



上海心瑋醫療科技股份有限公司

Shanghai HeartCare Medical Technology Corporation Limited

(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號：6609

2024

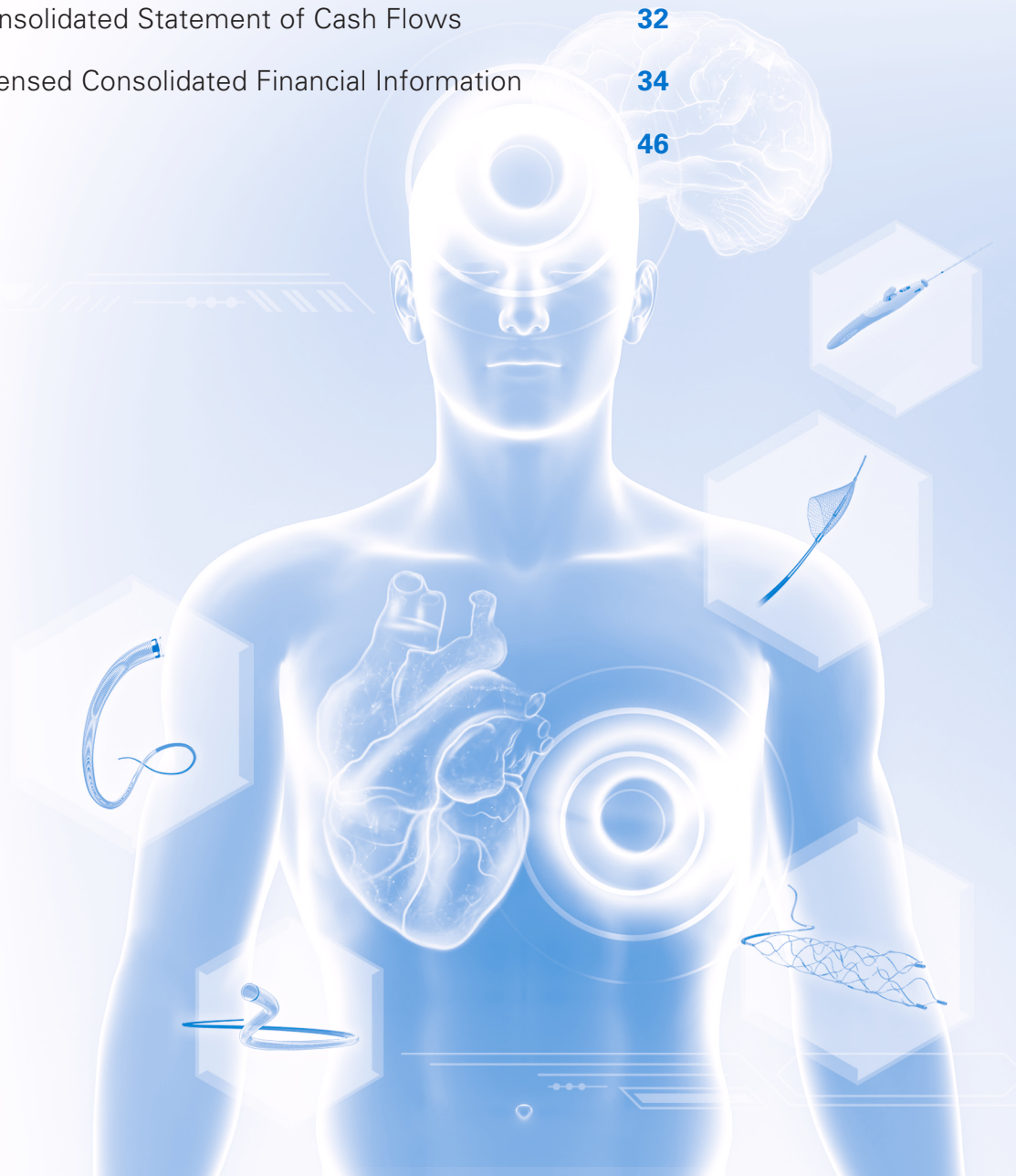
INTERIM REPORT

中期報告



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Guohui (*Chairman, Chief executive officer*)
Ms. ZHANG Kun (*Deputy general manager*)
Mr. WEI Jiawei (*Deputy general manager*)

Non-executive Directors

Mr. DING Kui
Mr. CHEN Shaoxiong
Mr. CHEN Gang

Independent Non-executive Directors

Mr. GUO Shaomu
Mr. FENG Xiangqian
Mr. GONG Ping

AUDIT COMMITTEE

Mr. GONG Ping (*Chairman*)
Mr. FENG Xiangqian
Mr. DING Kui

REMUNERATION COMMITTEE

Mr. GUO Shaomu (*Chairman*)
Mr. GONG Ping
Mr. WANG Guohui

NOMINATION COMMITTEE

Mr. FENG Xiangqian (*Chairman*)
Mr. GUO Shaomu
Mr. WANG Guohui

STRATEGY COMMITTEE

Mr. WANG Guohui (*Chairman*)
Ms. ZHANG Kun
Mr. DING Kui
Mr. CHEN Gang

SUPERVISORS

Mr. XUE Zongyu
Mr. JIANG Xinbei
Ms. JIANG Xue

JOINT COMPANY SECRETARIES

Mr. ZHANG Han
Ms. KWOK Siu Ying Sarah (*ACG, HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. WANG Guohui
Mr. ZHANG Han
Alternate to authorized representatives
Ms. KWOK Siu Ying Sarah

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

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Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Causeway Bay
Hong Kong
PRC

Corporate Information (Continued)

LEGAL ADVISERS

As to Hong Kong and United States laws:

O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong
PRC

As to PRC law:

ALLBRIGHT LAW OFFICES
9, 11, 12/F, Shanghai Tower
No. 501, Yincheng Middle Road,
Pudong New Area
Shanghai
PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
PRC

PRINCIPAL BANK

China Merchants Bank Co., Ltd.
Shanghai Zhangjiang Sub-Branch
1/F, No. 88 Keyuan Road
Shanghai
PRC

STOCK CODE

6609

COMPANY'S WEBSITE

www.heartcare.com.cn

LISTING DATE

August 20, 2021

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
27/F, One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong
PRC

Financial Highlights

	Six months ended June 30, 2024 RMB'000 (Unaudited)	Six months ended June 30, 2023 RMB'000 (Unaudited)	Period-to-period change
Revenue	128,484	109,586	17.2%
Gross profit	82,281	79,718	3.2%
Gross profit margin	64.0%	72.7%	-8.7 percentage points
Selling & distribution and administrative expenses	57,520	71,476	-19.5%
Research and development costs	31,752	69,850	-54.5%
Loss before tax	(3,198)	(54,636)	-94.1%

Management Discussion and Analysis

I. BUSINESS REVIEW

Overview

We are an innovative medical device company committed to improving the accessibility of innovative medical technologies and protecting lives and health. We have established a pioneering leadership position in China's neuro-interventional market and successfully provided the first domestic one-stop solution for stroke treatment and prevention. Leveraging our advantage in R&D, manufacturing and commercialization, we strive to fulfill the unmet needs of clinicians and patients in the fields with tremendous opportunities, redefine the standard of care, reduce mortality rate, and improve prognosis by continuously launching innovative medical devices.

In the first half of 2024, the Company recorded revenue of RMB128.5 million, representing a year-on-year increase of 17.2%. While the Company experienced the decrease on gross profit margin attributed to the price impact from the volume-base procurement and market competition, the Company's loss before tax narrowed to RMB3.2 million, representing a year-on-year decrease of 94.1%, and the expense rate of the selling and distribution expenses and administrative expenses decreased from 65.2% to 44.8% compared with the same period of 2023, as the business scale expands and the effects of cost control and efficiency enhancement measures become evident.

Since the end of last year, in order to adapt to the fast-changing market environment, the Company continuously promotes the upgrade of its neuro-intervention business toward the focus on differentiated treatment devices. Neuro-intervention treatment devices such as thrombectomy stents and aspiration catheters, dilatation balloons, embolization protection system and embolic coils etc. contributed 35.6% of the sales, with revenue of RMB45.8 million. The sales of neuro-intervention access devices and other products increased 42.1% period-to-period to RMB82.7 million.

During the Reporting Period, the Company's R&D costs stood at RMB31.8 million to support the diversified candidates of neuro-intervention treatment devices. In the following 18 months, the Company expects to launch at least five major neuro-interventional treatment devices, including **intracranial drug-eluting balloon catheter** (NMPA innovative device qualification), **self-expanding drug stent** and **carotid artery stent** for the treatment of stenosis, **aneurysm embolization assisting stent** (NMPA innovative device qualification) and **flow diverter device** for the treatment of hemorrhagic stroke. Furthermore, the Company aims to enhance the competitiveness of key thrombectomy devices (**aspiration catheter** and **thrombectomy stent**) and one-stop medical device solutions for different subtypes of acute ischemic stroke, to meet the growing demand for stroke treatment in the aging Chinese market.

In the overseas market, the Company has obtained CE or FDA certification of the thrombectomy stent, balloon guiding catheter, distal access catheter and microcatheter, as well as completed registration and booted the commercialization in Thailand and other countries or regions. Up to the date of this interim report, the Company has been working on product registrations in more than ten other countries or regions, expanding sales channels, and laying the foundation for achieving long-term goals in overseas sales.

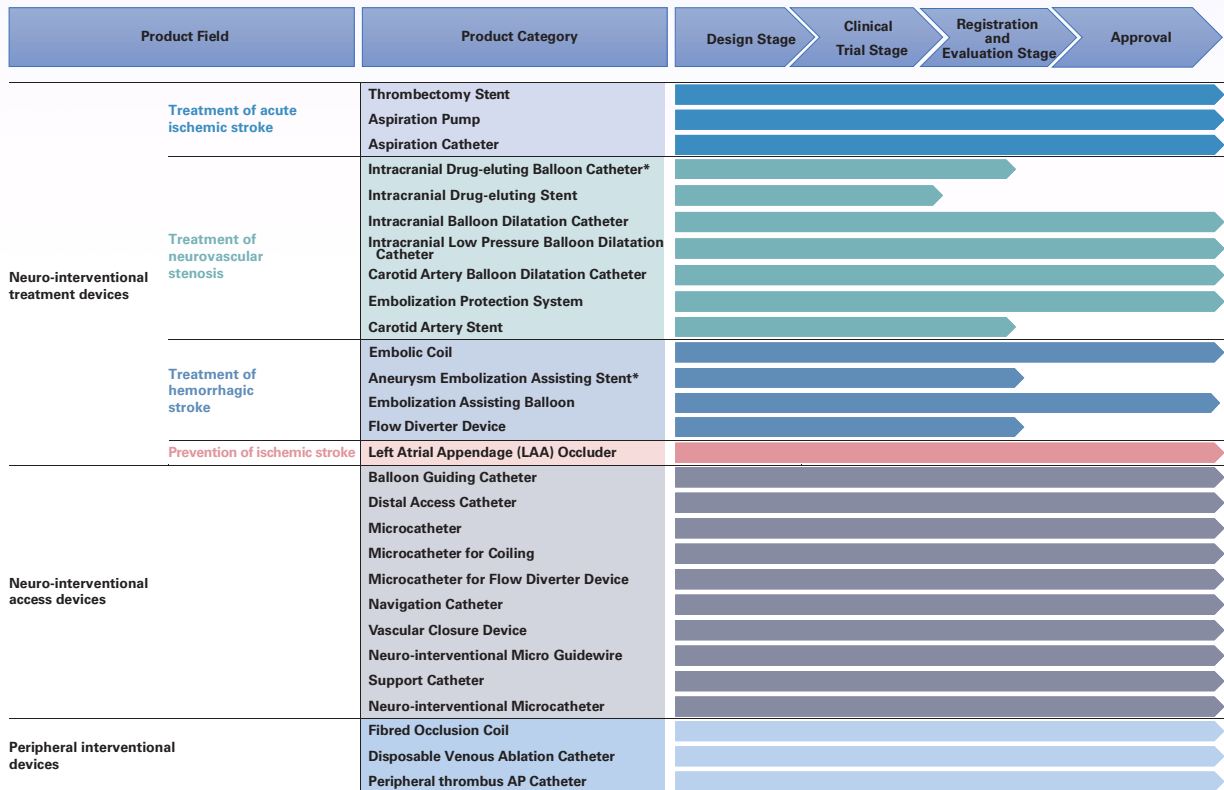
Management Discussion and Analysis (Continued)

Products and Pipeline

As of the date of this interim report, we have 29 device products approved by NMPA, three device products approved by FDA and one product obtained CE Mark.

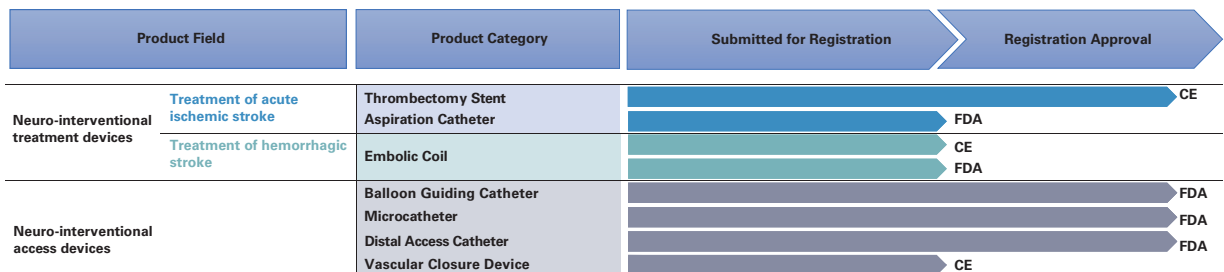
The following diagram summarizes the development status of our pipeline including approved products and broad product pipelines in the late-stage of R&D covering acute ischemic stroke and neurovascular stenosis treatment, hemorrhagic stroke treatment, ischemic stroke prevention, interventional access, and peripheral interventional devices as of the date of this interim report:

NMPA Pipeline



* Eligible for NMPA Green Channel

FDA and Conformité Européenne (CE) Pipeline



Management Discussion and Analysis (Continued)

Our Key Neuro-interventional Products and Product Candidates

Ischemic Stroke Thrombectomy Devices

Core Product — Captor® Thrombectomy Stent (“Captor”) is the first domestic thrombectomy stent retriever with multi-markers approved by NMPA. Sales in China started in December 2020. As of the date of this interim report, we have upgraded Captor by adding more product models with stents of varying lengths and diameters. Depending on the occluded blood vessel diameter and thrombus size, physicians may choose the stent retriever with the proper length and size, out of a selection of nine product models. We are evaluating the opportunities for upgrading Captor for indication expansion. Further, we are evaluating the opportunities to market Captor overseas and may apply for its registration in the United States subject to the results of our evaluation. This product has obtained CE Mark.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP NEW INDICATION AND SPECIFICATIONS AND EXPAND OVERSEAS MARKET FOR OUR CAPTOR SUCCESSFULLY.

Aspiration Catheter is used in the aspiration thrombectomy procedure to retrieve the thrombus and restore blood flow in occluded cerebral vessels for patients with acute ischemic stroke with large vessel occlusion (“AIS-LVO”). Aspiration thrombectomy can be performed not only on a stand-alone basis, but also together with stent retrieving thrombectomy in accordance with the patient’s symptoms. We have obtained the NMPA approval for our aspiration catheter and sales commenced in 2022.

Besides Captor and Aspiration Catheter, our **Aspiration Pump** for the treatment of ischemic stroke has obtained NMPA approval, and we had a product portfolio covering stents and aspiration thrombectomy procedure for the emergency treatment of different subtypes of acute ischemic stroke.

Intracranial Stenosis Treatment Devices

Intracranial Drug-eluting Balloon Catheter (“Intracranial DEB”) is designed to deliver an anti-proliferative drug to the lesion to prevent fibrosis and vessel occlusion. We initiated a registration clinical trial for intracranial DEB in May 2020. As of the date of this interim report, our intracranial DEB has completed the clinical trial, and was in NMPA registration stage. This product has obtained green channels for NMPA review.

Embolization Protection System is used in interventional procedures for peripheral, coronary artery and carotid artery to capture and remove debris that dislodges during the procedures. It can help prevent the debris from blocking smaller vessels, which may result in procedural complications. We have obtained the NMPA approval for our embolization protection system.

Hemorrhagic Stroke Treatment Devices

Aneurysm Embolization Assisting Stent is used in aneurysm coiling procedures for patients with aneurysm. It is designed for bridging the neck of aneurysm to support the coils placed in the aneurysm. As of the date of this interim report, clinical trials of our aneurysm embolization assisting stent was completed and we have submitted the application for NMPA registration. It has obtained green channels for NMPA review.

Management Discussion and Analysis (Continued)

Flow Diverter Device is a neurovascular stent placed in the blood vessel of an aneurysm, which can divert blood flow away from the aneurysm. Over time, blood flow into the aneurysm may slow down and the aneurysm may shrink, thus healing the blood vessel. As at the date of this interim report, our flow diverter device has completed the clinical trial, and was in NMPA registration stage.

Ischemic Stroke Prevention Devices

Core Product – LAA Occluder is a stroke prevention device designed to be permanently implanted at the opening of the LAA of patients with non-valvular atrial fibrillation (AF) to prevent thrombus escaping from the LAA, thus causing embolization. LAA Occlusion is a one-time surgical therapy with proven efficacy, in particular for the patient who is not suitable for long-term oral anticoagulation therapy and has a higher risk for bleeding complications. We have obtained the NMPA approval and commenced sales in 2022.

Vascular Access Devices

We are also developing various vascular access devices for use in interventional procedures. As of the date of this interim report, we have obtained NMPA approvals for **Distal Access Catheter, Microcatheter, Balloon Guiding Catheter, Vascular Closure Device, Support Catheter, Neuro-Interventional Microcatheter, Neuro-interventional Micro Guidewire, Microcatheter for Coiling, Microcatheter for Flow Diverter Device** and **Navigation Catheter**.

In addition, we have several other product candidates in the design stage, which further supplement our full-set product portfolio for the treatment and prevention of stroke. For details of our products and product candidates, please refer to the Company's prospectus dated August 10, 2021.

Research and Development

The Company's product R&D aims to build a high-quality product portfolio with market competitiveness. Capitalizing on existing R&D platforms, certain products we developed are qualified for NMPA priority review. Meanwhile, we formed a multi-level product matrix through continuously iterating products approved for marketing, so as to meet the clinical needs.

As of the date of this interim report, we had 230 registered patents, including 116 invention patents, 102 utility models and 12 industrial design patents. As of the date of this interim report, we also had 102 pending patents applications, including 77 invention patents, 23 utility models and 2 industrial design patents.

Manufacturing

In terms of manufacturing, we continuously improve our product quality and competitive advantage based on a stable and efficient supply chain.

As of the date of this interim report, we have three production facilities in Shanghai Lingang New Area, Shanghai Zhangjiang and Nanjing Jiangbei New Area, which can ensure a sufficient supply of products.

Management Discussion and Analysis (Continued)

Commercialization

As of the date of this interim report, we have established an extensive distribution network covering over 2,000 hospitals across all provinces nationwide other than Hong Kong and Macau.

Meanwhile, academic exchange platforms elaborately built by us contribute to our brand image and influence in the market through diversified channels and digital media, laying the foundation for long-term and stable revenue growth.

Future and Outlook

We aim to become the leader in the neuro-interventional medical device market in China, and to develop into a competitive domestic device company in several innovative medical device markets within China.

We plan to implement the following strategies to achieve this goal:

- improve our brand recognition as a comprehensive neuro-interventional device solution provider in the market, expand sales of our commercialized neuro-interventional devices and rapidly advance our product candidates into commercialization;
- further enhance our manufacturing capabilities to ensure reliability of our product supply; and
- promote the development of innovative medical devices in emerging therapeutic fields with high potential growth market to form a second business unit with a competitive commercialized product portfolio in addition to our neuro-interventional business.

The Company also proposed to apply to the relevant PRC authorities for the issuance of A shares to be listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange, please refer to the Company's announcements dated October 10, 2022, November 9, 2022 and October 16, 2023 and circulars dated October 24, 2022 and October 20, 2023 for further details.

Management Discussion and Analysis (Continued)

II. FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this interim report.

Revenue

For the six months ended June 30, 2024, all our revenue was generated from the sales of our commercialized neuro-interventional devices.

Revenue increased by 17.2% from RMB109.6 million for the six months ended June 30, 2023 to RMB128.5 million for the six months ended June 30, 2024. The increase in revenue was mostly attributable to continuous sales growth of our acute ischemic stroke (AIS) thrombectomy and intracranial stenosis treatment devices, as well as novel access devices. Meanwhile, we boosted overseas revenue after a number of product registrations approved by local bureau.

Cost of Sales

Cost of sales increased from RMB29.9 million for the six months ended June 30, 2023 to RMB46.2 million for the six months ended June 30, 2024, which was in line with the increase in our revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB79.7 million for the six months ended June 30, 2023 to RMB82.3 million for the six months ended June 30, 2024. Gross profit margin is calculated as gross profit divided by revenue. Our gross profit margin decreased from 72.7% for the six months ended June 30, 2023 to 64.0% for the six months ended June 30, 2024, primarily due to the price impact from the volume-base procurement and market competition.

Other Income and Gains

Other income and gains decreased from RMB10.7 million for the six months ended June 30, 2023 to RMB9.0 million for the six months ended June 30, 2024, primarily attributable to (i) the decrease in interest income; and (ii) the decrease in foreign exchange gains, net.

Management Discussion and Analysis (Continued)

Research and Development Costs

Research and development costs decreased from RMB69.9 million for the six months ended June 30, 2023 to RMB31.8 million for the six months ended June 30, 2024, primarily due to (i) the decrease in raw materials and consumables incurred for the trial manufacture of our pipeline candidates; (ii) the reduction of number of staff of the R&D team; and (iii) the reduction in third party contracting costs.

The following table sets forth a breakdown of our research and development costs:

	Six months ended June 30, 2024 (Unaudited)		Six months ended June 30, 2023 (Unaudited)	
	RMB million	%	RMB million	%
Staff costs	12.0	37.7	23.7	33.9
Depreciation	4.0	12.6	4.0	5.7
Third party contracting costs	13.1	41.2	19.0	27.2
Raw materials and consumables	1.6	5.0	18.2	26.0
Others	1.1	3.5	5.0	7.2
Total	31.8	100.0	69.9	100.0

Administrative Expenses

Administrative expenses decreased from RMB29.8 million for the six months ended June 30, 2023 to RMB27.0 million for the six months ended June 30, 2024, primarily attributed to a decrease in professional service fees.

Selling and Distribution Expenses

Selling and distribution expenses decreased from RMB41.7 million for the six months ended June 30, 2023 to RMB30.5 million for the six months ended June 30, 2024, primarily attributed to reducing in staff costs, office expenses and market development costs.

Finance Costs

Finance costs decreased from RMB1.1 million for the six months ended June 30, 2023, to RMB0.9 million for the six months ended June 30, 2024.

Borrowings and Gearing Ratio

As at June 30, 2024, the Group has not incurred any outstanding borrowing. The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at June 30, 2024 remained relatively stable at 3.4% same as December 31, 2023.

Management Discussion and Analysis (Continued)

Liquidity and Financial Resources

We primarily rely on capital contributions by our shareholders, equity financing as the major sources of liquidity as well as cash generated from our sales revenue of existing commercialized medical device products. As part of our treasury policy, our management monitors and maintains a level of cash and bank balances deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. As our business develops and expands, we expect to generate more cash from our operating activities, through increasing sales revenue of the existing commercialized products and by launching new products.

Our cash and bank balances as of June 30, 2024 were RMB613.3 million, representing a decrease of RMB8.9 million compared to RMB622.2 million as of December 31, 2023.

Our net current assets as of June 30, 2024 were RMB945.3 million, as compared to RMB945.6 million as of December 31, 2023.

Capital Expenditure

For the six months ended June 30, 2024, our total capital expenditure amounted to approximately RMB1.4 million as compared to a capital expenditure of RMB47.2 million for the six months ended June 30, 2023, the capital expenditure was primarily used in the plant and equipment.

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2024, the Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures, or had any significant investment accounting for more than 5% of the Group's total assets.

Pledge of Assets

As of June 30, 2024, the Group had no pledge of assets.

Foreign Exchange Exposure

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

Future Plans for Material Investments or Capital Assets

We had not authorized any plan for the material investments or acquisition of capital asset as of the date of this interim report.

Management Discussion and Analysis (Continued)

HUMAN RESOURCES

As of June 30, 2024, we had 341 full-time employees in total.

The remuneration policy for the Directors and senior management is based on their responsibility and general market conditions. Any discretionary and performance bonus are linked to the general performance of the Group and the individual performances of the Directors and senior management.

In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations and grounds for termination.

To remain competitive in the labor market, we also provide various incentives and benefits to our employees. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries and stock incentive plans to our employees especially key employees. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

SHARE SCHEME

Saved as the 2021 H Share Incentive Scheme disclosed below, neither the Company nor its subsidiaries had any share scheme during the Reporting Period.

Management Discussion and Analysis (Continued)

SHARE INCENTIVE SCHEME

The 2021 H Share Incentive Scheme

The Shareholders have adopted the 2021 H Share Incentive Scheme by a special resolution on November 1, 2021 (and further amended the 2021 H Share Incentive Scheme by ordinary resolution on June 10, 2022 and May 20, 2024). The following is a summary of the principal terms of the 2021 H Share Incentive Scheme. Please refer to the Company's circulars dated October 11, 2021, April 11, 2022 and April 17, 2024 for further information.

(a) Purpose of the Share Award Scheme

The purposes of the 2021 H Share Incentive Scheme are (i) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group by providing them with the opportunity to own equity interests in the Company; (ii) to deepen the reform on the Company's remuneration system and to develop and constantly improve the interests balance mechanism among the Shareholders, the operational and executive management; and (iii) to (a) recognize the contributions of the leadership of the Company including the Directors; (b) encourage, motivate and retain the leadership of the Company whose contributions are beneficial to the continual operation, development and long-term growth of the Group; and (c) provide additional incentive for the leadership of the Company and long standing employee by aligning the interests of the leadership of the Company to those of the Shareholders and the Group as a whole.

(b) Participants

Any individual 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 (as defined below) pursuant to the 2021 H Share Incentive Scheme is not permitted under the laws and regulations (including the relevant PRC laws and the Listing Rules) or where, in the view of the Board or the Delegatee (as defined below), 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 2021 H Share Incentive Scheme and such individual shall therefore be excluded therefrom (an "Eligible Participant").

(c) Awards

An award of H Shares (the "Award Share(s)") pursuant to the 2021 H Share Incentive Scheme (the "Award(s)") granted by the Board to participants ("Selected Participant(s)") who are Eligible Participants. In determining the Selected Participants, the Board may take into consideration matters including the present and expected contribution of the relevant Selected Participant to the Group. A grant shall be made by an Award letter to each Selected Participant, specifying the Grant Date, the manner of acceptance of the Award, the value of the Award and/or number of Award Shares underlying the Award (with the basis on which the number of Award Shares underlying the Award is arrived at), the vesting criteria and conditions, and the Vesting Date and such other details as might be required. Any price to be paid in relation to the grant shall be determined by the Delegatee with the authorization of the Board at their discretion. The Selected Participants may be required to pay a specific per Award Share amount at the time of grant (or at such other time) as stipulated in the grant letter for each Award.

Management Discussion and Analysis (Continued)

(d) Term

Subject to any early termination of the 2021 H Share Incentive Scheme pursuant to its rules, the 2021 H Share Incentive Scheme shall be valid and effective for 10 years commencing from November 1, 2021 (after which no Awards shall be granted), and thereafter for so long as there are non-vested Award Shares granted under the 2021 H Share Incentive Scheme prior to the expiration of the 2021 H Share Incentive Scheme, in order to give effect to the vesting of such Award Shares. The remaining life of the scheme is approximately 7.5 years.

(e) Vesting

The Board or the Delegatee may determine the vesting criteria and conditions or periods for the Awards to be vested.

(A) *Vesting Schedule*

Unless otherwise specified in an Award letter, and subject to the vesting conditions set out in the 2021 H Share Incentive Scheme rules, two types of Awards may generally be granted, (i) 3-year period Awards which, unless otherwise decided by the Board, shall be granted in the second quarter of each year, and shall vest in three installments commencing from June 30 of the year following the grant date (in relation to Awards of not more than 3,000,000 H Shares). The first installments to be vested shall not exceed 30% the total Awards granted and shall be determined by the management committee of the 2021 H Share Incentive Scheme; and (ii) 1-year period Awards which, with each grant to be made prior to June 30 of each year, shall be vested in a lump sum at the end of the financial year (which, unless otherwise decided by the Board, shall be granted in the second quarter of each year during the life of the revised 2021 H Share Incentive Scheme for not more than 300,000 H Shares each year). The specific commencement and duration of each vesting period and the actual vesting amount of the Award granted to a Selected Participant for the respective vesting periods shall be specified in the Award Letter approved by the Board or the Delegatee.

The vesting periods of the Awards granted under the 2021 H Share Incentive Scheme or the Awards to be satisfied by the application of any Award Shares which were not vested and/or are lapsed, cancelled or forfeited 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.

(B) *Vesting Conditions*

Vesting of the Award granted under the 2021 H Share Incentive Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions (such as payment of a vesting amount by the Selected Participant) as set out in the Award letter.

The details of the performance indicators of the Company (if any) 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 Award letter. If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective vesting periods shall not be vested and become immediately forfeited with respect to such Selected Participant.

Management Discussion and Analysis (Continued)

The Trustee (as defined below) shall be instructed to release the Award Shares to a Selected Participant upon satisfaction of the conditions on the applicable vesting date.

(f) Restriction on Grant of Awards

No grant of any Award Shares to any Selected Participant may be made and no directions or recommendations shall be given to the Trustee (as defined below) with respect to a grant of an Award under certain circumstances including:

- (i) where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the 2021 H Share Incentive Scheme;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the 2021 H Share Incentive Scheme Limit;
- (v) after the expiry of the Award period or after the earlier termination of the 2021 H Share Incentive Scheme;
- (vi) where any Director is in possession of unpublished inside information (as defined under the Securities and Futures Ordinance, the "SFO") in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (vii) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (viii) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

Management Discussion and Analysis (Continued)

(g) General and Maximum Limit

The maximum number of H Shares which may be granted under the 2021 H Share Incentive Scheme is 3,000,000 H Shares, representing approximately 9.5% and 7.7% of the Company's H Shares and total issued share capital as of the date of this report, respectively. As of January 1, 2024 and June 30, 2024, the total number of Shares available to be awarded under the 2021 H Share Incentive Scheme is 2,703,900 Shares and 1,874,000 Shares, respectively. Awards under the 2021 H Share Incentive Scheme shall be granted in accordance with the applicable Listing Rules and each Selected Participant shall not have unvested Awards exceeding 1% of the Company's issued share capital at the relevant time.

The 2021 H Share Incentive Scheme is administered by the Board, the management committee of the 2021 H Share Incentive Scheme or any other person or committee as the Board may delegate (a "Delegatee"). A trustee (the "Trustee") has been appointed by the Company for the purpose of administering the trust underlying the 2021 H Share Incentive Scheme, who shall, amongst other things, acquire H Shares to be granted to Selected Participants through on-market transactions at the prevailing market price in accordance with the instructions of the Company and the relevant provisions of the 2021 H Share Incentive Scheme rules. No new H Shares may be allotted and issued pursuant to the 2021 H Share Incentive Scheme. Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested).

Set for below are particulars of the Awards granted pursuant to the 2021 H Share Incentive Scheme:

	Date of grant	Number of awards					As of June 30, 2024
		As of January 1, 2024	Granted during the Reporting Period	Exercised and/or vested during the Reporting Period	Cancelled during the Reporting Period	Forfeited/ lapsed during the Reporting Period	
Mr. Wei Jiawei	June 7, 2024 ⁽³⁾	—	240,000	—	—	—	240,000
Other employees of the Group	January 1, 2022 ⁽¹⁾	235,500	—	—	—	38,400	197,100
	June 30, 2023 ⁽²⁾	60,600	—	—	—	—	60,600
	June 7, 2024 ⁽³⁾	—	628,300	—	—	—	628,300
Sub-total		296,100	868,300	—	—	38,400	1,126,000
<i>including: five highest paid</i>							
<i>employees (including Directors)</i>	January 1, 2022 ⁽¹⁾	20,000	—	—	—	—	20,000
	June 7, 2024 ⁽³⁾	—	780,000	—	—	—	780,000

Notes:

- (1) Subject to vesting conditions including fulfillment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2024.

Management Discussion and Analysis (Continued)

- (2) The Awards were granted on June 30, 2023. Subject to vesting conditions including fulfillment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting and each Grantee is required to pay RMB22 per Share at a time to be agreed with the Company, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2025.
- (3) The Awards granted during the Reporting Period was granted on June 7, 2024, and the closing price of the Shares immediately before the grant date was HK\$18.0 per Share. No consideration is payable by the grantees for the acceptance of the Awards. The fair value representing the Award granted were approximately RMB13.3 million (RMB15.37 each) based on the accounting standards and policies as set for in the Company's annual report. There are two types of Awards, (i) 1-year period vesting Awards, granting 13,300 awarded Shares to the grantees, and (ii) 3-year period vesting Awards, granting 855,000 awarded Shares to the grantees. The vesting conditions of the two types of Awards are (i) for the 1-year period Awards, fulfillment of the grantee's individual performance target of achieving an A grading or above for all personal evaluations in the assessment year immediately prior to the date of grant, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2024; and (ii) for the 3-year period Awards, fulfillment of the grantee's performance target of each year, 20%, 30%, and 50% of Awards granted to each grantee shall be vested and awarded on June 30, 2025, June 30, 2026, and June 30, 2027, respectively.

USE OF PROCEEDS FROM LISTING

The H Shares of the Company were first listed on the Main Board of the Stock Exchange on August 20, 2021. Net proceeds received from our Global Offering aggregated approximately HK\$1,014.8 million. Reference is made to the Company's Prospectus dated August 10, 2021.

Details of the planned applications of net proceeds from the Listing were disclosed in the Prospectus. As at June 30, 2024, the utilization of the net proceeds from the Global Offering are as follows:

	Planned applications (HK\$ million)	Actual utilisation as at December 31, 2023 (HK\$ million)	Utilisation during the Reporting Period (HK\$ million)	Actual utilisation as of June 30, 2024 (HK\$ million)	Balance as of June 30, 2024 (HK\$ million)	Expected timeline for full utilisation of the unutilised net proceeds
R&D, manufacturing and marketing of our core products	459.7	267.3	34.2	301.5	158.2	December 31, 2025
R&D, product registration, manufacturing and marketing of other product candidates in our pipeline	404.9	223.1	24.7	247.8	157.1	December 31, 2025
Improvements to our R&D capacities and our continued expansion of product portfolio through internal research	48.7	48.7	—	48.7	—	—
Working capital and general corporate purposes	101.5	101.5	—	101.5	—	—
Total	1014.8	640.6	58.9	699.5	315.3	

Corporate Governance and Other Information

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2024.

As of June 30, 2024, there are no treasury shares held by the Company. Treasury shares presented notes to the interim condensed consolidated financial information includes shares acquired by trustees of trusts set up in connection with share incentive schemes of the Group, and does not fall within the meaning of "treasury shares" under the Listing Rules.

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

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.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code during the six months ended June 30, 2024. In addition, the Company is not aware of any non-compliance with the Model Code by the senior management of the Group during the six months ended June 30, 2024.

COMPLIANCE WITH 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 as set out in the Corporate Governance Code as its own code to govern its corporate governance practices. Except for code provision C.2.1 of Part 2 of the CG Code set out below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in Part 2 of the CG Code during the six months ended June 30, 2024.

Corporate Governance and Other Information (Continued)

Under code provision C.2.1 of Part 2 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Wang Guohui is the chairman of the Board and chief executive officer of the Company. With extensive experience in the medical devices industry and having served in the Company as the general manager since the very early stage of our Company, Mr. Wang is in charge of overall management of the Company. Despite the fact that the roles of our chairman of the Board and our chief executive officer 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 both chairman of the Board and chief executive officer all in Mr. Wang has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. The Board currently comprises three non-executive Directors and three independent non-executive Directors as compared to three executive Directors. Therefore, the Board possesses a strong independent element in its composition. The Board will continue to review and monitor the practices of the Company with an aim of maintaining a high standard of corporate governance.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Audit Committee has three members comprising two independent non-executive Directors, being Mr. Gong Ping (chairman) and Mr. Feng Xiangqian, and one non-executive Director, being Mr. Ding Kui, with terms of reference in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results and the interim report of the Group for the six months ended June 30, 2024.

The Audit Committee, together with the management of the Company, considers that the interim financial results for the six months ended June 30, 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The Company's independent auditor, Ernst & Young, has reviewed the interim financial information of the Group for the six months ended June 30, 2024 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.

Corporate Governance and Other Information (Continued)

CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

Changes in the Board and the information of Directors during the Reporting Period and up to the date of this interim report are as follows:

Mr. Chen Shaoxiong was appointed as the independent non-executive director of Both Engineering Technology Co., Ltd., a company listed on the Main Board of the Shanghai Stock Exchange (stock code: 601133.SH) with effect from March 14, 2024. He was also appointed as the independent non-executive director of Shanghai No.1 Pharmacy Co., Ltd., a company listed on the Main Board of the Shanghai Stock Exchange (stock code: 600833.SH) with effect from June 21, 2024.

Mr. Gong Ping was appointed as the chief financial officer of Shanghai Liangyu Biotechnology Co., Ltd. (上海量預生物科技有限公司) with effect from May 1, 2024.

Mr. Guo Shaomu resigned as an independent non-executive director of Sunkwan Properties Group Limited, a property developer listed on the Main Board of the Stock Exchange (stock code: 6900.HK) with effect from July 31, 2024.

Mr. Wang Guohui was appointed as the chairman and convener of the Strategy Committee with effect from August 30, 2024.

Ms. Zhang Kun was appointed as the member of the Strategy Committee with effect from August 30, 2024.

Mr. Ding Kui was appointed as the member of the Strategy Committee with effect from August 30, 2024.

Mr. Chen Gang was appointed as the member of the Strategy Committee with effect from August 30, 2024.

Save as disclosed above, there was no change in the Board and the information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at the date of 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.

By Order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
Mr. WANG Guohui
Chairman and executive Director

Shanghai, the People's Republic of China, August 30, 2024

Corporate Governance and Other Information (Continued)

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

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

Interests of directors, supervisors and chief executive in the Company

Name of Director/ Supervisor/Chief Executive	Class of Shares	Capacity	Number of Securities/ Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Wang Guohui ⁽¹⁾	Unlisted Shares	Beneficial Owner and Interest in controlled corporation	3,188,110/ Long Position	8.21%	43.86%
	H Shares		8,152,618/ Long Position	20.99%	25.83%
Ding Kui ⁽²⁾	Unlisted Shares	Beneficial Owner and Interest in controlled corporation	782,908/ Long Position	2.02%	10.77%
	H Shares		2,383,700/ Long Position	6.14%	7.55%
Zhang Kun ⁽³⁾	Unlisted Shares	Beneficial owner and Interest of Spouse	1,566,488/ Long Position	4.03%	21.55%
	H Shares		1,566,488/ Long Position	4.03%	4.96%
Wei Jiawei ⁽⁴⁾	H Shares	Beneficial Owner	240,000/ Long Position	0.62%	0.76%
Xue Zongyu ⁽⁵⁾	H Shares	Beneficial Owner	150,000/ Long Position	0.39%	0.48%
Jiang Xue ⁽⁶⁾	H Shares	Beneficial Owner	5,000/ Long Position	0.01%	0.02%

Notes:

- (1) Mr. Wang Guohui directly holds 1,915,690 Unlisted Shares and 1,915,690 H Shares. Mr. Wang acts as the general partner of Shanghai Weizheng Enterprise Management Consulting Partnership (LP) (上海璋鉦企業管理諮詢合夥企業(有限合夥)) ("Weizheng Shanghai") (formerly known as Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心璋投資管理合夥企業(有限合夥)) ("Xinwei Investment") and Shanghai Zandaqian Enterprise Management Consulting Center (上海贊大乾企業管理諮詢中心) ("Shanghai Zandaqian") acts as the general partner of Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)) ("Kaiyuan Investment"), Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海璋鑿企業管理諮詢合夥企業(有限合夥)) ("Weiyun Shanghai") and Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海璋鈺企業管理諮詢合夥企業(有限合夥)) ("Weiyu Shanghai"). Shanghai Zandaqian is a sole proprietorship wholly owned by Mr. Wang. By virtue of the SFO, Mr. Wang Guohui is deemed to be interested in the Shares in which Weizheng Shanghai, Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in and Shanghai Zandaqian is deemed to be interested in the Shares in which Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in.

Corporate Governance and Other Information (Continued)

- (2) Mr. Ding Kui directly holds 782,908 Unlisted Shares and 782,908 H Shares. Mr. Ding is also deemed to be interested in the 1,600,792 H Shares held by Wisary Limited, an entity controlled by Mr. Ding.
- (3) Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)) (“Tongchuangsuwei”) directly holds 869,330 Unlisted Shares and 869,330 H Shares. Ms. Zhang Kun directly holds 697,158 Unlisted Shares and 697,158 H Shares. Mr. Chai Yanpeng, as the general partner of Tongchuangsuwei, is the spouse of Ms. Zhang Kun. By virtue of the SFO, Mr. Chai Yanpeng is deemed to be interested in the Shares in which Ms. Zhang Kun and Tongchuangsuwei is interested in and Ms. Zhang Kun is deemed to be interested in the Shares in which Mr. Chai Yanpeng is interested in.
- (4) Mr. Wei Jiawei is interested in 240,000 award shares granted to him pursuant to the Company’s 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant between June 30, 2025 to June 30, 2027.
- (5) Mr. Xue Zongyu is interested in 150,000 award shares granted to him pursuant to the Company’s 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant between June 30, 2025 to June 30, 2027.
- (6) Ms. Jiang Xue is interested in 5,000 award shares granted to her pursuant to the Company’s 2021 H Share Incentive Scheme which shall be vested in accordance with the terms of the grant on December 31, 2025.

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

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

As at June 30, 2024, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange pursuant to 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 of Shareholders	Class of Shares	Capacity	Number of Securities/Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Ms. Zhang Yanxia ⁽¹⁾	Unlisted Shares	Interest of spouse	3,188,110/ Long Position	8.21%	43.86%
	H Shares		8,152,618/ Long Position	20.99%	25.83%

Corporate Governance and Other Information (Continued)

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Shanghai Zandaqian Enterprise Management Consulting Center ⁽²⁾	Unlisted Shares	Interest in controlled corporation	496,183/ Long Position	1.28%	6.83%
Shanghai Weizheng Enterprise Management Consulting Partnership (LP)	H Shares	Beneficial owner	4,777,225/ Long Position	12.30%	15.13%
Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) ⁽²⁾	Unlisted Shares	Beneficial owner	776,237/ Long Position	2.00%	10.68%
Shanghai Weiyu Enterprise Management Consulting Partnership (LP) ⁽²⁾	H Shares	Beneficial owner	1,459,703/ Long Position	3.76%	4.62%
Shanghai Weiyun Enterprise Management Consulting Partnership (LP) ⁽²⁾	H Shares	Beneficial owner	1,277,192/ Long Position	3.29%	4.05%
Mr. Chai Yanpeng ⁽³⁾	Unlisted Shares	Interest in controlled corporation and	496,183/ Long Position	1.28%	6.83%
	H Shares	Interest of spouse	700,033/ Long Position	1.80%	2.22%
Ningbo Tongchuangsuwei Investment Partnership (LP) ⁽³⁾	H Shares	Beneficial owner	2,800,000/ Long Position	7.21%	8.87%
	Unlisted Shares	Beneficial owner	1,566,488/ Long Position	4.03%	21.55%
	H Shares	Interest of spouse	1,566,488/ Long Position	4.03%	4.96%
	Unlisted Shares	Beneficial owner	869,330/ Long Position	2.24%	11.96%
	H Shares	Beneficial owner	869,330/ Long Position	2.24%	2.75%

Corporate Governance and Other Information (Continued)

Name of Shareholders	Class of Shares	Capacity	Number of Securities/Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) ⁽⁴⁾	Unlisted Shares	Beneficial owner	906,220/ Long Position	2.33%	12.47%
	H Shares		906,220/ Long Position	2.33%	2.87%
Temasek Life Sciences Private Limited ⁽⁵⁾	H Shares	Interest in controlled corporation	1,627,907/ Long Position	4.19%	5.16%
Fullerton Management Pte Ltd. ⁽⁵⁾	H Shares	Interest in controlled corporation	1,627,907/ Long Position	4.19%	5.16%
Temasek Holdings (Private) Limited ⁽⁵⁾	H Shares	Interest in controlled corporation	1,767,907/ Long Position	4.55%	5.60%
LYFE Columbia River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	152,599/ Long Position	0.39%	2.10%
	H Shares		2,899,373/ Long Position	7.47%	9.19%
LYFE Ohio River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	49,147/ Long Position	0.13%	0.68%
	H Shares		933,784/ Long Position	2.40%	2.96%
Raritan River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	65,116/ Long Position	0.17%	0.90%
	H Shares		1,237,210/ Long Position	3.19%	3.92%
LYFE Capital Fund III (Dragon), L.P. ⁽⁶⁾	Unlisted Shares	Beneficial owner and Interest	201,746/ Long Position	0.52%	2.77%
	H Shares	in controlled corporation	4,060,457/ Long Position	10.46%	12.86%
LYFE Capital Management Limited ⁽⁶⁾	Unlisted Shares	Interest in controlled corporation	266,862/ Long Position	0.69%	3.67%
	H Shares		5,297,667/ Long Position	13.64%	16.78%
Wisary Limited	H Shares	Beneficial owner	1,600,792/ Long Position	4.12%	5.07%

Notes:

- (1) Ms. Zhang Yanxia is the spouse of Mr. Wang. By virtue of the SFO, Ms. Zhang Yanxia is deemed to be interested in the Shares in which Mr. Wang is interested in.

Corporate Governance and Other Information (Continued)

- (2) Mr. Wang Guohui directly holds 1,915,690 Unlisted Shares and 1,915,690 H Shares. Mr. Wang Guohui acts as the general partner of Weizheng Shanghai and Shanghai Zandaqian acts as the general partner of Kaiyuan Investment, Weiyun Shanghai and Weiyu Shanghai. Shanghai Zandaqian is a sole proprietorship wholly owned by Mr. Wang. By virtue of the SFO, Mr. Wang is deemed to be interested in the Shares in which Weizheng Shanghai, Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in and Shanghai Zandaqian is deemed to be interested in the Shares in which Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in.
- (3) Tongchuangsuwei directly holds 869,330 Unlisted Shares and 869,330 H Shares. Ms. Zhang Kun directly holds 697,158 Unlisted Shares and 697,158 H Shares. Mr. Chai Yanpeng, as the general partner of Tongchuangsuwei, is the spouse of Ms. Zhang Kun. By virtue of the SFO, Mr. Chai Yanpeng is deemed to be interested in the Shares in which Ms. Zhang Kun and Tongchuangsuwei is interested in and Ms. Zhang Kun is deemed to be interested in the Shares in which Mr. Chai Yanpeng is interested in.
- (4) SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合伙)) (“SDIC Unity Capital”) directly holds 906,220 Unlisted Shares and 906,220 H Shares. SDIC Unity Capital is a limited partnership incorporated in the PRC, whose general partner is SDIC Unity Capital Corporation Limited (國投創合基金管理有限公司). State Development and Hi-tech Investment Corp. (國投高科技投資有限公司), a wholly-owned subsidiary of China SDIC Gaoxin Industrial Investment Corp., Ltd. (中國國投高新產業投資有限公司), which is in turn controlled by State Development & Investment Corporation (國家開發投資集團有限公司) is a substantial shareholder of SDIC Unity Capital.
- (5) Elbrus Investments Pte. Ltd. (“Elbrus”) directly holds 1,627,907 H Shares. Elbrus is a wholly-owned subsidiary of Temasek Life Sciences Private Limited, which is in turn a wholly-owned subsidiary of Fullerton Management Pte Ltd, which is a wholly-owned subsidiary of Temasek Holdings (Private) Limited. By virtue of the SFO, Temasek Life Sciences Private Limited, Fullerton Management Pte Ltd and Temasek Holdings (Private) Limited are deemed to be interested in the 1,627,907 H Shares held by Elbrus. Aranda Investments Pte. Ltd. holds 140,000 H shares, which is controlled by Seletar Investments Pte Ltd. Seletar Investments Pte Ltd is controlled by Temasek Capital (Private) Limited. By virtue of the SFO, Temasek Capital (Private) Limited is deemed to be interested in the 140,000 H shares held by Aranda Investments Pte. Ltd.
- (6) LYFE Columbia River Limited (“LYFE Columbia”) directly holds 152,599 Unlisted Shares and 2,899,373 H Shares. LYFE Ohio River Limited (“LYFE Ohio”) directly holds 49,147 Unlisted Shares and 933,784 H Shares. Raritan River directly holds 65,116 Unlisted Shares and 1,237,210 H Shares. LYFE Capital Fund III (Dragon), L.P. directly holds 227,300 H shares. LYFE Columbia and LYFE Ohio are controlled by LYFE Capital Fund III (Dragon), L.P., which was in turn controlled by LYFE Capital Management Limited. Raritan River Limited (“Raritan River”) is controlled by LYFE Capital Management Limited, which is ultimately controlled by Mr. Zhao Jin (趙晉), an Independent Third Party. By virtue of the SFO, LYFE Capital Fund III (Dragon), L.P., is deemed to be interested in the Shares held by LYFE Columbia and LYFE Ohio while LYFE Capital Management Limited is deemed to be interested in the Shares held by LYFE Columbia, LYFE Ohio and Raritan River.

Save as disclosed above, as of June 30, 2024, the Directors were not aware of any persons (other than the Directors, the Supervisors or chief executive of the Company) who had interests and/or short positions in the shares or underlying Shares of the Company 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.

Independent Review Report



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To the board of directors of Shanghai Heartcare Medical Technology Corporation Limited

(A joint stock company 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 Heartcare Medical Technology Corporation Limited (the "Company") and its subsidiaries (the "Group") as at June 30, 2024 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. 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 30, 2024

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

For the six months ended June 30, 2024

	Notes	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
REVENUE	5	128,484	109,586
Cost of sales		(46,203)	(29,868)
Gross profit		82,281	79,718
Other income and gains	5	9,036	10,746
Other expenses		(4,348)	(2,648)
Research and development costs		(31,752)	(69,850)
Administrative expenses		(27,005)	(29,814)
Selling and distribution expenses		(30,515)	(41,662)
Finance costs	6	(895)	(1,126)
LOSS BEFORE TAX	7	(3,198)	(54,636)
Income tax (expense)/credit	8	(1,921)	298
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(5,119)	(54,338)
Attributable to:			
Owners of the parent		(5,119)	(54,338)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	(0.14)	(1.42)

Interim Condensed Consolidated Statement of Financial Position

June 30, 2024

	Notes	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	11	60,509	69,939
Right-of-use assets		66,838	68,572
Goodwill		9,711	9,711
Other intangible assets		35,458	37,708
Prepayments, other receivables and other assets, non-current		7,763	7,398
Financial assets at fair value through profit or loss, non-current	13	8,239	2,525
Investment in an associate		—	—
Total non-current assets		188,518	195,853
CURRENT ASSETS			
Inventories		150,505	146,039
Trade receivables	12	85,033	76,913
Prepayments, other receivables and other assets, current		40,051	53,205
Financial assets at fair value through profit or loss ("FVTPL")	13	110,253	98,934
Restricted cash		8,034	8,096
Cash and bank balances		613,346	622,205
Total current assets		1,007,222	1,005,392
CURRENT LIABILITIES			
Trade and other payables	14	53,566	51,779
Lease liabilities, current		6,666	4,911
Contract liabilities		1,706	3,092
Total current liabilities		61,938	59,782
NET CURRENT ASSETS		945,284	945,610
TOTAL ASSETS LESS CURRENT LIABILITIES		1,133,802	1,141,463

Interim Condensed Consolidated Statement of Financial Position (Continued)

June 30, 2024

	Notes	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities, non-current		29,822	31,472
Government grants		31,627	33,895
Deferred tax liabilities		2,373	452
Total non-current liabilities		63,822	65,819
Net assets		1,069,980	1,075,644
EQUITY			
Equity attributable to owners of the parent			
Share capital		38,834	38,834
Treasury shares	15	(51,328)	(48,999)
Reserves		1,082,474	1,085,809
Total equity		1,069,980	1,075,644

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2024

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2024 (audited)	38,834	1,546,492	(48,999)	180,497	(641,180)	1,075,644
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	(5,119)	(5,119)
Equity-settled share award expense (unaudited)	—	—	—	1,784	—	1,784
Shares purchased under 2021 H Share Incentive Scheme (unaudited)	—	—	(2,329)	—	—	(2,329)
At June 30, 2024 (unaudited)	38,834	1,546,492	(51,328)	182,281	(646,299)	1,069,980
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2023 (audited)	38,834	1,546,492	(42,563)	169,882	(547,168)	1,165,477
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	(54,338)	(54,338)
Equity-settled share award expense (unaudited)	—	—	—	6,573	—	6,573
Shares purchased under 2021 H Share Incentive Scheme (unaudited)	—	—	(187)	—	—	(187)
At June 30, 2023 (unaudited)	38,834	1,546,492	(42,750)	176,455	(601,506)	1,117,525

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2024

	Notes	For the six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(3,198)	(54,636)
Adjustments for:			
Finance costs	6	895	1,126
Share of loss of an associate		—	—
Impairment of trade receivables	7	587	429
Impairment of inventories	7	3,761	2,206
Interest income	5	(4,349)	(6,433)
Fair value gains on financial assets at FVTPL	5	(1,645)	(216)
Gain on disposal of plant and equipment	5	—	(96)
Depreciation of plant and equipment	7	10,071	9,959
Depreciation of right-of-use assets	7	3,503	3,568
Amortisation of other intangible assets	7	2,614	2,331
Income from government grants for plant and equipment		(2,268)	(733)
Equity-settled share award expense	7	1,784	6,573
Foreign exchange differences, net		(501)	(1,452)
		11,254	(37,374)
Increase in inventories		(8,227)	(29,785)
Increase in trade receivables		(8,707)	(34,284)
Decrease in prepayments, other receivables and other assets		13,451	41,092
Increase/(decrease) in trade and other payables		2,838	(2,270)
Decrease in contract liabilities		(1,386)	(6,038)
Cash from/(used in) operations		9,223	(68,659)
Income tax prepaid		(424)	(1,508)
Net cash flows from/(used in) operating activities		8,799	(70,167)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended June 30, 2024

	Notes	For the six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of financial assets at FVTPL		(88,715)	(50,000)
Withdrawal of financial assets at FVTPL		73,326	—
Purchase of items of plant and equipment		(1,020)	(4,782)
Purchase of items of other intangible assets		(364)	(1,082)
Payment for acquisition of a land-use-right		—	(41,375)
Placement of time deposits		—	(75,142)
Withdrawal of time deposits		16,358	88,153
Withdrawal of restricted cash of a deposit for land-use-right		—	4,020
Placement of restricted cash of construction deposits		—	(8,034)
Interest received		4,621	6,385
Net cash flows from/(used in) investing activities		4,206	(81,857)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shares purchased under 2021 H Share Incentive Scheme		(2,329)	(187)
Refund of payments for subscription of share awards granted		(768)	—
Issue costs paid for A shares		—	(1,357)
Repayment of a bank loan		—	(5,000)
Repayment for interest on a bank loan		—	(29)
Rental deposits paid		(40)	(36)
Repayment of lease liabilities		(2,559)	(5,388)
Net cash flows used in financing activities		(5,696)	(11,997)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		7,309	(164,021)
Cash and cash equivalents at beginning of period		605,583	840,026
Effect of foreign exchange rate changes, net		454	—
CASH AND CASH EQUIVALENTS AT END OF PERIOD		613,346	676,005

Notes to Interim Condensed Consolidated Financial Information

June 30, 2024

1. CORPORATE INFORMATION

Shanghai HeartCare Medical Technology Corporation Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on June 16, 2016 as a limited liability company. On December 3, 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited on August 20, 2021. The registered office and the principal place of the Company is located at 1st and 3rd Floor, Building 38, No. 356, Zhengbo Road, Lingang New District, Pilot Free Trade Zone, Shanghai, the PRC.

The Company and its subsidiaries (the “Group”) are principally engaged in the research, development, manufacturing and sale of innovative medical devices.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2024 has been prepared in accordance with 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.

This interim condensed consolidated financial information is presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

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

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

4. OPERATING SEGMENT INFORMATION

Segment information

For management purposes, the Group is not organised into business units based on their products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

During the reporting period, most of the Group's revenue was derived from customers located in Chinese Mainland and nearly all of the Group's non-current assets were located in Chinese Mainland, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operation Segments*.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
Sale of medical devices	128,484	109,586

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended June 30,	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Geographical markets		
Chinese Mainland	125,081	109,269
Others	3,403	317
Total	128,484	109,586
Timing of revenue recognition		
Goods transferred at a point in time	128,484	109,586

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

5. REVENUE, OTHER INCOME AND GAINS (Continued)

An analysis of other income and gains is as follows:

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Other income		
Interest income	4,349	6,433
Government grants	2,636	1,187
	6,985	7,620
Other gains		
Foreign exchange gains, net	406	2,814
Fair value gains on financial assets at FVTPL	1,645	216
Gain on disposal of items of plant and equipment	—	96
	2,051	3,126
Total	9,036	10,746

6. FINANCE COSTS

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Interest on lease liabilities	895	1,097
Interest on a bank loan	—	29
Total	895	1,126

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

7. LOSS BEFORE TAX

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

	Notes	For the six months ended June 30,	
		2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Cost of inventories sold		46,203	29,760
Research and development costs		31,752	69,850
Write-down of inventories to net realisable value		3,761	2,206
Impairment of trade receivables		587	429
Depreciation of plant and equipment		10,071	9,959
Depreciation of right-of-use assets		3,503	3,568
Amortisation of other intangible assets		2,614	2,331
Government grants	5	(2,636)	(1,187)
Interest income	5	(4,349)	(6,433)
Fair value gains on financial assets at FVTPL	5	(1,645)	(216)
Lease payments not included in the measurement of lease liabilities		475	794
Auditors' remuneration		1,000	1,000
Employee benefit expenses			
– Independent non-executive directors' fees		317	277
– Wages, salaries and allowances		43,720	52,634
– Pension scheme contributions		4,379	5,695
– Staff welfare expenses		1,923	2,324
– Equity-settled share award expenses		1,784	6,573
		52,123	67,503
Foreign exchange gains, net	5	(406)	(2,814)
Gain on disposal of items of plant and equipment	5	—	(96)

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

8. INCOME TAX

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Current — Chinese Mainland		
Charge for the period	—	—
Deferred	1,921	(298)
Total	1,921	(298)

No PRC Corporate Income Tax was provided as there was no estimated assessable profit of the Group's PRC subsidiaries during the periods presented in the interim condensed consolidated financial information.

Deferred tax assets have not been fully recognised in respect of these losses and temporary differences as they have arisen in the Group that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised in the foreseeable future.

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended June 30, 2024, nor has any dividend been proposed since the end of the reporting period (during the six months ended June 30, 2023: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue for the six months ended June 30, 2024 and 2023.

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

10. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

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

	For the six months ended June 30,	
	2024 (Unaudited)	2023 (Unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(5,119)	(54,338)
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	37,771,501	38,140,299
Loss per share (basic and diluted) (RMB per share)	(0.14)	(1.42)

11. PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired assets at a cost of RMB641,000 (unaudited) (June 30, 2023: RMB6,468,000 (unaudited)).

No asset was disposed of by the Group during the six months ended June 30, 2024. Assets with a net book value of RMB943,000 (unaudited) were disposed of by the Group during the six months ended June 30, 2023, resulting in a net gain on disposal of RMB96,000.

12. TRADE RECEIVABLES

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

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 6 months	85,033	76,913

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

13. FINANCIAL ASSETS AT FVTPL

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Current		
Financial products	110,253	98,934
Non-current		
Unlisted investments at FVTPL and derivative financial instruments	8,239	2,525
Total	118,492	101,459

The financial products represented wealth management products issued by banks in Chinese Mainland with expected return rates ranged from 2.8% to 4.2% (2023: 2.2% to 4.5%) per annum.

The derivative financial instruments was mainly composed of the right to obtain shares of a company under certain conditions.

14. TRADE AND OTHER PAYABLES

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Trade payables	5,675	3,667
Payroll payable	11,947	16,339
Accrued expenses	15,616	6,872
Advance payments received for subscription of share awards	5,275	6,043
Other tax payables	8,313	7,431
Other payables and accruals	6,740	11,427
Total	53,566	51,779

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

14. TRADE AND OTHER PAYABLES (Continued)

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

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Within 3 months	4,724	2,143
3 to 6 months	173	201
6 to 12 months	334	301
1 to 2 years	444	1,022
Total	5,675	3,667

15. TREASURY SHARES

On November 1, 2021, shareholders of the Group approved the adoption of the 2021 H share incentive scheme (the "2021 H Share Incentive Scheme"). Pursuant to the 2021 H Share Incentive Scheme, 98,100 (June 30, 2023: 5,000) shares were purchased on the Hong Kong Stock Exchange by the trustee under the scheme at a total consideration of RMB2,329,000 (June 30, 2023: RMB187,000) before expenses during the six months ended June 30, 2024.

16. COMMITMENTS

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

	June 30, 2024 RMB'000 (Unaudited)	December 31, 2023 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and equipment	151	418
Intangible assets	—	89
Total	151	507

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

17. RELATED PARTY TRANSACTIONS

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

	For the six months ended June 30,	
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)
Wages, salaries and allowances	3,231	3,005
Pension scheme contributions	216	202
Independent non-executive directors' fees	317	277
Equity-settled share award expenses	357	3,668
Total	4,121	7,152

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value

Management has assessed that the fair values of cash and bank balances, restricted cash, trade receivables, financial assets included in prepayments, other receivables and other assets (in the current portion), interest-bearing bank borrowing, financial liabilities included in trade and other payables and lease liabilities (in the current portion) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance controller. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

The fair values of equity investments designated at fair value through profit or loss and derivative financial instruments are determined using market approach.

The Group invests in wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of these wealth management product by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at June 30, 2024

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Equity investments designated at fair value through profit or loss	—	—	400	400
Derivative financial instruments	—	—	7,839	7,839
Financial products	—	110,253	—	110,253
Total	—	110,253	8,239	118,492

Notes to Interim Condensed Consolidated Financial Information (Continued)

June 30, 2024

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (continued)

As at December 31, 2023

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant Observable Inputs (Level 2) RMB'000 (Audited)	Significant Unobservable Inputs (Level 3) RMB'000 (Audited)	
Equity investments designated at fair value through profit or loss	—	—	400	400
Derivative financial instruments	—	—	2,125	2,125
Financial products	—	98,934	—	98,934
Total	—	98,934	2,525	101,459

The Group did not have any financial liabilities measured at fair value as at June 30, 2024 and December 31, 2023.

For the six months ended June 30, 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended June 30, 2023: nil).

19. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on August 30, 2024.

Definitions

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

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code” or “Corporate Governance Code”	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “our Company”	Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 6609)
“Director(s)”	the director(s) of the Company
“Elbrus”	Elbrus Investments Pte. Ltd., a limited liability company incorporated in Singapore on June 16, 2015, indirectly owned as to 100% by Temasek Holdings (Private) Limited, an Independent Third Party of our Company
“FDA”	the U.S. Food and Drug Administration
“Group”, “our Group”, “our”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards
“Kaiyuan Investment”	Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)), a limited partnership in the PRC established on December 4, 2017 with Shanghai Zandaqian as its general partner, being one of our single largest Shareholders

Definitions (Continued)

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“LYFE Columbia”	LYFE Columbia River Limited, a limited liability company incorporated in Hong Kong on May 18, 2020, ultimately controlled by LYFE Capital Management Limited
“LYFE Ohio”	LYFE Ohio River Limited, one of our Pre-IPO Investors and a limited liability company incorporated in Cayman Islands on March 6, 2020, ultimately controlled by LYFE Capital Management Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局)
“Prospectus”	the prospectus published by the Company on August 10, 2021 in relation to its Hong Kong public offering
“R&D”	research and development
“Raritan River”	Raritan River Limited, a limited liability company incorporated in Cayman Islands, ultimately controlled by LYFE Capital Management Limited
“Reporting Period”	the six months period ended June 30, 2024
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of China
“SDIC Unity Capital”	SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥)), a limited partnership established in the PRC on September 13, 2016, with SDIC Unity Capital Funds Management Corporation Limited (國投創合基金管理有限公司), an Independent Third Party of our Company, as its general partner
“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 Zandaqian”	Shanghai Zandaqian Enterprise Management Consulting Center (上海贊大乾企業管理諮詢中心), a sole proprietorship established on June 18, 2020, wholly owned by Mr. Wang Guohui
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares

Definitions (Continued)

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee of the Board
“Subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of the supervisory committee of the Company
“Tongchuangsuwei”	Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 6, 2018 with Mr. Chai Yanpeng (柴燕鵬), the spouse of Ms. Zhang Kun, our executive Director and deputy general manager, as its general partner
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Share(s)”	the ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed and credited as fully paid up in Renminbi
“USD”	United States dollars, the lawful currency of the United States
“Weiyu Shanghai”	Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on August 28, 2020, being one of our single largest Shareholders
“Weiyun Shanghai”	Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鑿企業管理諮詢合夥企業(有限合夥)), formerly known as Shanghai Weijun Enterprise Management Consulting Partnership (LP) (上海瑋均企業管理諮詢合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on August 28, 2020, being one of our single largest Shareholders upon Listing
“Weizheng Shanghai”	Shanghai Weizheng Enterprise Management Consulting Partnership (LP) (上海瑋鉦企業管理諮詢合夥企業(有限合夥)), formerly known as Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on September 6, 2017, being one of our single largest Shareholders upon Listing
“%”	per cent



上海心瑋醫療科技股份有限公司
Shanghai HeartCare Medical Technology Corporation Limited