



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

2023

INTERIM REPORT



CONTENTS

- 2 Corporate Information
- 3 Financial Highlights
- 4 Management Discussion and Analysis
- 13 Other Information
- 27 Independent Review Report
- 28 Interim Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
- 29 Interim Condensed Consolidated Statement of Financial Position
- 31 Interim Condensed Consolidated Statement of Changes in Equity
- 32 Interim Condensed Consolidated Statement of Cash Flows
- 34 Notes to the Interim Condensed Consolidated Financial Statements
- 46 Definitions

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)

Non-executive Directors

Mr. Quan ZHOU (周瓊) (*retired on June 26, 2023*)
Mr. Ji CHEN (陳紀) (*retired on June 26, 2023*)

Independent Non-executive Directors

Mr. Charles Sheung Wai CHAN (陳尚偉)
Mr. Xubo LU (魯旭波)
Mr. Wing Yiu DJEN (鄭榮曜) (*appointed on June 26, 2023*)
Mr. George Chien Cheng LIN (林潔誠) (*retired on June 26, 2023*)

AUDIT COMMITTEE

Mr. Charles Sheung Wai CHAN (陳尚偉) (*Chairperson*)
Mr. Xubo LU (魯旭波)
Mr. Wing Yiu DJEN (鄭榮曜)

REMUNERATION COMMITTEE

Mr. Xubo LU (魯旭波) (*Chairperson*)
Mr. Charles Sheung Wai CHAN (陳尚偉)
Mr. Wing Yiu DJEN (鄭榮曜)

NOMINATION COMMITTEE

Mr. Philip Li WANG (汪立) (*Chairperson*)
Mr. Charles Sheung Wai CHAN (陳尚偉)
Mr. Xubo LU (魯旭波)

SUPERVISORS

Mr. Tao CAI (蔡濤) (*Chairperson*)
Mr. Lei ZHU (朱磊)
Mr. Junyi WANG (王君毅) (*appointed on August 31, 2023*)
Mr. Chenzhao ZHANG (張晨朝) (*resigned on August 31, 2023*)

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)

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PRC

STOCK CODE

2185

COMPANY'S WEBSITE

www.bio-heart.com

LISTING DATE

December 23, 2021

Financial Highlights

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Research and development expenses	(68,497)	(71,391)
Administrative expenses	(30,908)	(53,853)
Finance costs	(391)	(510)
Other income and gains	5,764	10,178
Share of losses of an associate	(1,085)	–
Loss for the period	(95,117)	(115,576)

BUSINESS HIGHLIGHTS

- Our Bioheart® bioresorbable scaffold (“BRS”) and renal denervation (“RDN”) completed the patient follow-up in February and January 2023 respectively.
- On March 27, 2023, the Company announced first patient enrollment in the RADIUS-HTN trial in Europe.
- On April 11, 2023, the Company announced that IBERIS-HTN study had achieved the primary clinical endpoint. Detailed data of the study has been presented at China Interventional Therapeutics 2023.

Management Discussion and Analysis

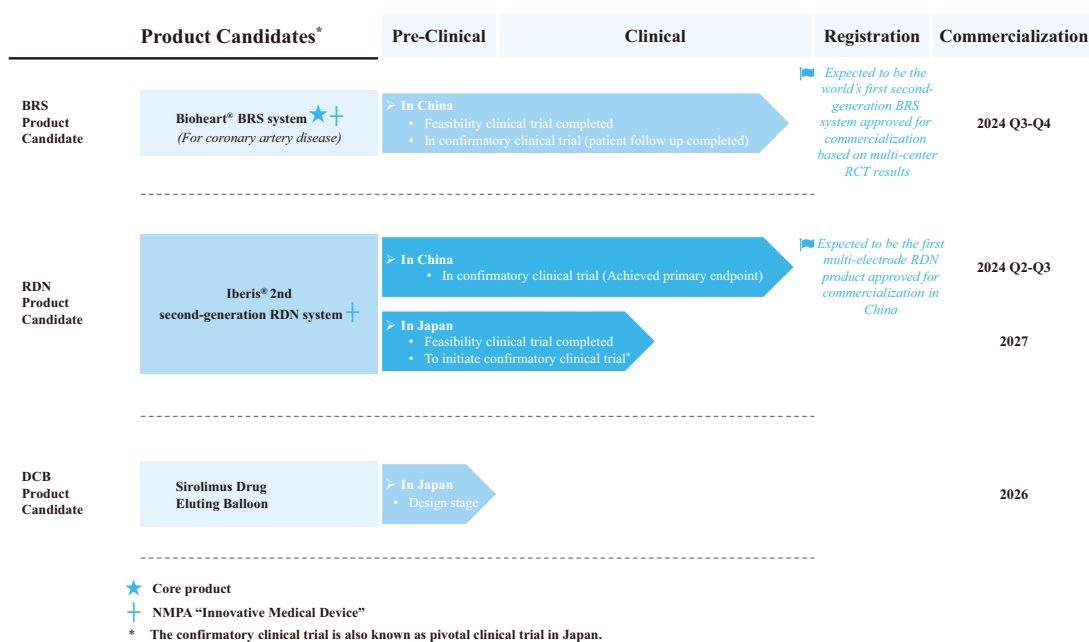
I. BUSINESS REVIEW

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. 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 Candidates

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 ("PCI") procedures for the treatment of coronary artery disease. As of the date of this interim report, we held 43 registered patents (including 12 invention patents and 31 utility model patents) in relation to Bioheart®, of which 41 were registered in China, one was registered in the U.S. and one was registered in Europe. We also have 10 pending patent applications in relation to Bioheart®. 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 Q3-Q4 2024.

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 38 registered patents (including 13 invention patents, 21 utility model patents and four design patents) and 19 pending invention patent applications in relation to Iberis® 2nd. Of the 38 registered patents, 37 were registered or applied in China, and one was 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 RCT of Iberis® 2nd Multi-Electrode Renal Artery Radiofrequency Ablation Catheter System in patients with Essential Hypertension (“Iberis-HTN”) 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 Q2-Q3 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 drug coated balloon (“DCB”) is a sirolimus drug-eluting balloon catheter designed for in-stent restenosis. Drug-eluting balloon (“DEB”) 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 for the preparation of 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;
- 91 registered patents and 74 pending patent applications; and
- CE Marking and nine registration certificates for our first-generation RDN product commercialized in overseas markets.

Strategic Investment

On April 14, 2023, the Company, HK Bio-heart, Shanghai Xinzhi Medical Technology Co., Ltd. (上海心至醫療科技有限公司) (“Xinzhi Medical”), Ms. Jiaqi Hong, the spouse of Mr. Wang, and the other shareholders of Xinzhi Medical entered into a capital increase agreement, pursuant to which the Company agreed to make a capital increase of RMB15,000,000 into Xinzhi Medical in exchange for RMB361,144 of the registered capital of Xinzhi Medical, and the remaining RMB14,638,856 shall be credited as capital reserve of Xinzhi Medical. Together with the equity interest in Xinzhi Medical directly held by HK Bioheart, the Group holds an aggregate of approximately 22.18% interest in Xinzhi Medical after the completion of the capital increase. Xinzhi Medical’s paclitaxel coronary DCB has been approved by the NMPA in May 2023. Additionally, Xinzhi Medical has three DCB products at clinical stage in its pipeline and the patient enrollment process for the clinical trial of rapamycin coronary DCB has been completed. Compared to the commonly used stents in clinical practice, DCB, as the complementary product of BRS, is able to offer treatment without implanting foreign objects into human bodies, thereby achieving the concept of “intervention without implantation”. By investing in Xinzhi Medical, we expect to enrich our portfolio in cardiovascular device through cooperation and achieving synergy between Xinzhi’s Medical DCB products and our pipeline. For details of the capital increase in Xinzhi Medical, please refer to the Company’s announcement dated April 14, 2023.

Manufacturing

In preparation for the launch of our pipeline products and with an aim to capture the growing market demand to the extent possible, we have built a new plant located at Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai with a gross area of over 7,000 sq.m. The production site, which is located at the second and third floor with a total gross area of 3,600 sq.m (including a class 10,000 cleanroom production area with a gross area of over 2,000 sq.m), has passed the relevant inspections, completed the relevant filings and has been officially put into use in December 2021.

Management Discussion and Analysis

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.

II. FINANCIAL REVIEW

Other Income and Gains

During the six months ended June 30, 2023 and 2022, 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 RMB10.2 million for the six months ended June 30, 2022 to RMB5.8 million for the six months ended June 30, 2023. The decrease was primarily attributable to the decrease of foreign exchange gains of RMB4.3 million.

Administrative Expenses

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

Employee benefit expenses mainly included salaries, equity-settled share awards and other welfare for our administrative employees. During the six months ended June 30, 2023 and 2022, we recorded equity-settled share award expenses of RMB15.7 million and RMB40.3 million, respectively, under our administrative expenses.

Our administrative expenses decreased by RMB23.0 million from RMB53.9 million for the six months ended June 30, 2022 to RMB30.9 million for the six months ended June 30, 2023. The decrease was primarily attributable to the decrease of (i) equity-settled share award expense of RMB24.7 million related to our administrative employees with service periods requirements and (ii) professional service expenses of RMB1.4 million as a result of that compliance service expenses and public relations services were incurred in 2022, partially offset by depreciation expenses of RMB2.2 million due to the beginning of depreciation of long-term assets completed in 2023.

Management Discussion and Analysis

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Employee benefits expenses	18,554	43,210
Including: equity-settled share award expenses	15,652	40,322
Depreciation expenses	5,588	3,399
Professional service expenses	3,577	5,019
Utilities and office expenses	912	695
Others	2,277	1,530
	30,908	53,853

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, 2023 and 2022, we recorded equity-settled share award expenses of RMB17.3 million and RMB43.3 million, respectively, under our research and development expenses.

Our research and development expenses decreased by RMB2.9 million from RMB71.4 million for the six months ended June 30, 2022 to RMB68.5 million for the six months ended June 30, 2023, primarily attributable to the decrease of equity-settled share award expenses related to our research and development employees with service periods requirements but partially offset by increase of third party contracting cost and depreciation and amortization expenses.

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

	Six months ended June 30,	
	2023	2022
	RMB'000	RMB'000
Third party contracting cost	25,028	11,956
Employee benefit expenses	23,692	49,044
Including: equity-settled share award expenses	17,322	43,299
Costs of raw materials and consumables used	4,622	2,313
Depreciation and amortization expenses	6,866	5,939
Others	8,289	2,139
	68,497	71,391

Management Discussion and Analysis

Finance Costs

During the six months ended June 30, 2023 and 2022, our finance costs mainly consisted of interest on lease liabilities relating to our lease of office premises. Finance costs decreased by RMB0.1 million from RMB0.5 million for the six months ended June 30, 2022 to RMB0.4 million for the six months ended June 30, 2023.

Income Tax Expense

We did not record any income tax expense during the six months ended June 30, 2023 and 2022.

Loss for the Period

Based on the factors described above, our net losses amounted to RMB95.1 million and RMB115.6 million for the six months ended June 30, 2023 and 2022, 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 RMB38.1 million for the six months ended June 30, 2023, 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 RMB23.9 million for the six months ended June 30, 2023, primarily attributable to the purchases of items of property, plant and equipment and payments for investment in an associate when acquired amounting to RMB10.2 million and RMB15.0 million, respectively.

Our net cash used in financing activities was RMB3.7 million for the six months ended June 30, 2023, primarily attributable to the payment of listing expenses and lease payments amounting to RMB0.6 million and RMB3.1 million, respectively.

As of June 30, 2023, we had cash and cash equivalents of RMB389.3 million, representing a decrease of 13.7% compared to RMB451.3 million as of December 31, 2022.

Our net current assets decreased from RMB512.7 million as of December 31, 2022 to RMB436.2 million as of June 30, 2023, 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 decreased from RMB17.7 million for the six months ended June 30, 2022 to RMB10.5 million for the six months ended June 30, 2023. The decrease was primarily attributable to a reduction in purchases of machinery and construction in progress.

Management Discussion and Analysis

Indebtedness

As of June 30, 2023, we did not have any outstanding balance of borrowings nor any unutilized banking facilities.

Our lease liabilities decreased from RMB18.1 million as of December 31, 2022 to RMB15.4 million as of June 30, 2023, 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 6.8% as of December 31, 2022 to 6.4% as of June 30, 2023. The decrease was primarily attributable to the decrease of other payables and accruals and lease liabilities.

Capital Commitments

As of June 30, 2023, we had capital commitments contracted, but not yet provided for, of RMB8.2 million, which were related to the purchase of property, plant and equipment for the Group's production plant.

Pledge of Assets

As of June 30, 2023, the Group had no pledge of assets.

Contingent Liabilities

As of June 30, 2023, we did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

Please refer to the section headed "Management Discussion and Analysis — I. Business Review — Strategic Investment" in this interim report for further details. Save as disclosed in this interim report, the Group did not hold any significant investments or made any significant acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Foreign Exchange Exposure

We are exposed to foreign currency risk mainly arising from cash 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

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, 2023, the Group had 58 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, (iii) employee welfare and (iv) equity-settled share awards expenses, for the Reporting Period were approximately RMB42.2 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.

On June 27, 2022, the annual general meeting approved the proposed adoption of the 2022 H Share Incentive Scheme (i.e. 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. For further details of the 2022 Scheme, please refer to the sections headed "Other Information – Share Incentive Scheme" and note 17 of "Notes to the Interim Condensed Consolidated Financial Statements" in this interim report.

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. After due and careful consideration of the business environment and the development needs of the Group, 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”. The table below sets out the planned applications of the net proceeds from the Global Offering and actual usage as of June 30, 2023:

Use of proceeds as disclosed in the Prospectus/2022 Annual Report	Original allocation of net proceeds (HK\$ million)	Change of allocation of net proceeds (HK\$ million)	Revised allocation of net proceeds (HK\$ million)	Unutilized amount as of January 1, 2023/ immediately after change of allocation of net proceeds (HK\$ million)	Utilized amount during the Reporting Period (HK\$ million)	Unutilized amount as of June 30, 2023 ⁽¹⁾ (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds ⁽²⁾
To fund the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of our Core Product, Bioheart®	273.85	-	273.85	195.49	13.19	182.30	December 2027
To fund the ongoing randomized controlled clinical trial in China for, and the continuous development of, our RDN product candidate, Iberis® 2nd	94.08	-	94.08	84.83	10.13	74.7	December 2027
To fund the research and development, ongoing pre-clinical 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	29.59	(17.25)	12.34	0.47	0.47	-	N/A
General corporate and working capital purposes	44.17	-	44.17	28.14	9.91	18.23	December 2027
To fund the research and development of DCB	-	17.25	17.25	17.25	1.80	15.45	December 2027
	441.69	-	441.69	326.18	35.50	290.68	

Notes:

- As of June 30, 2023, 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, 2023 (six months ended June 30, 2022: 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 CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 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 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.

Other Information

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Mr. Charles Sheung Wai CHAN, Mr. Xubo LU and Mr. Wing Yiu DJEN. Mr. Charles Sheung Wai CHAN 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.

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

The independent auditor of the Company, Ernst & Young, has also reviewed the Group's interim financial information for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

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 2022 annual report of the Company are as follows:

Mr. Ji CHEN and Mr. Quan ZHOU retired as non-executive Directors with effect from the conclusion of the annual general meeting of the Company held on June 26, 2023.

Mr. George Chien Cheng LIN retired 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 26, 2023.

Mr. Wing Yiu DJEN was appointed as an independent non-executive Director, a member of the Audit Committee and the Remuneration Committee with effect from June 26, 2023.

Mr. Chenzhao ZHANG resigned as an employee representative supervisor of the Company and other position in the Group with effect from August 31, 2023 as he would like to devote more time to other personal business.

Mr. Junyi WANG was elected as an employee representative supervisor at the employees' representatives meeting of the Company with effect from August 31, 2023.

Save as disclosed above, there was no change in the Board and the information of Directors and Supervisors since the date of the 2022 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, 2023, 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, 2023, 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, 2023, 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, 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%
JC GP, 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
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%
Nengguang WANG ⁽⁶⁾	H Shares	Interest in controlled corporation	12,223,098 (L)	5.01%	5.17%
OrbiMed Capital LLC ⁽⁷⁾	H Shares	Investment manager	12,904,992 (L)	5.29%	5.46%

Other Information

Notes:

- (1) (L) Long position; (S) Short 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. Tianjian 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.
- (7) Worldwide Healthcare Trust Plc (“WWH”) is a publicly-listed investment trust organized under the laws of England. WWH is listed on the London Stock Exchange (LON: WWH). OrbiMed Capital LLC is the portfolio manager of WWH. As such, under the SFO, OrbiMed Capital LLC is deemed to be interested in the equity interests held by WWH.

Save as disclosed above, as of June 30, 2023, 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.

PRE-IPO EMPLOYEE INCENTIVE SCHEME

The paragraphs below set out certain details of the employee incentive scheme that was set up prior to the Listing (i.e. the 2020 Plan), which holds shares in our Company through two employee incentive platforms, namely Shanghai Baixinantong and Shanghai Baihate which are limited partnerships established in the PRC (the “LLPs”).

- The 2020 Plan was established for the benefit of our employee (including Directors) and consultants as remuneration for their services provided to us to incentivize and reward the eligible persons who have contributed to the success of our Company.
- The number of Shares that are available for issue under the 2020 Plan is not applicable, as the participants hold their interests in the Shares through their respective equity interests under the relevant LLPs.
- The grants under the LLPs were made during the period between September 18, 2020 and September 28, 2020. The number of restricted shares of the Company granted were 14,509,413 Shares in the aggregate immediately after the completion of the grants, which was subsequently increased as a result of the Joint Stock Reform. For further details, please refer to the prospectus of the Company dated December 13, 2021 under the section headed “History, Development and Corporate Structure – Joint Stock Reform”. The maximum entitlement of each participant under the 2020 Plan is not applicable as the 2020 Plan was set up prior to the Listing, with the respective equity interests in the LLPs having been pre-determined.
- One of the participants has 50% and 50% of the total interests held by him under the LLPs vesting within the first and second anniversary of the grant date, with all of his interests vesting within 24 months from the grant date; for the other participants, 33.33%, 33.33% and 33.34% of the interested granted to each of them vesting within the first, second and third anniversary of the grant date, with all of their respective interests vesting within 36 months from the grant date. One of the participants, a former technology consultant of AngioCare with no service periods or performance target requirements, as reward of the surrender of his rights on the intellectual property rights pertaining to renal denervation developed during his tenure as a consultant of AngioCare, has all of his interest vested upon grant. After vesting, the disposal of the equity interests by the participants may be subject to further restrictions as may be prescribed under the terms of the 2020 plan, the PRC Company Law and the PRC Securities Law and the articles of association of the Company.
- The participants under the 2020 Plan subscribed for their respective portion of interests under the LLP paid RMB1.0 per share of the Company at the time of grant, such amount being determined by reference by the nominal price per share of the Company as of the relevant dates. No price shall be payable upon the vesting of the participants’ respective interests.
- As the LLPs are limited liability partnership under PRC laws, and no further shares of the Company will be granted to the LLPs under the terms of the 2020 Plan, the remaining life of the 2020 Plan would not be applicable.

Other Information

The table below shows the details of movements of the restricted shares of the Company granted under the 2020 Plan during the Reporting Period:

Name of grantee/ category of grantees	Date of grant	Outstanding as of January 1, 2023	Number of restricted shares				Outstanding as of June 30, 2023	Vesting Period
			Granted during the Reporting Period	Vested during the Reporting Period (Note 2)	Lapsed during the Reporting Period	Cancelled during the Reporting Period		
Directors								
Mr. Wang	September 23, 2020	8,434,820	-	-	-	-	8,434,820	33.33%, 33.33% and 33.34% on the first, second and third anniversary of the grant date, respectively
Mr. Yunqing Wang	September 18, 2020	466,034	-	-	-	-	466,034	33.33%, 33.33% and 33.34% on the first, second and third anniversary of the grant date, respectively
	September 24, 2020	686,079	-	-	-	-	686,079	
Ms. Peili Wang	September 18, 2020	326,224	-	-	-	-	326,224	33.33%, 33.33% and 33.34% on the first, second and third anniversary of the grant date, respectively
	September 24, 2020	137,215	-	-	-	-	137,215	
Top paid individual employees (excluding Directors) (Note 1)	September 18, 2020	838,860	-	-	-	-	838,860	33.33%, 33.33% and 33.34% on the first, second and third anniversary of the grant date, respectively
	September 24, 2020	640,338	-	-	-	-	640,338	
	September 25, 2020	1,280,675	-	-	-	-	1,280,675	
Other employees	September 18, 2020	107,188	-	-	-	-	107,188	50% on each of the first and second of anniversary of the grant date for one grantee. 33.33%, 33.33% and 33.34% on the first, second and third anniversary of the grant date, respectively, for the other grantees
	September 19, 2020	139,810	-	-	-	-	139,810	
	September 25, 2020	457,386	-	457,386	-	-	-	
Total		13,514,629	-	457,386	-	-	13,057,243	

Notes:

- Two of the five highest paid individuals during the Reporting Period have been individually identified as Directors in the table.
- The weighted average closing price of the shares immediately before the dates on which the awards were vested was RMB5.05.

Other Information

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 nine 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.

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.

Other Information

As of June 30, 2023, 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.

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.

Other Information

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).

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.

FULL CIRCULATION

On January 13, 2023, the conversion of 100,107,425 Domestic Shares and 74,509,781 Unlisted Foreign Shares into H Shares, and the Full Circulation of Domestic Shares and certain Unlisted Foreign Shares were completed on January 13, 2023. For further details of the share capital structure of the Company immediately after the completion of the Full Circulation, please refer to the announcement on the same date.

Other Information

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On July 10, 2023, the Group set up BIO-HEART BIOLOGICAL PTE. LTD. in Singapore, a new wholly-owned subsidiary of the Company. BIO-HEART BIOLOGICAL PTE. LTD. has not commenced any business operation as of the date of this interim report and is expected to be principally engaged in the overseas R&D and sales activities for the Group.

Save as disclosed above, 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 11, 2023

Independent Review Report



Ernst & Young
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To the board of Shanghai Bio-heart Biological Technology Co., Ltd.

(Incorporated in the People's Republic of China with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 28 to 45, which comprises the condensed consolidated statement of financial position of Shanghai Bio-heart Biological Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at June 30, 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board ("IASB"). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

August 11, 2023

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

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Other income and gains	5	5,764	10,178
Research and development expenses		(68,497)	(71,391)
Administrative expenses		(30,908)	(53,853)
Finance costs	7	(391)	(510)
Share of losses of an associate		(1,085)	–
LOSS BEFORE TAX	6	(95,117)	(115,576)
Income tax expense	8	–	–
LOSS FOR THE PERIOD		(95,117)	(115,576)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(95,117)	(115,576)
Attributable to:			
Owners of the parent		(86,186)	(101,439)
Non-controlling interests		(8,931)	(14,137)
		(95,117)	(115,576)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	(0.35)	(0.42)

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	11	53,934	59,561
Other intangible assets		137,771	137,542
Prepayments, other receivables and other assets	12	12,103	8,611
Right-of-use assets		13,449	16,419
Financial assets at fair value through profit or loss ("FVTPL")		50,000	50,000
Goodwill		144,630	144,630
Investment in an associate	13	37,143	23,228
Total non-current assets		449,030	439,991
CURRENT ASSETS			
Prepayments, other receivables and other assets	12	72,844	90,210
Cash and cash equivalents	14	389,334	451,318
Total current assets		462,178	541,528
CURRENT LIABILITIES			
Lease liabilities		7,877	7,616
Other payables and accruals	15	14,852	19,795
Amounts due to related parties		472	472
Deferred income		2,789	963
Total current liabilities		25,990	28,846
NET CURRENT ASSETS		436,188	512,682
TOTAL ASSETS LESS CURRENT LIABILITIES		885,218	952,673

Interim Condensed Consolidated Statement of Financial Position

	Notes	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		7,504	10,489
Deferred income		4,227	6,554
Deferred tax liabilities		20,580	20,580
Total non-current liabilities		32,311	37,623
Net assets		852,907	915,050
EQUITY			
Equity attributable to owners of the parent			
Share capital	16	243,937	243,937
Treasury shares	16	(29,438)	(29,438)
Reserves		610,978	668,715
Non-controlling interests		825,477	883,214
		27,430	31,836
Total equity		852,907	915,050

Philip Li Wang
Director

Yunqing Wang
Director

Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						Non-controlling interests RMB'000	Total equity RMB'000
	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		
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

	Attributable to owners of the parent						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (note 16)	Share premium* RMB'000	Share-based payment reserve* RMB'000 (note 17)	Accumulated losses* RMB'000	Total RMB'000			
At January 1, 2022 (audited)	243,937	662,420	558,537	(469,207)	995,687	39,188	1,034,875	
Loss for the period	-	-	-	(101,439)	(101,439)	(14,137)	(115,576)	
Total comprehensive loss for the period	-	-	-	(101,439)	(101,439)	(14,137)	(115,576)	
Equity-settled share award (note 17)	-	-	72,144	-	72,144	11,477	83,621	
At June 30, 2022 (unaudited)	243,937	662,420	630,681	(570,646)	966,392	36,528	1,002,920	

* These reserve accounts comprise the consolidated reserves of RMB610,978,000 (unaudited) (June 30, 2022: RMB722,455,000 (unaudited)) in the consolidated statement of financial position.

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS USED IN OPERATING ACTIVITIES			
Loss before tax		(95,117)	(115,576)
Adjustments for:			
Share of losses of an associate	6	1,085	–
Finance costs	7	391	510
Bank interest income	5	(1,638)	(1,737)
Depreciation of property, plant and equipment	6	9,458	6,323
Depreciation of right-of-use assets	6	2,970	2,996
Amortization of other intangible assets	6	26	19
Equity-settled share award expense	17	32,974	83,621
Foreign exchange differences	5	(3,593)	(7,848)
Operating cash flows before movements in working capital		(53,444)	(31,692)
Decrease in prepayments, other receivables and other assets		16,432	5,064
Decrease in other payables and accruals		(592)	(7,905)
Decrease in deferred income		(501)	(490)
Cash used in operations		(38,105)	(35,023)
Interest paid		–	–
Income tax paid		–	–
Net cash flows used in operating activities		(38,105)	(35,023)
CASH FLOWS USED IN INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(10,249)	(17,689)
Bank interest income	5	1,638	1,588
Payments for other intangible assets		(255)	–
Increase in time deposits with initial terms of over three months when acquired		–	(127,514)
Payments for investment in an associate		(15,000)	(8,658)
Net cash flows used in investing activities		(23,866)	(152,273)

Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS USED IN FINANCING ACTIVITIES			
Lease payments		(3,115)	(1,649)
Payment of listing expenses		(561)	(2,146)
Net cash flows used in financing activities		(3,676)	(3,795)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	14	451,318	708,531
Effect of foreign exchange rate changes		3,663	1,471
CASH AND CASH EQUIVALENTS AT END OF PERIOD	14	389,334	518,911

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, 2023 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, 2022. 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, 2022, except for the adoption of the following new and revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendment to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The adoption of the new and 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,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<u>Other income</u>		
Government grants*	501	591
Bank interest income	1,638	1,737
Others	32	2
<u>Gains</u>		
Foreign exchange gains	3,593	7,848
	5,764	10,178

* 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,	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Depreciation of property, plant and equipment *	9,458	6,323
Depreciation of right-of-use assets *	2,970	2,996
Share of losses of an associate	1,085	–
Auditor's remuneration	420	400
Amortization of other intangible assets *	26	19
Expense relating to leases of low-value assets	9	7
Foreign exchange gains	(3,593)	(7,848)
Bank interest income	(1,638)	(1,737)
Government grants	(501)	(591)
	8,236	(431)
Staff cost (excluding directors', supervisors' and chief executive's remuneration):		
– Wages and salaries	5,613	5,083
– Pension scheme contributions	520	379
– Equity-settled share award expense	4,091	12,266

* 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 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,	
	2023	2022
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on lease liabilities	391	510

8 INCOME TAX

Mainland China

Under the Law of the PRC of Enterprise Income tax (the "EIT Law") and Implementation Regulation of the EIT Law, the estimated tax rate of the Group is 25% during the period presented in the condensed consolidated financial statements. Preferential tax treatment is available to Shanghai AngioCare Medical Technology Co., Ltd. (上海安通醫療科技有限公司), ("AngioCare") since it was recognized as a High and New Technology Enterprise on November 12, 2020 and was entitled to a preferential tax rate of 15% for a three-year period since then. No PRC Enterprise Income tax was provided for as there was no estimated assessable profit of the Group's PRC subsidiaries during the period presented in the condensed consolidated financial statements.

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, 2023 (six months ended June 30, 2022: 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,	
	2023	2022
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to ordinary equity holders of the Company (RMB'000)	(86,186)	(101,439)
Ordinary shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation (thousand)	243,417	243,937
Loss per share (RMB per share)	(0.35)	(0.42)

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2023, the Group acquired RMB3,831,000 (unaudited) (six months ended June 30, 2022: RMB7,971,000 (unaudited)) of property, plant and equipment. The net book value of property, plant and equipment as at June 30, 2023 is RMB53,934,000 (unaudited) (December 31, 2022: RMB59,561,000 (audited)).

Notes to the Interim Condensed Consolidated Financial Statements

12 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Non-current:		
Prepayments for purchase of items of property, plant and equipment	6,780	4,222
Value-added tax recoverable – non-current	3,186	2,271
Rental deposits	1,754	1,754
Other deposits	383	364
	12,103	8,611
Current:		
Prepayments	65,174	84,412
Value-added tax recoverable – current	7,670	5,798
	72,844	90,210
	84,947	98,821

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, 2023 (Unaudited)	As at December 31, 2022 (Audited)
Cost of investment in joint ventures, unlisted	39,658	24,658
Share of post-acquisition losses	(2,515)	(1,430)
	37,143	23,228

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, 2023.

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, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Cash on hand	85	82
Cash at banks	389,249	451,236
Cash and cash equivalents	389,334	451,318
Denominated in:		
RMB	290,786	339,374
US\$	93,948	107,484
SGD	2	2
JPY	–	1
HKD	4,598	4,457
Total cash and cash equivalents	389,334	451,318

The RMB is not freely convertible into other currencies, however, under Mainland China'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, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Accruals for research and development	5,953	4,819
Accrued listing expenses	5,620	6,994
Payroll payable	931	1,250
Accrued other expenses	899	1,952
Payables for purchase of property, plant and equipment	512	4,372
Other payables	937	408
	14,852	19,795

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

16 SHARE CAPITAL AND TREASURY SHARES

Share capital

Shares

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Issued and fully paid: 243,937,000 ordinary shares	243,937	243,937

Treasury shares

In connection with the Company's adoption of the 2022 H Share Incentive Scheme. The Company had purchased 519,900 H shares through on-market transactions from August to September 2022. There was no change to the number of treasury shares held by the Company during the six months ended June 30, 2023.

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, Shanghai Baixinantong and Shanghai 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, 2023, share award expenses of RMB32,974,000 (unaudited) (six months ended June 30, 2022: RMB83,621,000 (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, 2023.

Notes to the Interim Condensed Consolidated Financial Statements

18 COMMITMENTS

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

	As at June 30, 2023 RMB'000 (Unaudited)	As at December 31, 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	8,151	7,632

19 RELATED PARTY TRANSACTIONS

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

	Six months ended June 30, 2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Short-term employee benefits	2,375	2,447
Post-employment benefits	170	124
Equity-settled share award expense	28,883	71,355
Total compensation paid to key management personnel	31,428	73,926

Notes to the Interim Condensed Consolidated Financial Statements

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, trade payables, 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 Group invests in unlisted equity investments. The Group has estimated the fair value of the unlisted equity investment by reference to most recent transaction price.

21 EVENTS AFTER THE REPORTING PERIOD

On July 10, 2023, the Group set up BIO-HEART BIOLOGICAL PTE. LTD. in Singapore, a new wholly-owned subsidiary of the Company. BIO-HEART BIOLOGICAL PTE. LTD. has not commenced any business operation as at the date of this report and is expected to be principally engaged in the overseas R&D and sales activities for the Group.

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 of Directors” or “Board”	the board of directors of the Company
“BRS”	Bioheart® bioresorbable scaffold
“CG Code”	the Corporate Governance Code set out in Appendix 14 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
“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

Definitions

“Director(s)”	the director(s) of the Company or any one of them
“Domestic Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded in any stock exchange
“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
“Full Circulation”	the conversion of the Domestic Shares and certain Unlisted Foreign Shares into H Shares and their listing on the Stock Exchange, of which the Company received the approval from official approval from the China Securities Regulatory Commission and was completed on January 13, 2023
“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
“HK Bio-heart”	Hong Kong Bio-heart Biological Technology Co., Limited (香港百心安生物技術有限公司), a company incorporated in Hong Kong on April 7, 2021, a wholly-owned subsidiary of the Company
“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

Definitions

“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“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)
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 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)
“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”	for the six months ended June 30, 2023
“RMB”	Renminbi, the lawful currency of the PRC

Definitions

“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
“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)

Definitions

“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
“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