



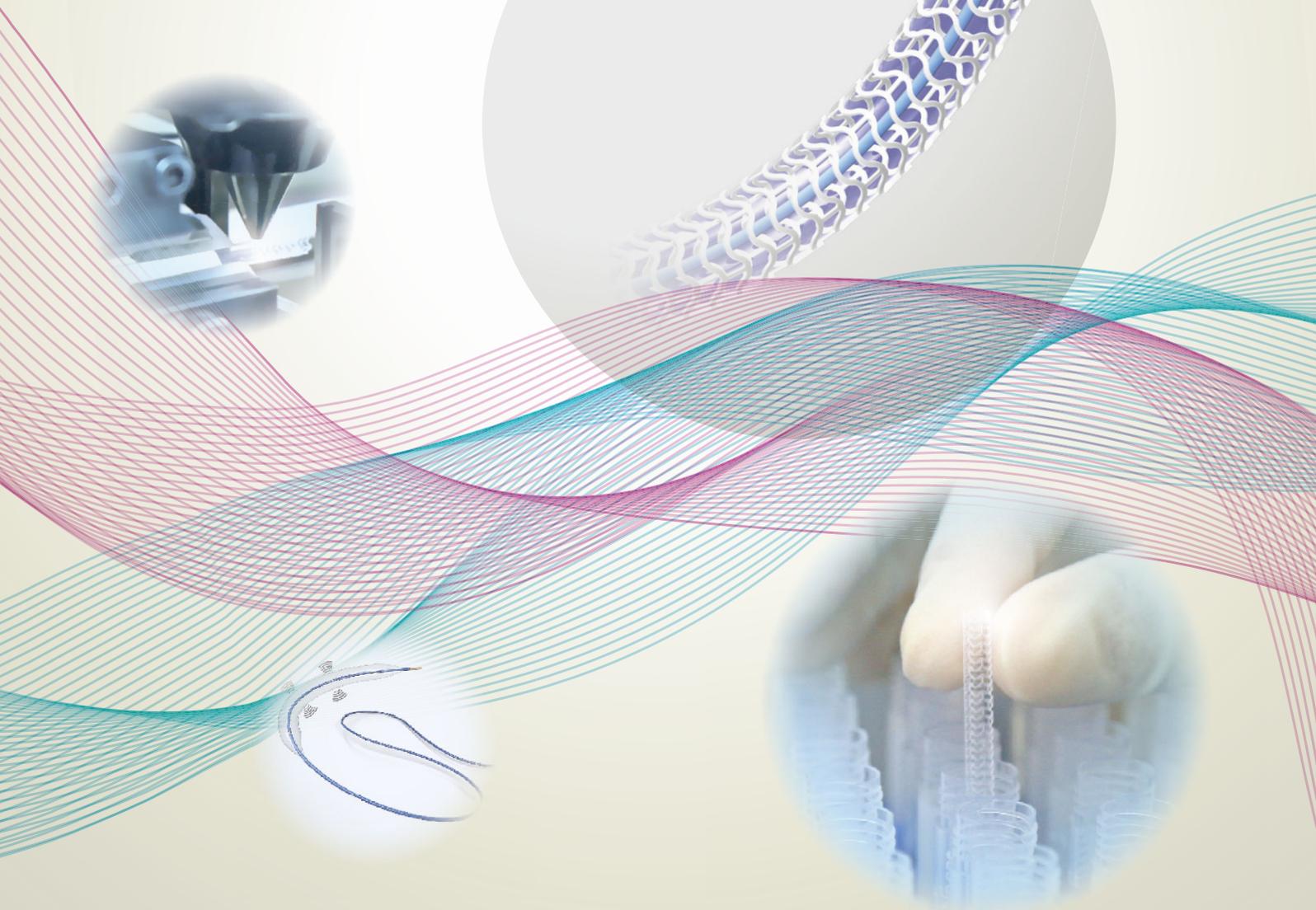
上海百心安生物技術股份有限公司  
Shanghai Bio-heart Biological Technology Co., Ltd.

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

Stock Code: 2185

2022

INTERIM REPORT



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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

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

### Non-executive Directors

Ms. Li CAI (蔡俐)  
Mr. Quan ZHOU (周琮)  
Mr. Ji CHEN (陳紀)  
Mr. Jie YIN (陰杰) (*resigned on June 27, 2022*)

### Independent Non-executive Directors

Mr. Charles Sheung Wai CHAN (陳尚偉)  
Mr. Xubo LU (魯旭波)  
Mr. George Chien Cheng LIN (林潔誠)

## AUDIT COMMITTEE

Mr. Charles Sheung Wai CHAN (陳尚偉) (*Chairperson*)  
Mr. George Chien Cheng LIN (林潔誠)  
Mr. Xubo LU (魯旭波)

## REMUNERATION COMMITTEE

Mr. Xubo LU (魯旭波) (*Chairperson*)  
Mr. Charles Sheung Wai CHAN (陳尚偉)  
Ms. Li CAI (蔡俐)

## NOMINATION COMMITTEE

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

## SUPERVISORS

Ms. Peili WANG (王佩麗)  
Mr. Tao CAI (蔡濤)  
Mr. Chenzhao ZHANG (張晨朝)

## JOINT COMPANY SECRETARIES

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

## AUTHORIZED REPRESENTATIVES

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

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

Room 302, 3/F, Building 4  
No. 590 Ruiqing Road  
East Zhangjiang Hi-Tech Park  
Pudong New Area  
Shanghai  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## AUDITOR

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

## LEGAL ADVISERS

*As to Hong Kong and United States laws:*  
O'Melveny & Myers  
31/F, AIA Central  
1 Connaught Road Central  
Hong Kong

*As to PRC law:*  
AllBright Law Offices  
9, 11, 12/F, Shanghai Tower  
501 Yincheng Middle Road  
Pudong New Area, Shanghai  
PRC

## COMPLIANCE ADVISER

Maxa Capital Limited  
Unit 1908 Harbour Center  
25 Harbour Road  
Wanchai  
Hong Kong

## H SHARE REGISTRAR

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

## PRINCIPAL BANK

HSBC Bank (China) Shanghai Branch  
LG1-38, IFC  
Pudong New District  
Shanghai  
PRC

## STOCK CODE

2185

## COMPANY'S WEBSITE

[www.bio-heart.com](http://www.bio-heart.com)

## LISTING DATE

December 23, 2021

## Financial Highlights

	Six months ended June 30,	
	2022 RMB'000 (unaudited)	2021 RMB'000 (audited)
Research and development expenses	(71,391)	(120,486)
Administrative expenses	(53,853)	(104,535)
Other expenses	–	(3,226)
Finance costs	(510)	(227)
Other income and gains	10,178	964
Loss for the period	(115,576)	(227,510)

## BUSINESS HIGHLIGHTS

During the Reporting Period, we have made the following progress with respect to our product pipeline and business operation:

- The Company completed the patient enrollment process for the clinical trial of Iberis® 2nd in January 2022.
- The Company completed the patient enrollment process for the clinical trial of Bioheart® in February 2022.
- At EuroPCR 2022, the Company finalized plans with clinical trial investigators on the European clinical trial on Renal Artery Denervation Using Radial Access in Uncontrolled Hypertension (RADIUS-HTN) to evaluate Iberis® 2nd RDN system in patients with uncontrolled hypertension.

# Management Discussion and Analysis

## I. BUSINESS REVIEW

### Overview

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

### Products and Pipeline

As of the date of this interim report, we have a portfolio of nine product candidates in various stages of development. The following diagram summarizes the status of our product candidates under development as of the date of this interim report:

Product Candidates*	Pre-Clinical	Clinical	Registration	Commercialization
<b>BRS Product Candidates</b>	<b>Bioheart® BRS system</b> ★+ <i>(For coronary artery disease)</i>	➤ In China <ul style="list-style-type: none"> <li>Feasibility clinical trial completed</li> <li>In confirmatory clinical trial (patient enrollment completed)</li> </ul>	Expected to be the world's first second-generation BRS system approved for commercialization based on multi-center RCT results	2023 Q3
	<b>Bio-Leap™ below-the-knee (BTK) BRS system</b> <i>(For peripheral vascular disease)</i>	Animal studies		2026
	<b>Bioheart Ultra™ BRS system with ultra-thin strut</b> <i>(For coronary artery disease)</i>	Animal studies		2027-2028
<b>RDN Product Candidate</b>	<b>Iberis® 2nd second-generation RDN system</b> +	➤ In China <ul style="list-style-type: none"> <li>In confirmatory clinical trial (patient enrollment completed)</li> </ul> ➤ In Japan <ul style="list-style-type: none"> <li>Feasibility clinical trial completed</li> <li>To initiate confirmatory clinical trial*</li> </ul>	Expected to be the first multi-electrode RDN product approved for commercialization in China	2023 Q2
				2025
<b>Other Product Candidates</b>	<b>Bioheart® impulse balloon dilatation catheter</b> <i>(For coronary artery calcification)</i>	Design stage		2025
	<b>Bioheart® impulse balloon dilatation catheter</b> <i>(For peripheral vascular calcification)</i>	Design stage		2025-2026
	<b>Bioheart® impulse balloon dilatation catheter</b> <i>(For aortic valve calcification)</i>	Design stage		2027-2028
	<b>Bioheart® balloon dilatation catheter</b> ▲	Design stage	Exempted from clinical trial	2023
	<b>Bioheart® non-compliant (high-pressure) balloon dilatation catheter</b> ▲	Design stage	Exempted from clinical trial	2023

★ Core product

+ NMPA "Innovative Medical Device"

▲ Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the *Catalogue of Medical Devices Exempted from Clinical Trials* (《免於進行臨床試驗醫療器械目錄》) promulgated by the NMPA, as amended.

\* The confirmatory clinical trial is also known as pivotal clinical trial in Japan.

# Management Discussion and Analysis

## **Our Products and Product Candidates**

### ***BRS Product Candidates***

**Bioheart®**, our bioresorbable scaffold (BRS) product, is a self-developed temporary scaffold that will be fully resorbed by the human body over time. It is a BRS system used in percutaneous coronary intervention (PCI) procedures for the treatment of coronary artery disease. As of the date of this interim report, we held 35 registered patents (including 10 invention patents and 25 utility model patents) in relation to Bioheart®, of which 33 were registered in China, one registered in the U.S. and one registered in Europe. We also have 14 pending patent applications in relation to Bioheart®. Bioheart® was recognized as an “innovative medical device” by the NMPA in February 2017 and is therefore eligible for an expedited approval process. On February 16, 2022, the Company completed the patient enrollment process for the clinical trial of Bioheart®. We expect to complete the required follow-ups for the confirmatory clinical trial and submit our confirmatory clinical trial results to the NMPA for its approval in the first quarter of 2023.

**Bio-Leap™**, a below-the-knee (BTK) BRS system, is our self-developed innovative BRS product candidate used in percutaneous transluminal angioplasty for the treatment of lower extremity peripheral artery disease. As of the date of this interim report, we had completed the design of Bio-Leap™ and are currently in the process of conducting animal studies for Bio-Leap™. We currently expect to initiate the clinical trials for Bio-Leap™ in 2023 and launch the product in or around 2026.

**Bioheart Ultra™**, is our self-developed second-generation BRS system for the treatment of coronary artery disease featuring an estimated stent strut thickness less than 100 μm. As of the date of this interim report, we had completed the design of Bioheart Ultra™ and are currently in the process of conducting animal studies for Bioheart Ultra™. We currently expect to initiate the clinical trials for Bioheart Ultra™ in 2023 and launch the product in or around 2028.

### ***RDN Product Candidate***

**Iberis® 2nd** is our self-developed second-generation RDN system. RDN is one of the few device therapies with proven clinical efficacy to treat uncontrolled hypertension and resistant hypertension and is considered by many industry experts as having the potential to transform the treatment paradigm of hypertension.

As of the date of this interim report, we held 33 registered patents (including nine invention patents, 20 utility model patents and four design patents) and 19 pending invention patent applications in relation to Iberis® 2nd. Of the 33 registered patents, 32 were registered or applied in China, and one registered in Japan. Iberis® 2nd was recognized as an “innovative medical device” by the NMPA in November 2016 and is therefore eligible for an expedited approval process. On January 26, 2022, the Company completed the patient enrollment process for the clinical trial of Iberis® 2nd. We expect to complete the required follow-ups for the clinical trial and submit our randomized controlled clinical trial results to the NMPA for its approval in the fourth quarter of 2022.

# Management Discussion and Analysis

We have contracted with the European Cardiovascular Research Center to conduct a European clinical trial evaluating Iberis® 2nd RDN system. At EuroPCR 2022, we finalized plans with clinical trial investigators on the European clinical trial on Renal Artery Denervation Using Radial Access in Uncontrolled Hypertension (RADIUS-HTN). The European Cardiovascular Research Center will conduct the RADIUS-HTN Trial comparing the effectiveness of renal denervation performed via transradial arterial access (TRA) and transfemoral arterial access (TFA). We are the only company in the world to have CE Marking for catheters that can be used for both TRA and TFA to treat high blood pressure. The TRA approach to vascular interventions is preferred by physicians and patients. Compared to TFA, TRA interventions reduce access site complications and shortens the duration of hospital stay with a reduction in procedural costs and increased patient gratification. Clinical trials for Iberis® 2nd are conducted in collaboration with Terumo, our strategic business collaborator.

## **Other Product Candidates**

We have five balloon catheter product candidates.

**Bioheart® balloon dilatation catheter and Bioheart® non-compliant (high-pressure) balloon dilatation catheter** are designed to be used in the pre- and post-dilatation procedure for stent deployment, which, together with our Core Product, will provide full suite solutions to physicians for BRS implantation. Since these two product candidates are exempted from clinical trial requirements in China, we expect to launch them shortly after their respective development stage concludes in the second quarter of 2023.

**Bioheart® impulse balloon dilatation catheters** consist of three product candidates designed to remove coronary artery calcification, peripheral vascular calcification and aortic valve calcification, respectively. We expect to initiate clinical trials for Bioheart® impulse balloon dilatation catheters in the second quarter of 2023. As of the date of this interim report, we held three registered patents (including one utility patent) and five pending invention patent (including one PCT application) applications in relation to Bioheart® impulse balloon dilatation catheters, all of which were registered or applied in China.

For details of our products and product candidates, please refer to our Prospectus.

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

## **Research and Development**

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

- one Core Product, one RDN product candidate, as well as seven other product candidates in various stages of development;
- 72 registered patents and 40 pending patent applications; and
- CE Marking and nine registration certificates for our first-generation RDN product commercialized in overseas markets.

# Management Discussion and Analysis

## Strategic Investment

On June 21, 2022, our Group acquired 15.42% equity interest of Xinzhi Medical through acquisition and capital injection. Xinzhi Medical has four DCB products at clinical stage in its pipeline, with the registration application for paclitaxel coronary DCB submitted to the NMPA for approval, and the patient enrollment process for the clinical trial of rapamycin coronary DCB completed. Compared to the commonly used stents in clinical practice, DCB as the complementary product of BRS is able to offer treatment without implanting foreign objects into human bodies, thereby achieving the concept of “intervention without implantation”. By investing in Xinzhi Medical, we expect to enrich our portfolio in cardiovascular device through cooperation and achieving synergy between Xinzhi’s Medical DCB products and our pipeline.

## Manufacturing

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

## Impact of the COVID-19 Outbreak

The outbreak of COVID-19 since December 2019 did not have long-term material and adverse impact on our clinical trials or overall clinical development plans, operations, supply chains, and financial condition. With effective quarantine measures taken by the Chinese government to reduce confirmed COVID-19 cases in China, as well as the various precautionary measures implemented by us to adjust our employees’ work arrangements in accordance with the relevant regulations and policies, we were able to maintain a sufficient number of personnel to work on-site and continue our research and development activities. While the sporadic outbreak of COVID-19 in China in March 2022 to May 2022 has affected and restricted the general level of economic activity in China, economic activities have resumed since June 2022.

Our Directors have carried out a holistic review of the impact of the COVID-19 on our operations and confirmed that as of the date of this interim report, COVID-19 has not had any long-term material adverse impact on our operations. We are closely monitoring the development of the COVID-19 pandemic and continuously evaluating any potential impact the pandemic may have on our business, results of operations and financial condition. We note that any travel restrictions or quarantine as a result of the outbreak of COVID-19 may result in potential delay with the progress of our clinical trials and our operations.

# Management Discussion and Analysis

## Future and Outlook

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

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

## II. FINANCIAL REVIEW

### Other Income and Gains

During the six months ended June 30, 2022 and 2021, our other income and gains mainly consisted of government grants, bank interest income, foreign exchange differences and others. Other income and gains increased by RMB9.2 million from RMB1.0 million for the six months ended June 30, 2021 to RMB10.2 million for the six months ended June 30, 2022. The increase was primarily attributable to the increase of foreign exchange gains of RMB7.8 million, which was due to the increase of exchange rate of USD against RMB and the increase of bank interest income of RMB0.9 million.

### Administrative Expenses

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

Employee benefit expenses mainly include salaries, equity-settled share awards and other welfare for our administrative employees. During the six months ended June 30, 2022 and 2021, we recorded equity-settled share award expenses of RMB40.3 million and RMB90.7 million, respectively, under our administrative expenses.

## Management Discussion and Analysis

Our administrative expenses decreased by RMB50.6 million from RMB104.5 million for the six months ended June 30, 2021 to RMB53.9 million for the six months ended June 30, 2022. The decrease was primarily attributable to 1) a decrease of equity-settled share award expense of RMB50.4 million related to our key administrative employees with service periods requirements; 2) a decrease of listing expenses of RMB6.5 million as the Company became listed on December 23, 2021; 3) an increase of depreciation expenses of RMB2.0 million as a result of our lease of a new plant during the second half of year 2021; 4) an increase of professional service expenses of RMB4.2 million as a result of that compliance service expenses, interim financial information review services and public relations services that were incurred in the first half of year 2022.

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

	<b>Six months ended June 30,</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Employee benefits expenses	43,210	94,212
Including: equity-settled share award expenses	40,322	90,716
Depreciation expenses	3,399	1,432
Listing expenses	–	6,529
Professional service expenses	5,019	786
Utilities and office expenses	695	985
Others	1,530	591
	<b>53,853</b>	104,535

### Research and Development Expenses

Our research and development expenses mainly consist of (i) testing fees, (ii) employee benefits expenses, (iii) costs of raw materials and consumables used, and (iv) depreciation expenses.

Employee benefits expenses under research and development expenses primarily include the salaries, welfare, and equity-settled share awards for our research and development employees. During the six months ended June 30, 2022 and 2021, we recorded equity-settled share award expenses of RMB43.3 million and RMB95.3 million, respectively, under our research and development expenses.

Our research and development expenses decreased by RMB49.1 million from RMB120.5 million for the six months ended June 30, 2021 to RMB71.4 million for the six months ended June 30, 2022, primarily attributable to the decrease of equity-settled share award expenses related to our research and development employees with service periods requirements.

# Management Discussion and Analysis

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

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
Testing fees	11,956	9,505
Employee benefit expenses	49,044	99,744
Including: equity-settled share award expenses	43,299	95,250
Costs of raw materials and consumables used	2,313	3,125
Depreciation and amortization expenses	5,939	5,761
Others	2,139	2,351
	<b>71,391</b>	120,486

## Other Expenses

During the six months ended June 30, 2022 and 2021, our other expenses mainly consisted of foreign exchange losses and others. We did not record any other expenses during the six months ended June 30, 2022 (six months ended June 30, 2021: RMB3,226,000), primarily attributable to the increase of exchange rate of USD against RMB in the first half of year 2022.

## Finance Costs

During the six months ended June 30, 2022 and 2021, our finance costs mainly consisted of interest on lease liabilities relating to our lease of office premises. Finance costs increased by RMB0.3 million from RMB0.2 million for the six months ended June 30, 2021 to RMB0.5 million for the six months ended June 30, 2022, primarily attributable to the addition of lease liabilities during the second half of year 2021.

## Income Tax Expense

We did not record any income tax expense during the six months ended June 30, 2022 and 2021.

## Loss for the Period

Based on the factors described above, our net losses amounted to RMB115.6 million for the six months ended June 30, 2022 and 2021, net losses for the six months ended June 30, 2021, amounted to RMB227.5 million.

## Liquidity and Financial Resources

Our primary uses of cash are to fund the development of our product candidates, our clinical trials, our payment for the purchase of plant and equipment, administrative expenses and other recurring expenses. Our net cash used in operating activities was RMB35.0 million for the six months ended June 30, 2022, primarily attributable to the significant research and development expenses and administrative expenses we incurred during the Reporting Period. Our operating cash flow will continue to be affected by our research and development expenses. During the Reporting Period, we mainly relied on capital contributions by our shareholders and equity financing as the major sources of liquidity. Our management closely monitors uses of cash and cash balances and strives to maintain a healthy liquidity for our operations. Going forward, we believe our liquidity requirements will be satisfied by a combination of net proceeds from the Global Offering and cash generated from our operations.

# Management Discussion and Analysis

Our net cash used in investing activities was RMB152.3 million for the six months ended June 30, 2022, primarily attributable to the purchases of items of property, plant and equipment, payments for investment in an associate and increase in time deposits with initial terms of over three months when acquired amounting to RMB17.7 million, RMB8.7 million and RMB127.5 million, respectively.

Our net cash used in financing activities was RMB3.8 million for the six months ended June 30, 2022, primarily attributable to the payment of listing expenses and lease payments amounting to RMB2.1 million and RMB1.6 million, respectively.

As at June 30, 2022, we had cash and cash equivalents of RMB518.9 million, representing a decrease of 26.8% compared to RMB708.5 million as at December 31, 2021.

Our net current assets decreased from RMB719.7 million as at December 31, 2021 to RMB658.8 million as at June 30, 2022, primarily attributable to the decrease of cash and cash equivalents.

## Capital Expenditure

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

Our capital expenditures increased from RMB10.1 million for the six months ended June 30, 2021 to RMB17.7 million for the six months ended June 30, 2022. The increase was primarily attributable to addition of machinery and construction in progress.

## Indebtedness

As at June 30, 2022, we did not have any outstanding balance of borrowings nor any unutilized banking facilities.

Our lease liabilities decreased from RMB22.4 million as at December 31, 2021 to RMB21.3 million as at June 30, 2022, primarily attributable to the lease payments.

## Gearing Ratio

Our gearing ratio, which was calculated by using total liabilities divided by total assets and multiplied by 100%, increased from 7.2% as at December 31, 2021 to 7.3% as at June 30, 2022. The increase was primarily attributable to the decrease of right-of-use assets and cash and cash equivalents.

## Capital Commitments

As at June 30, 2022, we had capital commitments contracted, but not yet provided for, of RMB3.6 million, which were related to the purchase of property, plant and equipment for the Group's production plant.

## Pledge of Assets

As at June 30, 2022, the Group had no pledge of assets.

## Contingent Liabilities

As of June 30, 2022, we did not have any material contingent liabilities.

# Management Discussion and Analysis

## Significant Investments, Material Acquisitions and Disposals

Apart from the strategic investment as disclosed in this interim report, as of June 30, 2022, we did not hold any significant investments, nor did we conduct any material acquisitions and disposals of subsidiaries, associates and joint ventures.

## Foreign Exchange Exposure

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

## Future Plans for Material Investments or Capital Assets

The Group had no other material capital expenditure plan as of the date of this interim report.

## Human Resources

As of June 30, 2022, the Group had 52 full-time employees, who were all based in China. The total employee benefits expenses of our Group, which consist of (i) wages, salaries and bonuses, (ii) social security costs, (iii) employee welfare and (iv) equity-settled share awards, for the Reporting Period were approximately RMB92.3 million.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant vacancy. We invest in continuing education and training programs for our management staff and other employees to upgrade their skills and knowledge continuously. We provide our employees with regular feedback as well as internal and external training in various areas, such as product knowledge, project development and team building. We also assess our employees based on their performance to determine their salary, promotion and career development. In compliance with the relevant PRC labor laws, we enter into individual employment contracts with our employees covering matters such as terms, wages, bonuses, employee benefits, workplace safety, confidentiality obligations, non-competition and grounds for termination. In addition, we are required under PRC law to make contributions to statutory employee benefit plans (including pension plans, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds) at a certain percentage of our employees' salaries, including bonus and allowances, up to a maximum amount specified by the local government.

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

# Management Discussion and Analysis

## III. USE OF PROCEEDS

On December 23, 2021, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering after deducting underwriting fee and relevant expenses amounted to approximately HK\$441.7 million. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus.

The table below sets out the planned applications of the net proceeds from the Global Offering and actual usage as at June 30, 2022:

Use of proceeds	Percentage of total net proceeds	Allocation of net proceeds (HK\$ million)	Utilized amount as at June 30, 2022 (HK\$ million)	Unutilized amount as at June 30, 2022 <sup>(1)</sup> (HK\$ million)	Expected timeline of full utilization of the unutilized proceeds <sup>(2)</sup>
To fund the ongoing confirmatory clinical trial, preparation for registration filings, and planned commercial launch of our Core Product, Bioheart®	62.0%	273.85	2.13	271.72	December 2026
To fund the ongoing randomized controlled clinical trial in China for, and the continuous development of, our RDN product candidate, Iberis® 2nd	21.3%	94.08	–	94.08	December 2026
To fund the research and development, ongoing pre-clinical studies and planned clinical trials of other product candidates in our pipeline, including Bio-Leap™, Bioheart Ultra™, our Bioheart® balloon dilatation catheter, our Bioheart® non-compliant (high-pressure) balloon dilatation catheter and our Bioheart® impulse balloon dilatation catheters	6.7%	29.59	10.18	19.41	December 2026
General corporate and working capital purposes	10.0%	44.17	14.45	29.72	December 2026
	100%	441.69	26.76	414.93	

Notes:

1. As at June 30, 2022, the unused net proceeds were deposited with certain licensed banks in Hong Kong or the PRC.
2. The expected timeline to use the remaining proceeds is prepared based on the best estimate made by the Group, which is subject to change according to the current and future development of the market condition.

## Other Information

### INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2022.

### COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the CG Code contained in Appendix 14 to the Listing Rules as its own code of corporate governance. During the Reporting Period, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

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

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

### COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## Other Information

### REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Mr. Charles Sheung Wai CHAN, Mr. George Chien Cheng LIN, and Mr. Xubo LU. Mr. Charles Sheung Wai CHAN serves as the chairperson of the Audit Committee, who has the professional qualification and experience in financial matters in compliance with the requirements of the Listing Rules. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

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

The independent auditor of the Company, Ernst & Young, has also reviewed the Group's interim financial information for the six months ended 30 June 2022 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

### PRE-EMPTIVE RIGHTS

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

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

Changes in the Board and the information of Directors and Supervisors since the date of the 2021 annual report of the Company are as follows:

Ms. Li CAI resigned as a director of Zhejiang Choisun Tea Development Co., Ltd. (浙江久晟油茶科技股份有限公司) in November 2021.

Mr. Jie YIN resigned as a non-executive Director with effect from the conclusion of the annual general meeting of the Company held on June 27, 2022.

Since June 2022, Mr. Xubo LU has been appointed as an independent executive Director of Shanghai Kinetic Medical Co., Ltd. (上海凱利泰醫療科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300326).

Save as disclosed above, there was no change in the Board and the information of Directors and Supervisors since the date of the 2021 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## Other Information

### 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, 2022, the interests and short positions of each Director, Supervisor and chief executive in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

#### Interests of Directors, Supervisors and chief executives

Name of Director/ Supervisor/ Chief Executive	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Mr. Wang <sup>(2)</sup>	Domestic Shares	Beneficial interest;	53,364,501	21.88%	53.31%
	Unlisted Foreign Shares	Interest in controlled corporation	53,359,262	21.87%	64.90%

Notes:

(1) All interests stated are long position.

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

Save as disclosed above and to the best knowledge of the Directors, Supervisors and chief executive of the Company, as at June 30, 2022, none of the Directors, Supervisors or the 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.

## Other Information

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

As at June 30, 2022, to the best knowledge of the Directors, Supervisors and chief executive of the Company, the following persons (not being a Director, Supervisor or chief executive of the Company) had interests or short positions in the shares or underlying shares which are to be disclosed by the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Mr. Wang <sup>(2)</sup>	Domestic Shares	Beneficial interest	53,364,501	21.88%	53.31%
	Unlisted Foreign Shares	Interest in controlled corporation	53,359,262	21.87%	64.90%
Winning Powerful Limited <sup>(2)</sup>	Unlisted Foreign Shares	Beneficial interest	45,645,584	18.71%	55.51%
Shanghai Baihate <sup>(2)</sup>	Domestic Shares	Beneficial interest	25,402,420	10.41%	25.38%
Shanghai Baixinantong <sup>(3)</sup>	Domestic Shares	Beneficial interest	27,962,081	11.46%	27.93%
Jay QIN <sup>(3)</sup>	Domestic Shares	Interest in controlled corporation	27,962,081	11.46%	27.93%
Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) <sup>(4)</sup>	Domestic Shares	Beneficial interest	16,717,998	6.85%	16.70%
Xu YANG <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	16,717,998	6.85%	16.70%
Suzhou Meimingyang Investment Management Co., Ltd. <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	16,717,998	6.85%	16.70%
Kun YANG <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	16,717,998	6.85%	16.70%
Shulan ZHONG <sup>(4)</sup>	Domestic Shares	Interest in controlled corporation	16,717,998	6.85%	16.70%

## Other Information

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
TPG ASIA VII SF PTE. LTD. <sup>(5)</sup>	H Shares	Beneficial interest	20,753,025	8.51%	33.69%
TPG Asia VII Finance, Limited Partnership <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Asia GenPar VII, L.P. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Asia GenPar VII Advisors, Inc. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Holdings III, L.P. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Holdings III-A, L.P. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Holdings III-A, Inc. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Group Holdings (SBS), L.P. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Group Holdings (SBS) Advisors, LLC <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
TPG Group Holdings (SBS) Advisors, Inc. <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
David Bonderman <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%
James G. Coulter <sup>(5)</sup>	H Shares	Interest in controlled corporation	20,753,025	8.51%	33.69%

## Other Information

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Suzhou Chenzhide Investment L.P. (Limited Partnership) <sup>(6)</sup>	Domestic Shares	Beneficial interest	9,954,710	4.08%	9.94%
Shanghai Jiachen Investment Co., Ltd. <sup>(6)</sup>	Domestic Shares	Interest in controlled corporation	9,954,710	4.08%	9.94%
Yuren TAN <sup>(6)</sup>	Domestic Shares	Interest in controlled corporation	9,954,710	4.08%	9.94%
Magic Grace Limited <sup>(7)</sup>	H Shares	Beneficial interest	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
LC Healthcare Fund II, L.P. <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Great Unity Fund I, L.P. <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
SK China Company Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Proud Solar Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Loft Success Investments Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Right Lane Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Legend Holdings Corporation <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
LC Healthcare Fund II GP Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%

## Other Information

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
LC Fund GP Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Union Season Holdings Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Legend Capital Co., Ltd. <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Beijing Juncheng Hezhong Investment Management Partnership Enterprises (Limited Partnership) <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Beijing Junqi Jiarui Business Management Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Tianjin Huizhi No.1 Investment Management Partnership Enterprises (Limited Partnership) <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Tianjian Junlian Jieyou Investment Management Partnership Enterprises (Limited Partnership) <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Beijing Junqi Jiarui Business Management Limited <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Linan ZHU <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Hao CHEN <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%
Nengguang WANG <sup>(7)</sup>	H Shares	Interest in controlled corporation	3,289,054	1.35%	5.34%
	Unlisted Foreign Shares		8,934,044	3.66%	10.87%

## Other Information

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
LVC Revitalization Limited <sup>(8)</sup>	H Shares	Beneficial interest	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Golden Valley Global Limited <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Shanghai Lehong Investment Partnership <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Shanghai Tanying Investment Partnership <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Shanghai Shengge Investment Management Co., Ltd. <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Shanghai Shengdao Investment Partnership <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Shanghai Lejin Investment Partnership <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Lijun LIN <sup>(8)</sup>	H Shares	Interest in controlled corporation	6,314,791	2.59%	10.25%
	Unlisted Foreign Shares		3,668,246	1.50%	4.46%
Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) <sup>(9)</sup>	Domestic Shares	Beneficial interest	5,577,993	2.29%	5.57%
Suzhou Xinjianyuan Group Holding Co., Ltd. <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%
Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd. <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%
Suzhou Industrial Park Management Committee <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%

## Other Information

Name	Class of shares	Nature of interest	Number of shares <sup>(1)</sup>	Approximate Percentage of shareholding in total issued share capital of the Company	Approximate Percentage of shareholding in relevant class of shares
Xiaoyun Chen <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%
Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%
Jie CHEN <sup>(9)</sup>	Domestic Shares	Interest in controlled corporation	5,577,993	2.29%	5.57%
OrbiMed Capital LLC <sup>(10)</sup>	Unlisted Foreign Shares	Interest in controlled corporation	7,336,169	3.01%	8.92%
	H Shares		2,987,823	1.22%	4.85%
Worldwide Healthcare Trust Plc <sup>(10)</sup>	Unlisted Foreign Shares	Beneficial interest	7,336,169	3.01%	8.92%
	H Shares		2,987,823	1.22%	4.85%
Zhu YIN <sup>(11)</sup>	Unlisted Foreign Shares	Interest in controlled corporation	5,900,492	2.42%	7.18%
Winning Forward International Limited <sup>(11)</sup>	Unlisted Foreign Shares	Beneficial interest	5,900,492	2.42%	7.18%
Chau Ching Hung	H Shares	Beneficial owner	26,500	0.01%	0.04%
		Interest in controlled corporation	1,803,750	0.74%	2.93%
		Interest of spouse	1,803,750	0.74%	2.93%
Chow Suen Mo	H Shares	Interest in controlled corporation	1,803,750	0.74%	2.93%
		Interest of spouse	1,830,250	0.75%	2.97%
Cornwell (Hong Kong) Limited	H Shares	Beneficial Interest	3,607,500	1.48%	5.86%

## Other Information

### Notes:

- (1) All interests stated are long position.
- (2) Winning Powerful Limited is wholly owned by Mr. Wang. In addition, Mr. Wang is the sole executive partner of Shanghai Baixinantong and a limited partner who contributed more than one-third of the capital of Shanghai Baihate, each of which is a limited partnership established in the PRC and serves as an employee incentive platform. Accordingly, under the SFO, Mr. Wang is deemed to be interested in the equity interests held by Winning Powerful Limited, Shanghai Baixinantong and Shanghai Baihate, in addition to the equity interests he directly owns.
- (3) Mr. Qin is a limited partner who contributed more than one-third of the capital of Shanghai Baixinantong. Accordingly, under the SFO, Mr. Qin is deemed to be interested in the equity interests held by Shanghai Baixinantong.
- (4) Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership) is owned as to 99.9% by Xu YANG (楊旭) as limited partner and 0.1% by Suzhou Meimingyang Investment Management Co., Ltd. (蘇州美明陽投資管理有限公司) as general partner. Suzhou Meimingyang Investment Management Co., Ltd. is owned as to 50% by Kun YANG (楊坤) and 50% by Shulan ZHONG (鍾淑蘭). Accordingly, under the SFO, Xu YANG, Suzhou Meimingyang Investment Management Co., Ltd. and Shulan ZHONG are deemed to be interested in the equity interests held by Tibet Zhenshan Venture Capital Investment L.P. (Limited Partnership).
- (5) Each of TPG Asia VII Finance, Limited Partnership (as sole ordinary shareholder of TPG Asia VII SF Pte. Ltd.), TPG Asia GenPar VII, L.P. (as a general partner of TPG Asia VII Finance, Limited Partnership), TPG Asia GenPar VII Advisors, Inc. (as a general partner of TPG Asia GenPar VII, L.P.), TPG Holdings III, L.P. (as the sole ordinary shareholder of TPG Asia GenPar VII Advisors, Inc.), TPG Holdings III-A, L.P. (as a general partner of TPG Holdings III, L.P.), TPG Holdings III-A, Inc. (as a general partner of TPG Holdings III-A, L.P.), TPG Group Holdings (SBS), L.P. (as the sole ordinary shareholder of TPG Holdings III-A, Inc.), TPG Group Holdings (SBS) Advisors, LLC (as a general partner of TPG Group Holdings (SBS), L.P.) and TPG Group Holdings (SBS) Advisors, Inc. (as the managing member of TPG Group Holdings (SBS) Advisors, LLC) is deemed to be interested in the Shares held by TPG Asia VII SF Pte. Ltd. under the SFO. TPG Group Holdings (SBS) Advisors, Inc. is controlled by David BONDERMAN and James G. COULTER, who disclaim beneficial ownership of the Shares held by TPG Asia VII SF Pte. Ltd. except to the extent of their pecuniary interest therein.
- (6) Suzhou Chenzhide Investment L.P. (Limited Partnership) is owned as to 0.60% by Shanghai Jiachen Investment Co., Ltd. (上海甲辰投資有限公司) as general partner. Shanghai Jiachen Investment Co., Ltd. is wholly owned by Yuren TAN (談玉仁). Accordingly, under the SFO, Shanghai Jiachen Investment Co., Ltd. and Yuren TAN are deemed to be interested in the equity interests held by Suzhou Chenzhide Investment L.P. (Limited Partnership).
- (7) Magic Grace Limited is owned as to 79.63% by LC Healthcare Fund II, L.P., which is owned as to 78.56% by Great Unity Fund I, L.P. as limited partner and 1% by LC Healthcare Fund II GP Limited as general partner.

Great Unity Fund I, L.P. is owned as to 48.69% by SK China Company Limited as limited partner, 48.69% by Proud Solar Limited as limited partner and 1% by LC Fund GP Limited as general partner. Proud Solar Limited is wholly owned by Loft Success Investments Limited, a wholly-owned subsidiary of Right Lane Limited, which is in turn wholly owned by Legend Holdings Corporation, a company listed on the Stock Exchange (stock code: 3396).

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

## Other Information

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

- (8) LVC Revitalization Limited is wholly owned by Golden Valley Global Limited, a wholly-owned subsidiary of Shanghai Lehong Investment Partnership (上海樂泓投資合夥企業(有限合夥)) which is in turn owned as to 0.002% by Shanghai Shengge Investment Management Co., Ltd. (上海正心谷投資管理有限公司) as general partner and 99.99% by Shanghai Tanying Investment Partnership (上海檀英投資合夥企業有限合夥) as limited partner. Shanghai Tanying Investment Partnership is owned as to 99.99% by Shanghai Lejin Investment Partnership (上海樂進投資合夥企業(有限合夥)) as limited partner, the general partner of which is Shanghai Shengdao Investment Partnership (上海盛道投資合夥企業(有限合夥)), and 0.01% by Shanghai Shengge Investment Management Co., Ltd. as general partner, a wholly-owned company of Lijun LIN. Shanghai Shengdao Investment Partnership is owned as to 1% by Lijun LIN as general partner.

As such, under the SFO, each of Golden Valley Global Limited, Shanghai Lehong Investment Partnership, Shanghai Shengge Investment Management Co., Ltd., Shanghai Tanying Investment Partnership, Shanghai Lejin Investment Partnership, Shanghai Shengdao Investment Partnership and Lijun LIN is deemed to be interested in the equity interests held by LVC Revitalization Limited.

- (9) Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership) is owned as to 30.72% by Suzhou Xinjianyuan Group Holding Co., Ltd. (蘇州新建元控股集團有限公司) as limited partner and 0.15% by Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership) (蘇州工業園區元福創業投資管理(有限合夥)) as general partner. Suzhou Xinjianyuan Group Holding Co., Ltd. is in turn owned as to 72.58% by Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd. (蘇州工業園區兆潤投資控股集團有限公司), which is wholly owned by the Suzhou Industrial Park Management Committee (蘇州工業園區管理委員會). Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership) is owned as to 91.00% by Xiaoyun Chen (陳曉雲) as limited partner and 1.00% by Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. (蘇州工業園區智諾商務資訊諮詢有限公司) as general partner, which is owned as to 99.00% by Jie Chen (陳傑).

As such, under the SFO, each of Suzhou Xinjianyuan Group Holding Co., Ltd., Suzhou Industrial Park Yuanfu Investment Management L.P. (Limited Partnership), Suzhou Industrial Park Zhao Run Investment Group Holding Co., Ltd., Suzhou Industrial Park Management Committee, Xiaoyun Chen, Suzhou Industrial Park Zhinuo Business Information Consulting Co., Ltd. and Jie Chen is deemed to be interested in the equity interests held by Suzhou Industrial Park Xinjianyuan Phase III Venture Capital L.P. (Limited Partnership).

- (10) Worldwide Healthcare Trust Plc ("WWH") is a publicly-listed investment trust organized under the laws of England. WWH is listed on the London Stock Exchange (LON: WWH). OrbiMed Capital LLC is the portfolio manager of WWH. As such, under the SFO, OrbiMed Capital LLC is deemed to be interested in the equity interests held by WWH.
- (11) Winning Forward International Limited is wholly owned by Zhu Yin (朱寅). As such, under the SFO, Zhu Yin is deemed to be interested in the equity interests held by Winning Forward International Limited.

Save as disclosed above, as of June 30, 2022, to the best knowledge of the Directors, Supervisors and chief executive of the Company, none of the substantial Shareholders of the Company had interests or short positions in the Shares and underlying Shares of the Company or its associated corporations as recorded in the register required to be kept, pursuant to section 336 of the SFO.

## Other Information

### SHARE OPTIONS

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

### SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

On July 27, 2022, the Company announced that the board lot size for trading in the H Shares on the Stock Exchange will be changed from 500 H Shares to 100 H Shares with effect from 9:00 a.m. on Wednesday, August 17, 2022.

For details of the change in board lot size, please refer to the Company's announcement dated July 27, 2022.

Save as disclosed above, there is no material subsequent event undertaken by the Company or by the Group after the Reporting Period and up to the date of this interim report.

By order of the Board

**Shanghai Bio-heart Biological Technology Co., Ltd.**

**Philip Li WANG**

*Chairman and executive Director*

Shanghai, the People's Republic of China, August 5, 2022

# Independent Review Report



Ernst & Young  
27/F, One Taikoo Place  
979 King's Road  
Quarry Bay, Hong Kong

安永會計師事務所  
香港鰂魚涌英皇道979號  
太古坊一座27樓

Tel 電話: +852 2846 9888  
Fax 傳真: +852 2868 4432  
ey.com

## To the board of Shanghai Bio-heart Biological Technology Co., Ltd.

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

## INTRODUCTION

We have reviewed the interim financial information set out on pages 2 to 14, which comprises the condensed consolidated statement of financial position of Shanghai Bio-heart Biological Technology Co., Ltd. (the "Company") and its subsidiaries (the "Group") as at June 30, 2022 and the related condensed consolidated statements of profit or loss, 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 5, 2022

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

	Notes	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Other income and gains	5	10,178	964
Research and development expenses		(71,391)	(120,486)
Administrative expenses		(53,853)	(104,535)
Other expenses	7	–	(3,226)
Finance costs	8	(510)	(227)
<b>LOSS BEFORE TAX</b>	6	<b>(115,576)</b>	(227,510)
Income tax expense	9	–	–
<b>LOSS FOR THE PERIOD</b>		<b>(115,576)</b>	(227,510)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(115,576)</b>	(227,510)
Attributable to:			
Owners of the parent		(101,439)	(199,789)
Non-controlling interests		(14,137)	(27,721)
		<b>(115,576)</b>	(227,510)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted (RMB)	11	<b>(0.42)</b>	(0.91)

## Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	52,057	50,409
Other intangible assets		137,562	137,200
Prepayments, other receivables and other assets	13	7,172	4,301
Right-of-use assets		18,855	21,851
Goodwill		144,630	144,630
Investment in an associate	14	24,658	–
Total non-current assets		384,934	358,391
<b>CURRENT ASSETS</b>			
Prepayments, other receivables and other assets	13	43,460	47,997
Cash and cash equivalents	16	518,911	708,531
Time deposits	15	134,377	–
Total current assets		696,748	756,528
<b>CURRENT LIABILITIES</b>			
Trade payables	17	10	10
Lease liabilities		8,091	7,311
Other payables and accruals	18	28,857	28,510
Deferred income		995	981
Total current liabilities		37,953	36,812
<b>NET CURRENT ASSETS</b>		658,795	719,716
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,043,729	1,078,107

## Interim Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2022 RMB'000 (Unaudited)	As at 31 December 2021 RMB'000 (Audited)
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		13,216	15,135
Deferred income		7,013	7,517
Deferred tax liabilities		20,580	20,580
<hr/>			
Total non-current liabilities		40,809	43,232
<hr/>			
<b>Net assets</b>		<b>1,002,920</b>	1,034,875
<hr/>			
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	19	243,937	243,937
Reserves		722,455	751,750
<hr/>			
		966,392	995,687
<b>Non-controlling interests</b>		<b>36,528</b>	39,188
<hr/>			
<b>Total equity</b>		<b>1,002,920</b>	1,034,875

\_\_\_\_\_  
**Philip Li Wang**  
*Director*

\_\_\_\_\_  
**Yunqing Wang**  
*Director*

## Interim Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent						
	Share capital RMB'000 (note 19)	Share premium* RMB'000	Share-based payment reserve* RMB'000 (note 20)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2022 (audited)	243,937	662,420	558,537	(469,207)	995,687	39,188	1,034,875
Loss for the period	-	-	-	(101,439)	(101,439)	(14,137)	(115,576)
Total comprehensive loss for the period	-	-	-	(101,439)	(101,439)	(14,137)	(115,576)
Equity-settled share award (note 20)	-	-	72,144	-	72,144	11,477	83,621
At June 30, 2022 (unaudited)	243,937	662,420	630,681	(570,646)	966,392	36,528	1,002,920

	Attributable to owners of the parent						
	Share capital RMB'000 (note 19)	Share premium* RMB'000	Share-based payment reserve* RMB'000 (note 20)	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At January 1, 2021 (audited)	220,000	304,294	283,554	(107,758)	700,090	43,823	743,913
Loss for the period	-	-	-	(199,789)	(199,789)	(27,721)	(227,510)
Total comprehensive loss for the period	-	-	-	(199,789)	(199,789)	(27,721)	(227,510)
Equity-settled share award (note 20)	-	-	160,444	-	160,444	25,522	185,966
At June 30, 2021 (audited)	220,000	304,294	443,998	(307,547)	660,745	41,624	702,369

\* These reserve accounts comprise the consolidated reserves of RMB722,455,000 (unaudited) (June 30, 2021: RMB440,745,000 (audited)) in the consolidated statement of financial position.

## Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
<b>CASH FLOWS USED IN OPERATING ACTIVITIES</b>			
Loss before tax		(115,576)	(227,510)
Adjustments for:			
Finance costs	8	510	227
Bank interest income	5	(1,737)	(821)
Depreciation of property, plant and equipment		6,323	5,468
Depreciation of right-of-use assets		2,996	1,725
Amortization of other intangible assets		19	–
Equity-settled share award expense	20	83,621	185,966
Foreign exchange differences		(7,848)	3,220
Operating cash flows before movements in working capital		(31,692)	(31,725)
Decrease/(increase) in prepayments, other receivables and other assets		5,064	(7,604)
Increase in accounts payable		–	187
(Decrease)/increase in other payables and accruals		(7,905)	998
Decrease in deferred income		(490)	(122)
Cash used in operations		(35,023)	(38,266)
Interest paid		–	–
Income tax paid		–	–
Net cash flows used in operating activities		(35,023)	(38,266)
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>			
Purchases of items of property, plant and equipment		(17,689)	(10,116)
Bank interest income	5	1,588	261
Increase in time deposits with initial terms of over three months when acquired		(127,514)	(228,604)
Payments for investment in an associate		(8,658)	–
Net cash flows used in investing activities		(152,273)	(238,459)

## Interim Condensed Consolidated Statement of Cash Flows

	Notes	Six months ended June 30,	
		2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
<b>CASH FLOWS USED IN FINANCING ACTIVITIES</b>			
Lease payments		(1,649)	(2,065)
Payment of listing expenses		(2,146)	(7,824)
Net cash flows used in financing activities		(3,795)	(9,889)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>			
Cash and cash equivalents at beginning of period	16	708,531	453,667
Effect of foreign exchange rate changes		1,471	(720)
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	16	<b>518,911</b>	166,333

# Notes to the Interim Condensed Consolidated Financial Statements

## 1 CORPORATE AND GROUP INFORMATION

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

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

The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on December 23, 2021.

## 2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended June 30, 2022 has been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting ("IAS 34"). 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, 2021. The Interim Financial Information is presented in Renminbi ("RMB"), and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

## 3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021, except for the adoption of the following revised International Financial Reporting Standards ("IFRSs") for the first time for the current period's financial information.

Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions beyond June 30, 2021</i>
Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i>

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 4 OPERATING SEGMENT INFORMATION

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

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

## 5 OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
<u>Other income</u>		
Government grants*	591	122
Bank interest income	1,737	821
Others	2	21
<u>Gains</u>		
Foreign exchange gains	7,848	–
	10,178	964

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 6 LOSS BEFORE TAX

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

	Six months ended June 30,	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Depreciation of property, plant and equipment*	6,323	5,468
Depreciation of right-of-use assets*	2,996	1,725
Auditor's remuneration	400	301
Amortization of other intangible assets*	19	–
Expense relating to leases of low-value assets	7	–
Foreign exchange (gains)/losses	(7,848)	3,220
Bank interest income	(1,737)	(821)
Government grants	(591)	(122)
Listing expense	–	6,529
	(431)	16,300
<b>Staff cost (excluding directors', supervisors' and chief executive's remuneration):</b>		
– Wages and salaries	5,083	3,604
– Pension scheme contributions	379	286
– Equity-settled share award expense	12,266	28,995

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 7 OTHER EXPENSES

An analysis of other expenses is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Foreign exchange losses	–	3,220
Others	–	6
	–	3,226

## 8 FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Interest on lease liabilities	510	227

## 9 INCOME TAX

### Mainland China

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

### Hong Kong

No Hong Kong income tax was provided for at a rate of 16.5% as there was no estimated assessable profit of the Group's Hong Kong subsidiary during the period presented in the condensed consolidated financial statements.

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 10 DIVIDENDS

No dividends have been paid or declared by the Company during the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

## 11 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings 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 of 243,937,000 (2021: 220,000,000) in issue during the period, as adjusted to reflect the rights issue during the period.

The Company had no potentially dilutive ordinary shares in issue during the periods presented.

The calculation of basic loss per share is based on:

	Six months ended June 30,	
	2022	2021
	(Unaudited)	(Audited)
<b>Loss</b>		
Loss attributable to ordinary equity holders of the Company (RMB'000)	(101,439)	(199,789)
<b>Ordinary shares</b>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation (thousand)	243,937	220,000
Loss per share (RMB per share)	(0.42)	(0.91)

## 12 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2022, the Group acquired RMB7,971,000 (unaudited) (six months ended June 30, 2021: 11,706,000 (audited)) of property, plant and equipment. The net book value of property, plant and equipment as at June 30, 2022 is RMB52,057,000 (unaudited) (December 31, 2021: RMB50,409,000 (audited)).

# Notes to the Interim Condensed Consolidated Financial Statements

## 13 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Non-current:		
Prepayments for purchase of items of property, plant and equipment	4,859	1,080
Prepayments for purchase of intangible assets	–	430
Rental deposits – non-current	1,605	1,871
Value-added tax recoverable – non-current	342	607
Other deposits	366	313
	<b>7,172</b>	4,301
Current:		
Prepayments	41,130	39,084
Value-added tax recoverable – current	2,141	8,913
Rental deposits – current	149	–
Others	40	–
	<b>43,460</b>	47,997

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

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

## 14 INVESTMENT IN AN ASSOCIATE

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

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 15 TIME DEPOSITS

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Time deposits over three months denominated in US\$*	134,377	–

\* Time deposits are made for varying periods of over three months but less than one year depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. The time deposits are deposited with creditworthy banks with no recent history of default.

## 16 CASH AND CASH EQUIVALENTS

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Cash on hand	63	62
Cash at banks	518,848	708,469
Cash and cash equivalents	518,911	708,531
Denominated in:		
RMB	400,338	28,968
US\$	118,570	283,574
SGD	2	1
JPY	1	1
HKD	–	395,987
Total cash and cash equivalents	518,911	708,531

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

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 17 TRADE PAYABLES

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Trade payables	10	10

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

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Over 12 months	10	10

Trade payables are non-interest-bearing and are normally settled within one month.

## 18 OTHER PAYABLES AND ACCRUALS

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Accruals for research and development	2,561	3,324
Payroll payable	943	2,228
Accrued listing expenses	6,740	11,775
Accrued other expenses	878	3,591
Payables for purchase of property, plant and equipment	1,350	7,289
Payables for investment in an associate (note 14)	16,000	–
Other payables	385	303
	<b>28,857</b>	28,510

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

# Notes to the Interim Condensed Consolidated Financial Statements

## 19 SHARE CAPITAL

### Shares

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Issued and fully paid: 243,937,000 ordinary shares	<b>243,937</b>	243,937

## 20 SHARE-BASED COMPENSATION

### 2020 Plan

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

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

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

During six months ended June 30, 2022, share award expenses of RMB83,621,000 (unaudited) (six months ended June 30, 2021: RMB185,966,000 (audited)) were charged to profit or loss.

# Notes to the Interim Condensed Consolidated Financial Statements

## 20 SHARE-BASED COMPENSATION (CONTINUED)

### 2022 H Share Incentive Scheme

On June 27, 2022, the shareholders approved the adoption of the 2022 H share incentive scheme (the “2022 H Share Incentive Scheme”) to attract, motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group and also recognize the contributions of the prudent leadership of the Company. To implement the 2022 H Share Incentive Scheme, the trustee appointed by the Company will acquire no more than 1,500,000 H Shares through on-market transactions from time to time at the prevailing market price. As at June 30, 2022, and the date of this report, no share incentive had been granted to employee or director of the Group by the Company and no H Shares was acquired by the trustee appointed by the Company for the purpose of 2022 H share incentive scheme.

## 21 COMMITMENTS

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

	<b>As at June 30, 2022 RMB'000 (Unaudited)</b>	As at December 31, 2021 RMB'000 (Audited)
Contracted, but not provided for:		
Purchases of items of property, plant and equipment	3,622	895

## 22 RELATED PARTY TRANSACTIONS

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

	<b>Six months ended June 30, 2022 RMB'000 (Unaudited)</b>	2021 RMB'000 (Audited)
Short-term employee benefits	2,447	2,597
Post-employment benefits	124	110
Equity-settled share award expense	71,355	156,971
Total compensation paid to key management personnel	73,926	159,678

# Notes to the Interim Condensed Consolidated Financial Statements

## 23 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments are those with carrying amounts that reasonably approximate to fair values. Management has assessed that the fair values of cash and cash equivalents, time deposits, financial assets included in prepayments, other receivables and other assets, trade payables, lease liabilities and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of the other non-current financial liabilities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group did not have any financial assets or liabilities, other than stated above, measured at fair value as at the end of each of the periods presented.

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

## Definitions

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

“AngioCare”	Shanghai AngioCare Medical Technology Co., Ltd.* 上海安通醫療科技有限公司, a subsidiary of our Company
“Audit Committee”	the audit committee of the Board
“Board of Directors” or “Board”	the board of Directors
“Board of Supervisors”	our board of Supervisors
“CG Code”	the code provisions of the “Corporate Governance Code” as set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, which, for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Company”, “our Company”	Shanghai Bio-heart Biological Technology Co., Ltd. (上海百心安生物技術股份有限公司), a joint stock company incorporated in the PRC with limited liability on December 8, 2020, or, where the context requires (as the case may be), its predecessor with the same English name (上海百心安生物技術有限公司), a limited liability company established in the PRC on July 18, 2014
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and, unless the context requires otherwise, refers to Mr. Wang
“Core Product”	Bioheart®, the designated “core product” as defined under Chapter 18A of the Listing Rules
“DCB”	drug coated balloon
“Director(s)”	the director(s) of the Company or any one of them
“Domestic Share(s)”	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB and are unlisted Shares which are currently not listed or traded in any stock exchange
“EuroPCR 2022”	an official annual meeting of the European Association of Percutaneous Cardiovascular Interventions
“Global Offering”	the global offering of the H Shares, details of which are set forth in the Prospectus

## Definitions

“Group”, “our Group”, “our”, “we”, or “us”	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“H Shares”	overseas listed foreign invested ordinary share(s) in the ordinary share capital of our Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“IFRS”	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	December 23, 2021, on which the H Shares were listed and from which dealings therein were permitted to take place on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange (as amended, supplemented or otherwise modified from time to time)
“Model Code”	the “Model Code for Securities Transactions by Directors of Listed Issuers” set out in Appendix 10 to the Listing Rules
“Mr. Wang”	Mr. Philip Li Wang (汪立), our founder, Controlling Shareholder, the chairman of our Board, our general manager and an executive Director of our Company
“NMPA”	the National Medical Product Administration of the PRC (國家藥品監督管理局), successor to the China Food and Drug Administration or CFDA (國家食品藥品監督管理總局)
“Prospectus”	the prospectus of the Company dated December 13, 2021
“R&D”	research and development
“Reporting Period”	for the six months ended June 30, 2022
“RMB”	Renminbi, the lawful currency of the PRC

## Definitions

“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Domestic Shares, Unlisted Foreign Shares and H Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	member(s) of our Board of Supervisors
“Terumo”	Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司), a limited liability company incorporated in the PRC on August 2, 2011 and is a wholly-owned subsidiary of Terumo Corporation (泰爾茂株式會社), a company listed on the Tokyo Stock Exchange (TSE: 4543). Terumo refers to Terumo (China) Investment Co., Ltd. (泰爾茂(中國)投資有限公司) or Terumo Corporation (泰爾茂株式會社), where the context requires
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Unlisted Foreign Shares”	ordinary shares issued by our company with a nominal value of RMB1.00 each and are held by foreign investors and are not listed on any stock exchange
“Xinzhi Medical”	Shanghai Xinzhi Medical Technology Co., Ltd.* (上海心至醫療科技有限公司), a company established in the PRC with limited liability
“%”	per cent

\* For identification purpose only