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 People's Republic of China with limited liability)

(Stock Code: 2185)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2024

FINANCIAL HIGHLIGHTS

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

- Net loss of the Group for the six months ended June 30, 2024 amounted to approximately RMB28.3 million, representing a decrease of 70.2% from approximately RMB95.1 million recorded for the six months ended June 30, 2023.
- Research and development expenses for the six months ended June 30, 2024 amounted to approximately RMB21.8 million, representing a decrease of 68.2% from approximately RMB68.4 million recorded for the six months ended June 30, 2023.
- As of June 30, 2024, cash and cash equivalents amounted to approximately RMB273 million, representing a decrease of 26.1% from approximately RMB369 million as of December 31, 2023.
- Basic and diluted loss per share for the six months ended June 30, 2024 amounted to RMB0.11 (six months ended June 30, 2023: RMB0.35).
- As of June 30, 2024, net gearing ratio was 4.9% (as of December 31, 2023: 5.4%).

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries for the six months ended June 30, 2024 together with the comparative figures for the corresponding period in 2023.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended June 30, 2024

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

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the six months ended June 30, 2024

1 CORPORATE AND GROUP INFORMATION

Shanghai Bio-heart Biological Technology Co., Ltd. is a joint stock company with limited liability incorporated in the 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 BRS products and the second-generation renal denervation RDN.

The shares of the Company have been listed on the Main Board of the Stock Exchange effective from December 23, 2021.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended December 31, 2023. The interim condensed consolidated financial information is presented in RMB, and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

3 CHANGES IN ACCOUNTING POLICIES

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

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

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

4 OPERATING SEGMENT INFORMATION

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

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

5 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

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

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

6 LOSS BEFORE TAX

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

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

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

7 FINANCE COSTS

An analysis of finance costs is as follows:

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

8 INCOME TAX

Chinese Mainland

No provision for Chinese Mainland income tax has been provided for at a rate of 25% pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), as the Group's PRC entities have no estimated assessable profits during the period.

Hong Kong

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

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

9 DIVIDENDS

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

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

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

The calculation of basic loss per share is based on:

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

11 INVESTMENT IN AN ASSOCIATE

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

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

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

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

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

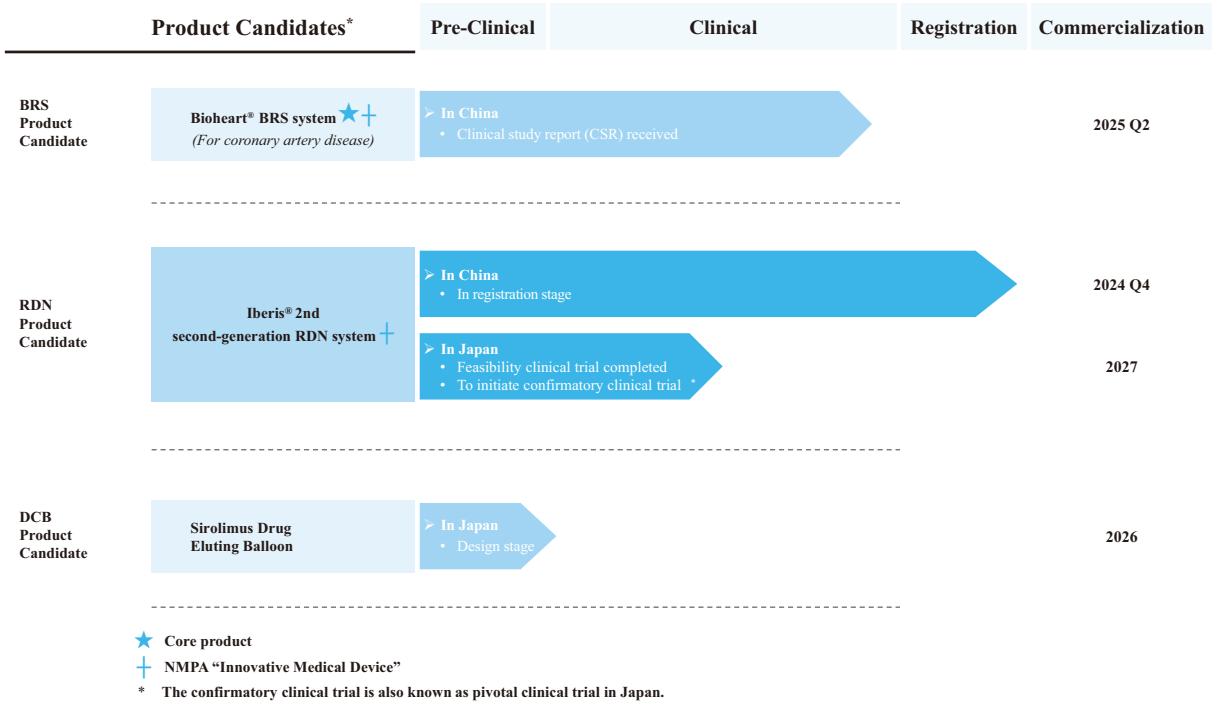
I. BUSINESS REVIEW

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



Our Products and Product Candidates

BRS Product Candidate

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

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 announcement, we held over 20 patents in relation to Iberis® 2nd with one registered in Japan. Iberis® 2nd was recognized as an "innovative medical device" by the NMPA in November 2016 and is therefore eligible for an expedited approval process. On January 26, 2022, the Company completed the patient enrollment process for the clinical trial of Iberis® 2nd. On April 11, 2023, the Company announced that the randomized controlled trial ("**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 Q4 2024.

We have contracted with the European Cardiovascular Research Center to conduct a European clinical trial evaluating Iberis® 2nd RDN system. At EuroPCR 2022, we finalized plans with clinical trial investigators on the RADIUS-HTN Trial. The European Cardiovascular Research Center will conduct the RADIUS-HTN Trial comparing the effectiveness of RDN performed via transradial arterial access ("**TRA**") and transfemoral arterial access ("**TFA**"). We are the only company in the world to have CE Marking for

catheters that can be used for both TRA and TFA to treat high blood pressure. The TRA approach to vascular interventions is preferred by physicians and patients. Compared to TFA, TRA interventions reduce access site complications and shorten the duration of hospital stay with a reduction in procedural costs and increased patient gratification. Clinical trials in Japan for Iberis® 2nd are conducted in collaboration with Terumo, our strategic business collaborator. On March 27, 2023, the first patient under the RADIUS-HTN Trial was enrolled, and the procedure was performed at the Centre Hospitalier Universitaire de Bordeaux.

DCB Product Candidate

Our newly developed 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 announcement, current DCB products available in Japan market all use paclitaxel-based drug coating. Compared with paclitaxel, sirolimus's unique cytostatic effect makes it have higher safety and wider therapeutic window, and has anti-inflammatory effect.

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

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 announcement, we had:

- one Core Product, one RDN product candidate, as well as a sirolimus DCB product candidate in various stages of development;

- Over 80 registered patents and over 40 pending patent applications; and

- CE Marking and nine registration certificates for our first-generation RDN product commercialized in overseas markets.

Manufacturing

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

Future and Outlook

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

- rapidly advance the clinical development and commercialization of our product candidates, especially Bioheart® and Iberis® 2nd, in order to enjoy a "first-mover" advantage in the unmet BRS and RDN markets in China;

- enhance our sales efforts and strengthen our presence in the interventional cardiovascular device market in China;

- further enhance our research and development capabilities and expand our product portfolios;

- expand our manufacturing capabilities and build our in-house sales and marketing team;

- further expand our presence in China and globally; and

- actively seek opportunities for external partnerships, strategic investments and acquisitions to facilitate our future expansion.

II. FINANCIAL REVIEW

Other Income and Gains

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

Administrative Expenses

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

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

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

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

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

Research and Development Expenses

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

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

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

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

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

Finance Costs

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

Income Tax Expense

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

Loss for the Period

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

Liquidity and Financial Resources

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

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

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

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

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

Capital Expenditure

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

Our capital expenditures increased from RMB10.5 million for the six months ended June 30, 2023 to RMB19.8 million for the six months ended June 30, 2024. The increase was primarily attributable to purchase of items of property, plant and equipment. Going forward, we may incur capital expenditure in connection with acquisition of premises to carry out our manufacturing facilities. Please refer to the announcement of the Company dated February 8, 2024 for further details.

Indebtedness

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

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

Gearing Ratio

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

Capital Commitments

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

Pledge of Assets

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

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

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

Foreign Exchange Exposure

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

Future Plans for Material Investments or Capital Assets

Save for the capital expenditure we may incur in connection with acquisition of premises to carry out our manufacturing facilities, the Group had no other material capital expenditure plan as of the date of this announcement.

Human Resources

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

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as duration, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. The Group ensures that its remuneration packages are comprehensive and competitive from time to time. When determining the emolument payable to the Directors, we take into account the experience of the

Directors, their level of responsibility and general market conditions. Any discretionary bonus and other merit payments of the Directors are linked to the profit performance of the Group and the individual performance of the Directors. Employees are remunerated with a fixed monthly income plus annual performance related bonus. In addition, we are required under PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

In September 2020, the Board passed a resolution to grant up to 14,509,413 restricted shares of the Company to directors, employees and founders of the Company and AngioCare (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 (the "**Scheme**"). The Scheme aims to attract, motivate and retain highly skilled and experienced personnel to strive for the future development and expansion of the Group. The 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.

USE OF PROCEEDS

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

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

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

(i) reallocating approximately HK$26.37 million, which was originally allocated for funding the ongoing randomized controlled clinical trial in China for, and the continuous development of, the Group's RDN product candidate, Iberis® 2nd, to funding the acquisition of the Property, which was completed in March 2024; and

(ii) reallocating approximately HK$70 million, which was originally allocated for funding the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of the Company's Core Product, Bioheart®, to funding the research and development of DCB.

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

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

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

Notes:

1. As of June 30, 2024, the unutilized net proceeds were deposited with certain licensed banks in Hong Kong or the PRC.

2. The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

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.

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.

INTERIM DIVIDEND

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

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

Save as disclosed in this announcement, 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 announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

CORPORATE GOVERNANCE CODE

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

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

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

REVIEW OF INTERIM RESULTS

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

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

PUBLICATION OF THE 2024 CONDENSED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bio-heart.com). The 2024 interim report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

DEFINITIONS

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

"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of the Company
"BRS"	Bioheart® bioresorbable scaffold
"CG Code"	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
"China" or "PRC"	the People's Republic of China, which, for the purpose of this announcement 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
"Core Product"	Bioheart®, the designated "core product" as defined under Chapter 18A of the Listing Rules
"DCB"	drug coated balloon
"Director(s)"	the director(s) of the Company or any one of them
"EuroPCR 2022"	an official annual meeting of the European Association of Percutaneous Cardiovascular Interventions
"Global Offering"	the global offering of the H Shares, details of which are set forth in the Prospectus
"Group", "the Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

"H Share(s)"	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Listing 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 C3 to the Listing Rules
"Mr. Wang"	Mr. Philip Li Wang (汪立), our Founder, Controlling Shareholder, the chairman of our Board, our general manager and an executive Director of our Company
"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
"Prospectus"	the prospectus of the Company dated December 13, 2021
"R&D"	research and development
"RDN"	renal denervation
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"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
"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
"%"	per cent

By Order of the Board
Shanghai Bio-heart Biological Technology Co., Ltd.
Philip Li WANG
Chairman and executive Director

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

As at the date of this announcement, the Board of the Company comprises Mr. Philip Li WANG as chairman and executive Director, Mr. Yunqing WANG and Ms. Peili WANG as executive Directors and Mr. Yiqing CHEN, Mr. Xubo LU and Mr. Yifei JIANG as independent non-executive Directors.