hao CHEN. Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) is owned as to 40.11% by Linan ZHU as limited partner and 1.39% by Beijing Junqi Jiarui Business Management Limited as general partner. Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is owned as to 1.92% by Beijing Junqi Jiarui Business Management Limited as general partner.

As such, under the SFO, each of LC Healthcare Fund II, L.P., Great Unity Fund I, L.P., LC Healthcare Fund II GP Limited, SK China Company Limited, Proud Solar Limited, LC Fund GP Limited, Loft Success Investments Limited, Right Lane Limited, Legend Holdings Corporation, Union Season Holdings Limited, Legend Capital Co., Ltd., Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership), Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership), Beijing Junqi Jiarui Business Management Limited, Nengguang WANG, Hao CHEN, Linan ZHU and Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) is deemed to be interested in the equity interests held by Magic Grace Limited.

Save as disclosed above, as of June 30, 2024, the Directors were not aware of any persons (other than the Directors, the Supervisors or chief executive of the Company) who had interests and/or short positions in the Shares or underlying Shares which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Other Information

SHARE OPTIONS

Neither the Company nor its subsidiaries had any share option scheme during the Reporting Period.

SHARE INCENTIVE SCHEME

On June 27, 2022, the annual general meeting approved the proposed adoption of the 2022 Scheme, a summary of which is set out below. For further details, please refer to the Company's announcement dated May 11, 2022 and circular dated May 20, 2022.

Purpose of the 2022 Scheme

The 2022 Scheme aims to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group. The 2022 Scheme can also help the Company to modernize the remuneration practices and to improve the interests balancing mechanism among Shareholders, the operational and executive management by aligning their interests as a whole.

Duration

Subject to any early termination of the 2022 Scheme pursuant to the Scheme Rules, the 2022 Scheme shall be valid and effective for 10 years commencing from the date on which the 2022 Scheme is approved by the Shareholders at the annual general meeting of the Company on June 27, 2022, and thereafter for so long as there are non-vested RSUs granted under the 2022 Scheme prior to the expiration of the 2022 Scheme, in order to give effect to the vesting of such RSUs. As such, the remaining life of the 2022 Scheme is approximately eight years as of the date of this interim report.

Administration

The 2022 Scheme shall be subject to the administration of the Board in accordance with the Scheme Rules and the terms of the Trust Deed. Pursuant to the Scheme Rules, the authority to administer the 2022 Scheme may be delegated by the Board to the Delegatee as deemed appropriate at the sole discretion of the Board.

Eligible Participants and Selected Persons under the 2022 Scheme

Eligible Participant who may participate in the 2022 Scheme include any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management, key operating team member, employee, or, a consultant of the Group. The Board or the Delegatee may, from time to time, select any Eligible Participant to be a Selected Person of the respective plans in accordance with the Scheme Rules.

The Selected Persons are determined in accordance with the PRC Company Law, the PRC Securities Law and other applicable laws, regulations and regulatory documents and the relevant provisions of the articles of association, together with the Company's actual circumstances and matters including the present and expected contribution of the relevant Selected Person to the Group.

Operation

The Board may, at any time and from time to time, cause to be paid by the Group an amount of cash to the Trustee for the purchase of H Shares through on-market transactions at the prevailing market price accordance with the instructions of the Company and the relevant provisions of the Scheme Rules.

Other Information

Since the adoption of the 2022 Scheme, the Company has purchased an aggregate of 519,900 H Shares representing approximately 0.21% of the total share capital of the Company as of the end of the Reporting Period and the date of this interim report. Since the adoption of the 2022 Scheme and up to the end of the Reporting Period, no Awards had been granted, and as a result there was no unvested, cancelled or lapsed Award as of the date on which the 2022 Scheme was approved (the "Adoption Date") and up to the end of the Reporting Period. As no Award was granted since the Adoption Date up to the end of the Reporting Period, therefore the fair value of Awards granted during the financial year is not applicable.

As of June 30, 2024, no new H Shares may be issued in respect of the Awards that may be granted under the 2022 Scheme, and subject to the matters discussed in the sub-paragraph "Scheme limit" below, 1,500,000 H Shares (being the scheme limit of the 2022 Scheme) remain available for future grant, which represents 0.61% of the Company's total share capital as of the date of this interim report.

The number of H Shares that may be issued in respect of Awards granted under the 2022 Scheme during Reporting Period divided by the weighted average number of Shares in issue during the Reporting Period is not applicable since there was no grant of Awards during the Reporting Period.

Scheme limit

Subject to the Scheme Rules, the Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 1,500,000 H Shares. The Company proposed to set the Scheme Limit in terms of the number of H Shares in order to (i) regulate the costs of the Company in setting up the 2022 Scheme; and (ii) provide Shareholders with clarity on the financial outlay on the 2022 Scheme.

The maximum number of H Shares that can be purchased accounts for approximately 0.61% of the Company's total share capital as of the date of this interim report. The ultimate number of H Shares underlying the 2022 Scheme is uncertain as it depends on the actual implementation of the acquisition of H Shares by the Trustee.

The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the 2022 Scheme (excluding RSUs that have been forfeited in accordance with the 2022 Scheme) to exceed the Scheme Limit without Shareholders' approval. The Scheme Limit shall not be subject to any refreshment.

At no time shall the Trustee be holding more than 10% of the total number of H Shares in issue. The H Shares held by the Trustee will be regarded as public float unless the Trustee becomes a core connected person of the Company or would otherwise cease to be regarded as member of the public under the Listing Rules.

The maximum number of H Shares which may be subject to an Award or Awards to a Selected Person in a 12-month period up to and including the date of the grant of such Award shall not in aggregate exceed 1% of the total number of issued H Shares of the Company from time to time.

Other Information

Grant of Awards

The Board or the Delegatee may grant Awards to Selected Persons during the Award period conditional upon fulfilment of terms and conditions of the Awards and performance targets as the Board or the Delegatee determines from time to time. Each grant of an Award to any connected person of the Group will constitute a connected transaction which will be subject to the applicable requirements under Chapter 14A of the Listing Rules.

No grant of any Awards to any Selected Person may be made and no directions or recommendations shall be given to the Trustee with respect to a grant of an Award or the acquisition of H Shares through on-market transactions under certain circumstances.

Vesting of the Awards

The Board or the Delegatee may determine the vesting criteria and conditions or periods for the Awards to be vested. The Vesting Date(s) and number of RSUs granted shall be specified in the grant letter approved by the Board or the Delegatee.

For the purposes of vesting of the RSU(s), the Board or the Delegatee may direct and procure the Trustee to release from the Trust the RSU(s) or the Actual Selling Price in cash to the Selected Person by transferring the number of the RSUs or the Actual Selling Price in cash to the Selected Person in such manner as determined by it from time to time.

The Vesting Date(s) of the Awards granted under the 2022 Scheme or the Awards to be satisfied by the application of any Returned Shares shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

Vesting Conditions

Vesting of the Award granted under the 2022 Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the grant letter.

The details of the performance indicators of the Company shall be determined by the Board or the Delegatee from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the grant letter.

If the Selected Person fails to fulfil the vesting conditions applicable to the relevant Awards, all the RSUs underlying the relevant Awards which may otherwise be vested on the Vesting Date(s) shall not be vested and become immediately forfeited with respect to such Selected Person.

Interest in the RSUs

Any Award granted under the 2022 Scheme but not yet vested shall be personal to the Selected Person to whom it is made and shall not be assignable or transferable and no Selected Person shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter any agreement to do so.

Neither the Selected Person nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any RSUs that have not yet vested).

Other Information

Amendment of the 2022 Scheme

Subject to the Scheme Limit, the 2022 Scheme may be altered or supplemented in any respect by resolution of the Board.

Termination of the 2022 Scheme

The 2022 Scheme shall terminate on the earlier of (i) the end of the Award period except in respect of any non-vested RSUs granted hereunder prior to the expiration of the 2022 Scheme, for the purpose of giving effect to the vesting of such RSUs or otherwise as may be required in accordance with the provisions of the 2022 Scheme; or (ii) such date of early termination as determined by the Board.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

There is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this interim report.

By Order of the Board

Shanghai Bio-heart Biological Technology Co., Ltd.

Philip Li WANG

Chairman and executive director

Shanghai, the People's Republic of China, August 19, 2024

Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income and gains	5	1,415	5,764
Research and development expenses		(21,791)	(68,497)
Administrative expenses		(7,084)	(30,908)
Other expenses		(181)	–
Finance costs	7	(23)	(391)
Share of losses of an associate		(661)	(1,085)
LOSS BEFORE TAX	6	(28,325)	(95,117)
Income tax expense	8	–	–
LOSS FOR THE PERIOD		(28,325)	(95,117)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(28,325)	(95,117)
Attributable to:			
Owners of the parent		(25,830)	(86,186)
Non-controlling interests		(2,495)	(8,931)
		(28,325)	(95,117)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	(0.11)	(0.35)

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	46,553	29,588
Other intangible assets		137,648	137,710
Prepayments, other receivables and other assets	12	10,530	9,116
Right-of-use assets		706	1,318
Financial assets at fair value through profit or loss ("FVTPL")		50,469	50,469
Goodwill		144,630	144,630
Investment in an associate	13	35,934	36,595
Total non-current assets		426,470	409,426
CURRENT ASSETS			
Inventories		3,346	3,980
Prepayments, other receivables and other assets	12	81,099	35,055
Cash and cash equivalents	14	272,900	369,438
Total current assets		357,345	408,473
CURRENT LIABILITIES			
Lease liabilities		832	1,579
Other payables and accruals	15	9,715	14,627
Amounts due to related parties		472	472
Deferred income		3,494	3,391
Total current liabilities		14,513	20,069
NET CURRENT ASSETS		342,832	388,404
TOTAL ASSETS LESS CURRENT LIABILITIES		769,302	797,830

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		160	183
Deferred income		3,030	3,210
Deferred tax liabilities		20,580	20,580
<hr/>			
Total non-current liabilities		23,770	23,973
<hr/>			
Net assets		745,532	773,857
<hr/>			
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	243,937	243,937
Treasury shares	16	(29,438)	(29,438)
Reserves		508,083	533,913
<hr/>			
Non-controlling interests			
		722,582	748,412
		22,950	25,445
<hr/>			
Total equity		745,532	773,857

Philip Li Wang
Director

Yunqing Wang
Director

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent							
	Share capital RMB'000 (note 16)	Treasury shares RMB'000 (note 16)	Share premium* RMB'000	Share-based payment reserve* RMB'000 (note 17)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2024 (audited)	243,937	(29,438)	662,420	720,829	(849,336)	748,412	25,445	773,857
Loss for the period	-	-	-	-	(25,830)	(25,830)	(2,495)	(28,325)
Total comprehensive loss for the period	-	-	-	-	(25,830)	(25,830)	(2,495)	(28,325)
At June 30, 2024 (unaudited)	243,937	(29,438)	662,420	720,829	(875,166)	722,582	22,950	745,532

	Attributable to owners of the parent							
	Share capital RMB'000 (note 16)	Treasury shares RMB'000 (note 16)	Share premium* RMB'000	Share-based payment reserve* RMB'000 (note 17)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2023 (audited)	243,937	(29,438)	662,420	679,738	(673,443)	883,214	31,836	915,050
Loss for the period	-	-	-	-	(86,186)	(86,186)	(8,931)	(95,117)
Total comprehensive loss for the period	-	-	-	-	(86,186)	(86,186)	(8,931)	(95,117)
Equity-settled share award (note 17)	-	-	-	28,449	-	28,449	4,525	32,974
At June 30, 2023 (unaudited)	243,937	(29,438)	662,420	708,187	(759,629)	825,477	27,430	852,907

* These reserve accounts comprise the consolidated reserves of RMB508,083,000 (unaudited) (June 30, 2023: RMB610,978,000 (unaudited)) in the interim condensed consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax		(28,325)	(95,117)
Adjustments for:			
Share of losses of an associate	6	661	1,085
Finance costs	7	23	391
Bank interest income	5	(674)	(1,638)
Loss on disposal of items of property, plant and equipment		4	–
Depreciation of property, plant and equipment	6	3,340	9,458
Depreciation of right-of-use assets	6	612	2,970
Amortization of other intangible assets	6	62	26
Equity-settled share award expense	17	–	32,974
Foreign exchange differences	5	(641)	(3,593)
Operating cash flows before movements in working capital		(24,938)	(53,444)
Decrease in inventories		634	–
(Increase)/decrease in prepayments, other receivables and other assets		(47,930)	16,432
Decrease in other payables and accruals		(4,613)	(592)
Decrease in deferred income		(77)	(501)
Cash used in operations		(76,924)	(38,105)
Net cash flows used in operating activities		(76,924)	(38,105)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(19,837)	(10,249)
Bank interest income	5	674	1,638
Payments for other intangible assets		–	(255)
Payments for investment in an associate		–	(15,000)
Net cash flows used in investing activities		(19,163)	(23,866)

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Lease payments		(793)	(3,115)
Payment of listing expenses		(322)	(561)
Net cash flows used in financing activities		(1,115)	(3,676)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	14	369,438	451,318
Effect of foreign exchange rate changes		664	3,663
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	272,900	389,334

Notes to the Interim Condensed Consolidated Financial Statements

1 CORPORATE AND GROUP INFORMATION

Shanghai Bio-heart Biological Technology Co., Ltd. is a joint stock company with limited liability incorporated in the People's Republic of China ("PRC"). The registered office of the Company is located at Room 302, 3/F, Building 4, No. 590 Ruiqing Road, East Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC.

During the period, the Company and its subsidiaries (together, the "Group") are principally engaged in the research and development of bioresorbable scaffold ("BRS") products and the second-generation renal denervation ("RDN") system.

The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") effective from December 23, 2021.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information 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. The interim condensed consolidated financial information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3 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 International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the revised standards amendments has had no significant financial effect on the Group's interim condensed consolidated financial information.

Notes to the Interim Condensed Consolidated Financial Statements

4 OPERATING SEGMENT INFORMATION

For the purpose of resource allocation and performance assessment, the Group's chief executive officer, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

The Group did not record any revenue during each of the periods presented and the Group's non-current assets are all located in the PRC, accordingly, no analysis of geographical segment is presented.

5 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Other income</u>		
Government grants*	100	501
Bank interest income	674	1,638
Others	–	32
<u>Gains</u>		
Foreign exchange gains	641	3,593
Total	1,415	5,764

* The Group received certain government grants related to long-term assets. The grants related to long-term assets were recorded in deferred income and recognized in profit or loss over the useful lives of the relevant assets after the relevant conditions are met. Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period upon actual receipt.

Notes to the Interim Condensed Consolidated Financial Statements

6 LOSS BEFORE TAX

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment*	3,340	9,458
Share of losses of an associate	661	1,085
Depreciation of right-of-use assets*	612	2,970
Auditor's remuneration	310	420
Amortization of other intangible assets*	62	26
Loss on disposal of items of property, plant and equipment	4	–
Expense relating to leases of low-value assets	9	9
Bank interest income	(674)	(1,638)
Foreign exchange gains	(641)	(3,593)
Government grants	(77)	(501)
Staff cost (excluding directors', supervisors' and chief executive's remuneration):		
– Wages and salaries	3,903	5,613
– Pension scheme contributions	480	520
– Equity-settled share award expense	–	4,091

* The depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of other intangible assets and employee benefit expenses for the period are set out in "Administrative expenses" and "Research and development expenses" in the interim condensed consolidated statement of profit or loss and other comprehensive income.

Notes to the Interim Condensed Consolidated Financial Statements

7 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	23	391

8 INCOME TAX

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 respective regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable profits during the period.

Hong Kong

No provision for Hong Kong income tax was provided for at a rate of 16.5% as the Group's Hong Kong entity had no estimated assessable profits during the period.

Deferred taxation had not been recognized on the unused tax losses and deductible temporary differences due to the unpredictability of future profit streams.

9 DIVIDENDS

No dividends had been paid or declared by the Company during the six months ended June 30, 2024 (six months ended June 30, 2023: nil).

Notes to the Interim Condensed Consolidated Financial Statements

10 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The Company had no potentially dilutive ordinary shares in issue during each of the periods presented. The calculation of the weighted average number of ordinary shares has excluded the treasury shares as detailed in note 16.

The calculation of basic loss per share is based on:

	Six months ended June 30,	
	2024	2023
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company (RMB'000)	(25,830)	(86,186)
Ordinary shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation (thousand)	243,417	243,417
Loss per share (RMB per share)	(0.11)	(0.35)

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2024, the Group acquired property, plant and equipment at a cost of RMB20,309,000 (unaudited) (six months ended June 30, 2023: RMB3,831,000 (unaudited)). The net book value of property, plant and equipment as at June 30, 2024 is RMB46,553,000 (unaudited) (December 31, 2023: RMB29,588,000 (audited)).

Notes to the Interim Condensed Consolidated Financial Statements

12 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Non-current:		
Prepayments for purchase of items of property, plant and equipment	31	503
Value-added tax recoverable – non-current	9,864	7,756
Rental deposits – non-current	471	475
Other deposits	164	382
Total	10,530	9,116
Current:		
Prepayments	81,099	27,637
Rental deposits	–	1,294
Value-added tax recoverable – current	–	6,124
Total	81,099	35,055

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the reporting periods, the loss allowance was assessed to be minimal.

Value-added tax recoverable represents input VAT which are expected to be recovered either through refund from tax bureaus or to be utilized in the future to offset the output VAT. The amounts that are expected to be recovered within one year are recorded as current assets, while those that are expected to be recovered after one year are recorded as non-current assets.

Notes to the Interim Condensed Consolidated Financial Statements

13 INVESTMENT IN AN ASSOCIATE

	As at June 30, 2024 (Unaudited)	As at December 31, 2023 (Audited)
Cost of investment in joint ventures, unlisted	39,658	39,658
Share of post-acquisition losses	(3,724)	(3,063)
Total	35,934	36,595

In June 2022, the Group acquired an aggregate of 15.42% equity interests in Shanghai XinZhi Medical Technology Co., Ltd. (上海心至醫療科技有限公司) (“Xinzhi Medical”) through (i) the acquisition of 8.01% equity interest from one of the then shareholders of Xinzhi Medical at a consideration of approximately RMB8,658,000, and (ii) the subscription of additional 7.41% equity interests of Xinzhi Medical at a consideration of RMB16,000,000.

In April 2023, the Group further agreed to make a capital increase of RMB15,000,000 into Xinzhi Medical, resulting in a total of 22.18% equity interests in Xinzhi Medical held by the Group as of June 30, 2024.

Xinzhi Medical is mainly engaged in research and development of Drug-eluting balloon (DEB) products.

The investment has been accounted for as an investment in an associate using the equity method because the Group had significant influence over the financial and operating policies of Xinzhi Medical as the Group has the power to appoint one out of the seven directors of Xinzhi Medical under the articles of association of Xinzhi Medical.

Notes to the Interim Condensed Consolidated Financial Statements

14 CASH AND CASH EQUIVALENTS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Cash on hand	62	85
Cash at banks	272,838	369,353
Cash and cash equivalents	272,900	369,438
Denominated in:		
RMB	176,164	272,684
USD	92,220	92,250
SGD	2	2
HKD	4,514	4,502
Total cash and cash equivalents	272,900	369,438

The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Notes to the Interim Condensed Consolidated Financial Statements

15 OTHER PAYABLES AND ACCRUALS

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Accruals for research and development	4,111	6,596
Accrued listing expenses	3,652	5,508
Payroll payable	244	205
Accrued other expenses	1,132	1,798
Other payables	576	520
Total	9,715	14,627

Other payables are non-interest-bearing and repayable on demand.

16 SHARE CAPITAL AND TREASURY SHARES

Share capital Shares

	As at June 30, 2024 RMB'000 (Unaudited)	As at December 31, 2023 RMB'000 (Audited)
Issued and fully paid: 243,937,000 ordinary shares	243,937	243,937

Treasury shares

On June 27, 2022, the shareholders of the Company approved the adoption of the 2022 Scheme. The Company had purchased 519,900 H shares for the 2022 Scheme at a total consideration of RMB29,438,000 from August to September 2022. None of the H shares reserved for the 2022 Scheme has been granted as at June 30, 2024.

Notes to the Interim Condensed Consolidated Financial Statements

17 SHARE-BASED COMPENSATION

2020 Plan

In September 2020, the board of the Company passed a resolution to grant up to 14,509,413 restricted shares of the Company to directors, employees and founders of the Company and AngioCare (i.e. the 2020 Plan). The 2020 Plan was established for certain personnel in order to retain certain eligible employees for the continual operation and development of the Group.

Pursuant to the 2020 Plan, BAIXIN ANTONG Investment Management Centre (Limited Partnership) (上海百心安通企業管理諮詢合夥企業(有限合夥), "BAIXIN ANTONG") and BAIHATE Investment Management Centre (Limited Partnership) (上海百哈特企業管理諮詢合夥企業(有限合夥), "BAIHATE"), two employee incentive platforms established in the PRC, subscribed for 7,602,683 and 6,906,730 shares of the Company at RMB1.00 per share for total considerations of RMB7,602,683 and RMB6,906,730, respectively.

Under the platforms, 3,105,696 shares were granted to a former technology consultant of AngioCare with no service periods or performance target requirements, as reward of his surrender of rights related to patents of AngioCare. 380,134 shares were granted to an employee with 50% and 50% of total shares vesting on the first, and second anniversary after the grant date and 11,023,583 shares were granted to other employees with a three-year vesting period with 33.33%, 33.33% and 33.34% of total shares vesting on the first, second and third anniversary after the grant date. The shares were valued by the directors of the Company with reference to Series D Round Financing price. The weighted average fair value of the shares was determined to be RMB54.41 per share as of these grant dates.

During the six months ended June 30, 2024, share award expenses of RMB nil (unaudited) (six months ended June 30, 2023: RMB32,974,000 (unaudited)) were charged to profit or loss.

2022 H Share Incentive Scheme

On June 27, 2022, the shareholders of the Company approved the adoption of the 2022 H Share Incentive Scheme (i.e. the 2022 Scheme) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group and also recognise the contributions of the prudent leadership of the Company. To implement the 2022 Scheme, the Company planned to purchase no more than 1,500,000 H shares through on-market transactions from time to time at the prevailing market price. From August to September 2022, the Company purchased a total of 519,900 H shares for the 2022 Scheme at total consideration of RMB29,438,000. None of the H shares reserved for 2022 Scheme had been granted as at June 30, 2024.

Notes to the Interim Condensed Consolidated Financial Statements

18 COMMITMENTS

The Group had no contractual commitments as at June 30, 2024 (December 31, 2023: nil).

19 RELATED PARTY TRANSACTIONS

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

	Six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Short-term employee benefits	2,609	2,375
Post-employment benefits	181	170
Equity-settled share award expense	–	28,883
Total compensation paid to key management personnel	2,790	31,428

20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments other than unlisted equity investment are those with carrying amounts that reasonably approximate to fair values. Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, other receivables and other assets, lease liabilities (in current portion) and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group's finance department headed by Chief Financial Officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Notes to the Interim Condensed Consolidated Financial Statements

20 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Financial instruments in Level 3

The Group's financial assets at FVTPL which are measured at fair value on June 30, 2024 are grouped under the Level 3 hierarchy. The fair values of the unlisted equity investment designated at fair value through profit or loss has been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to accumulated research and development ("R&D") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an accumulated R&D measure. The trading multiple is then discounted based on company-specific facts and circumstances, taking into account the median of comparable companies. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investment to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

For the fair value of the unlisted equity investment at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Definitions

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

“2020 Plan”	the employee incentive scheme set up prior to the Listing in September 2020
“2022 Scheme”	the 2022 H Share Incentive Scheme as approved by the Shareholders in the annual general meeting of the Company held on June 27, 2022
“Actual Selling Price”	the actual price at which the RSUs are sold (net of brokerage, the Stock Exchange trading fee, SFC transaction levy and any other applicable costs) on vesting of an Award pursuant to the 2022 Scheme
“AngioCare”	Shanghai AngioCare Medical Technology Co., Ltd. (上海安通醫療科技有限公司), a subsidiary of our Company
“Audit Committee”	the audit committee of the Board
“Award”	an award of RSUs granted to a selected Participant pursuant to the 2022 Scheme, which may vest in the form of RSUs or the Actual Selling Price of the RSUs in cash
“Board”	the board of directors of the Company
“BRS”	Bioheart® bioresorbable scaffold
“CG Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company” or “our Company”	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability on December 8, 2020, or, where the context requires (as the case may be), its predecessor with the same English name (上海百心安生物技術有限公司), a limited liability company established in the PRC on July 18, 2014
“Connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Core Product”	Bioheart®, the designated “core product” as defined under Chapter 18A of the Listing Rules
“DCB”	drug coated balloon

Definitions

“Delegatee”	the management committee of the 2022 Scheme, which includes the executive Directors to which the Board has delegated its authority to administer the 2022 Scheme, person(s) or board committee(s) to which the Board has delegated its authority
“Director(s)”	the director(s) of the Company or any one of them
“Eligible Participant(s)”	any full-time PRC or non-PRC employee of any members of the Group, who is a Director, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award pursuant to the 2022 Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or the Delegatee, in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2022 Scheme and such individual shall therefore be excluded therefrom
“EuroPCR 2022”	an official annual meeting of the European Association of Percutaneous Cardiovascular Interventions
“Global Offering”	the global offering of the H Shares, details of which are set forth in the Prospectus
“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)

Definitions

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“Mr. Wang”	Mr. Philip Li Wang (汪立), our Founder, the controlling shareholder of the Company, the chairperson of our Board, our general manager and an executive Director
“NMPA”	the National Medical Product 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)
“Nomination Committee”	the nomination committee of the Board
“PMDA”	the Pharmaceuticals and Medical Devices Agency of Japan
“PRC Company Law”	the Company Law of the People’s Republic of China revised and adopted by the Standing Committee of the Twelfth National People’s Congress on December 28, 2013 and enforced on March 1, 2014 (as amended, supplemented or otherwise modified from time to time)
“PRC Securities Law”	the Securities Law of the People’s Republic of China (as amended, supplemented or otherwise modified from time to time)
“Prospectus”	the prospectus of the Company dated December 13, 2021
“R&D”	research and development
“RADIUS-HTN Trial”	the European clinical trial on Renal Artery Denervation Using Radial Access in Uncontrolled Hypertension
“RDN”	renal denervation
“Remuneration Committee”	the remuneration committee of the Board
“Reporting Period”	the six months ended June 30, 2024
“RMB”	Renminbi, the lawful currency of the PRC
“RSU(s)”	a conditional right when the Award vests whereby the Participant shall be entitled to obtain either Shares or the payment of the Actual Selling Price with reference to the market value of the H Shares on or about Vesting Date(s) as finally and conclusively determined by the Board or the Delegatee. Each RSU shall represent a conditional right to one underlying H Share

Definitions

“Scheme Rules”	the rules governing the operation of the 2022 Scheme as well as the implementation procedure (as amended from time to time)
“Selected Person”	any Eligible Participant who, in accordance with the Scheme Rules, is approved for participation in the 2022 Scheme, and has been granted any Award thereunder
“SFC”	The Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Shanghai Baixinantong”	Shanghai Baixinantong Enterprise Management Consulting L.P. (Limited Partnership) (上海百心安通企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and being one of our employee incentive platforms
“Shanghai Baihate”	Shanghai Baihate Enterprise Management Consulting L.P. (Limited Partnership) (上海百哈特企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC and being one our employee incentive platforms
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Foreign Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Terumo”	Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司), a limited liability company incorporated in the PRC on August 2, 2011 and is a wholly-owned subsidiary of Terumo Corporation (泰爾茂株式會社), a company listed on the Tokyo Stock Exchange (TSE: 4543). Terumo refers to Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司) or Terumo Corporation (泰爾茂株式會社), where the context requires
“Trust”	the trust constituted by the Trust Deed to service the 2022 Scheme
“Trust Deed”	the trust deed dated June 27, 2022 entered into between the Company and the Trustee (as may be restated, supplemented and amended from time to time)
“Trustee”	the trustee appointed by the Company for the purpose of the Trust, and initially, THE CORE TRUST COMPANY LIMITED, a company incorporated in Hong Kong and having its registered office at 28th Floor, 33 Des Voeux Road Central, Central, Hong Kong

Definitions

“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Foreign Shares”	ordinary shares issued by our company with a nominal value of RMB1.00 each and are held by foreign investors and are not listed on any stock exchange
“USD”	United States dollars, the lawful currency of the United States
“Vesting Date”	the date or dates, as determined from time to time by the Board or the Delegatee on which the Award (or part thereof) is to vest in the relevant Selected Person
“%”	per cent