



上海心瑋醫療科技股份有限公司

Shanghai HeartCare Medical Technology Corporation Limited

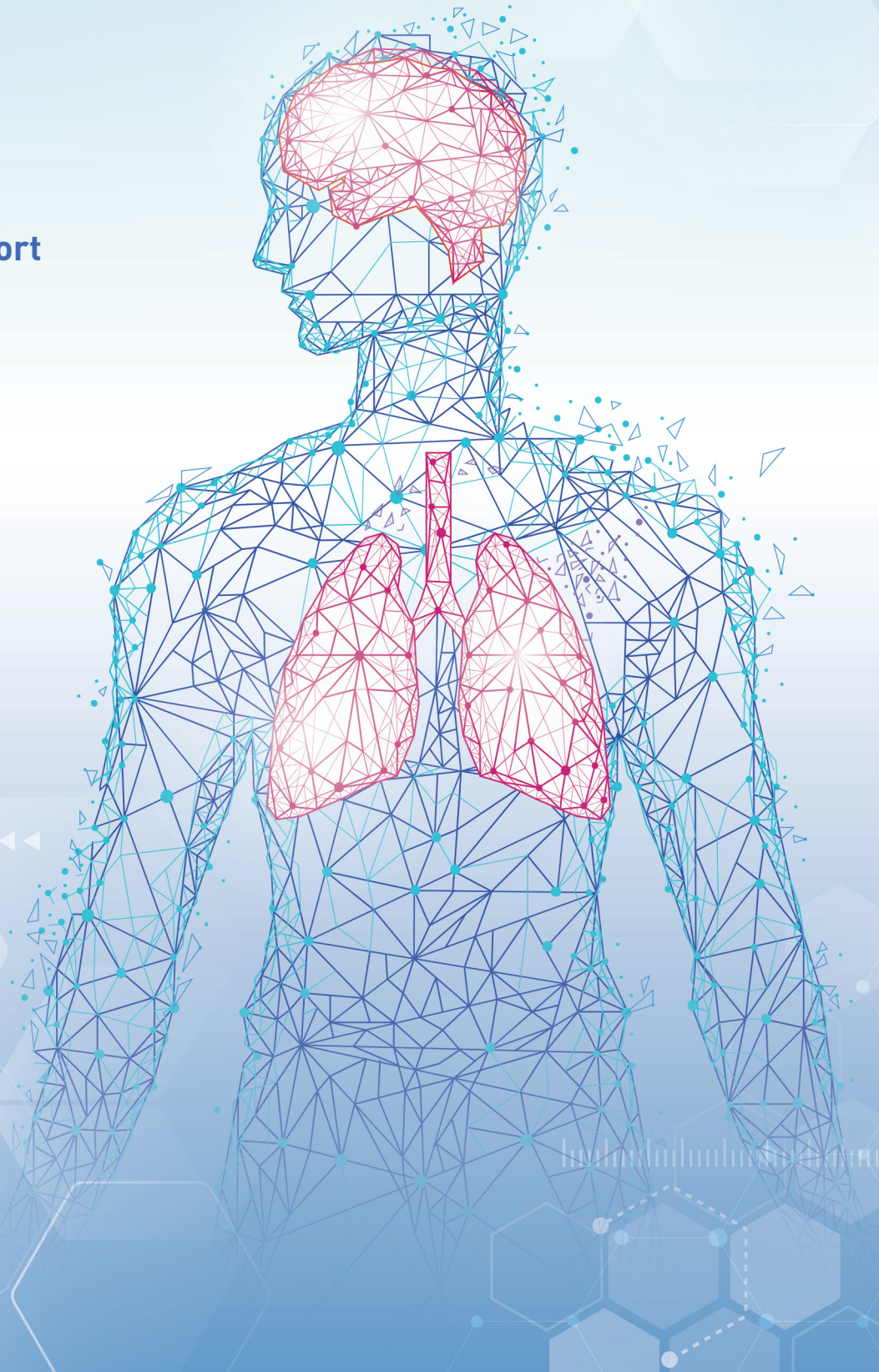
(A joint stock company incorporated in the People's Republic of China with limited liability)
(於中華人民共和國註冊成立的股份有限公司)

Stock Code 股份代號：6609



2023

Interim Report
中期報告



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. WANG Guohui (*Chairman, Chief executive officer*)

Ms. ZHANG Kun (*Deputy general manager*)

Mr. WEI Jiawei (*Deputy general manager*)

Non-executive Directors

Mr. DING Kui

Mr. CHEN Shaoxiong

Independent Non-executive Directors

Mr. GUO Shaomu

Mr. FENG Xiangqian

Mr. GONG Ping

AUDIT COMMITTEE

Mr. GONG Ping (*Chairman*)

Mr. FENG Xiangqian

Mr. DING Kui

REMUNERATION COMMITTEE

Mr. GUO Shaomu (*Chairman*)

Mr. GONG Ping

Mr. WANG Guohui

NOMINATION COMMITTEE

Mr. FENG Xiangqian (*Chairman*)

Mr. GUO Shaomu

Mr. WANG Guohui

SUPERVISORS

Mr. XING Tingyu

Mr. JIANG Xinbei

Ms. JIANG Xue

JOINT COMPANY SECRETARIES

Mr. ZHANG Han

Ms. KWOK Siu Ying Sarah

AUTHORIZED REPRESENTATIVES

Mr. WANG Guohui

Mr. ZHANG Han

Alternate to authorized representatives

Ms. KWOK Siu Ying Sarah

HEADQUARTERS AND REGISTERED OFFICE IN THE PRC

Floor 1 and 3, Building 38

No. 356, Zhengbo Road

Lin-gang New District

Pilot Free Trade Zone

Shanghai

PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One

33 Hysan Avenue

Causeway Bay

Hong Kong

PRC

Corporate Information (Continued)

LEGAL ADVISERS

As to Hong Kong and United States laws:

O'Melveny & Myers

31/F, AIA Central

1 Connaught Road

Central

Hong Kong

PRC

As to PRC law:

ALLBRIGHT LAW OFFICES

9, 11, 12/F, Shanghai Tower

No. 501, Yincheng Middle Road

Pudong New Area

Shanghai

PRC

H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wanchai

Hong Kong

PRC

PRINCIPAL BANK

China Merchants Bank Co., Ltd.

Shanghai Zhangjiang Sub-Branch 1/F

88 Keyuan Road

Shanghai

PRC

STOCK CODE

6609

COMPANY'S WEBSITE

www.heartcare.com.cn

LISTING DATE

August 20, 2021

AUDITOR

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

27/F, One Taikoo Place

979 King's Road

Quarry Bay

Hong Kong

PRC

Financial Highlights

	Six months ended June 30, 2023 RMB'000 (Unaudited)	Six months ended June 30, 2022 RMB'000 (Unaudited)	Period- to-period change
Revenue	109,586	76,713	42.9%
Gross profit	79,718	50,865	56.7%
Gross profit margin	72.7%	66.3%	6.4 percentage points
Loss before tax	(54,636)	(66,985)	-18.4%

Management Discussion and Analysis

BUSINESS REVIEW

Overview

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

In the first half of 2023, the Company recorded revenue of RMB109.6 million, representing a period-to-period increase of 42.9%. The increase in revenue was mainly attributable to continuous sales growth of our acute ischemic stroke (AIS) thrombectomy and intracranial stenosis treatment devices, as well as novel access devices.

In line with the surgical recovery and accelerating import substitution due to volume-based procurements (VBP) and diagnostic-related group (DRG)/Diagnosis intervention packet (DIP) reform, we continuously leveraged our efficient sales channels to enhance hospital penetration and improve the physician recognition for our products, aiming to enhancing our brand competitiveness in China's neuro-interventional market with our extensive sales network covering all provinces nationwide other than Hong Kong, Macao and Taiwan. Meanwhile, we boosted overseas revenue after a number of product registration approval by local bureau.

As of the date of this report, we have 21 device products approved by NMPA and two device products approved by FDA. The pipelines of Intracranial Neuro Drug-eluting Balloon, Coil Embolization Assistant Stent, Carotid Artery Stent and Flow Diverter Device have advanced to the late stage. During the Reporting Period, the Company incurred R&D expenses of RMB69.9 million, aiming to concentrate on the progress of several cutting-edge candidates of the treatment of stroke and pulmonary thromboembolism.

Since the end of last year, we have focused on optimizing manufacture process and improving cost efficiency, to enhance quality stability and operation efficiency. In the six months ended June 30, 2023, the gross profit increased by RMB28.9 million period-to-period and the gross margin increased to 72.7%, the selling and distribution expenses and administrative expenses expense rate decreased from 96.8% to 65.2% in the first half year thus the loss before tax narrowed to RMB54.6 million.

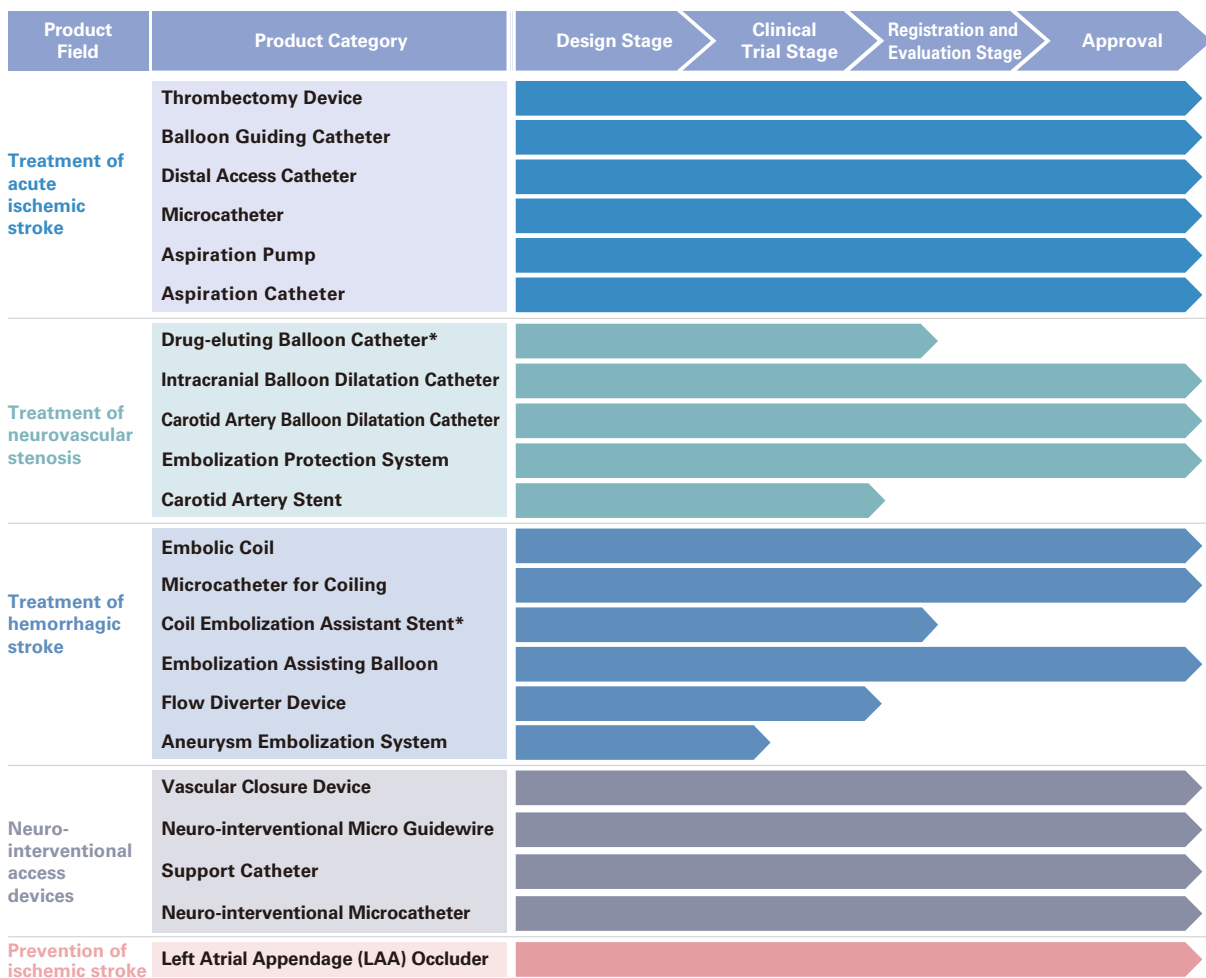
Products and Pipeline

As of the date of this report, we have 21 device products approved by NMPA and two device products approved by FDA.

Management Discussion and Analysis (Continued)

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

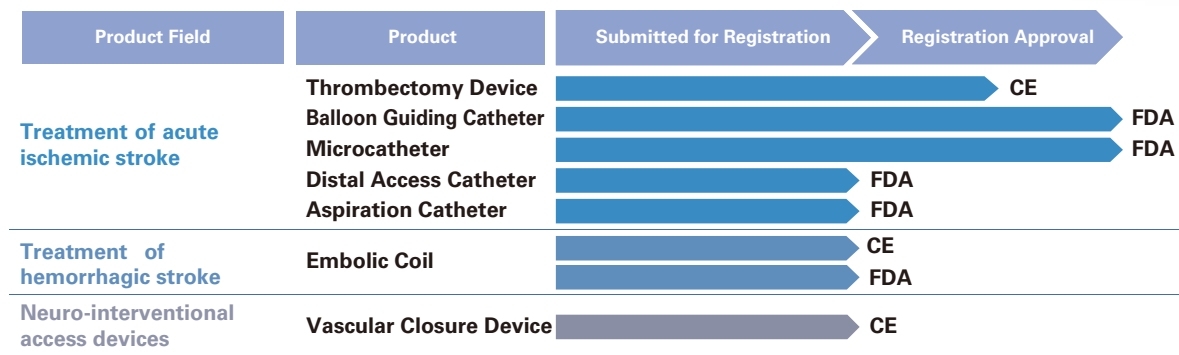
NMPA Pipeline



* Eligible for NMPA Green Channel

Management Discussion and Analysis (Continued)

FDA and Conformité Européenne (CE) Pipeline



Our Key Neuro-interventional Products and Product Candidates

Ischemic stroke thrombectomy devices

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

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

Besides Captor, our **Distal Access Catheter, Microcatheter, Balloon Guiding Catheter, Intracranial Thrombosis Aspiration Catheter** and **Aspiration Pump** for the treatment of ischemic stroke have also obtained NMPA approval, and we had a product portfolio covering stents and aspiration thrombectomy procedure.

Intracranial Stenosis Treatment Devices

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

Hemorrhagic Stroke Treatment Devices

Emboloc Coil can be released at the location of the aneurysm, filling the aneurysm to isolate the aneurysm from normal blood circulation and prevent the aneurysm from further expanding and breaking. We have obtained the NMPA approval for our embolic coil.

Management Discussion and Analysis (Continued)

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

Flow Diverter Device is a neurovascular stent placed in the blood vessel of an aneurysm, which can divert blood flow away from the aneurysm. Over time, blood flow into the aneurysm may slow down and the aneurysm may shrink, thus healing the blood vessel. As of the date of this report, the patient enrollment for clinical trials of our flow diverter devices was completed.

Vascular Access Devices

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

Ischemic Stroke Prevention Devices

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

In addition, we had several other product candidates in the design stage, which further supplements our full-set product portfolio for the treatment and prevention of stroke. For details of our products and product candidates, please refer to the Prospectus.

Research and Development

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

As of August 31, 2023, we had 172 registered patents, including 63 invention patents, 97 utility models and 12 industrial design patents. We also had 187 pending patents applications, including 171 invention patents and 16 utility models.

Manufacturing

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

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

Management Discussion and Analysis (Continued)

Commercialization

As of the date of this report, we have an extensive sales network in China's neuro-interventional market, covering all provinces nationwide other than Hong Kong, Macao and Taiwan.

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

Future and Outlook

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

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

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

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

FINANCIAL REVIEW

Overview

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

Revenue

For six months ended June 30, 2023, all our revenue was generated from the sales of our commercialized neuro-interventional devices.

Revenue increased by 42.9% from RMB76.7 million for six months ended June 30, 2022 to RMB109.6 million for six months ended June 30, 2023. The increase in revenue was mostly attributable to sales growth of our AIS thrombectomy and intracranial stenosis treatment devices, as well as novel access devices.

Management Discussion and Analysis (Continued)

Cost of Sales

Cost of sales increased from RMB25.8 million for six months ended June 30, 2022 to RMB29.9 million for six months ended June 30, 2023, which was in line with the increase in our revenue.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased from RMB50.9 million for six months ended June 30, 2022 to RMB79.7 million for six months ended June 30, 2023. Gross profit margin is calculated as gross profit divided by revenue. Our gross profit margin increased from 66.3% for the six months ended June 30, 2022 to 72.7% for the six months ended June 30, 2023, primarily attributed to increased manufacture scale, and the increasingly mature manufacturing techniques.

Other Income and Gains

Other income and gains decreased from RMB21.6 million for six months ended June 30, 2022, to RMB10.7 million for six months ended June 30, 2023, primarily attributable to (i) the decrease in our government grants; and (ii) the decrease in foreign exchange gains, net.

Research and Development Costs

R&D costs increased from RMB60.9 million for the six months ended June 30, 2022 to RMB69.9 million for the six months ended June 30, 2023, primarily due to the increase in raw materials and consumables incurred for the trial manufacture of our pipeline candidates.

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

	Six months ended June 30, 2023 (Unaudited) RMB million		Six months ended June 30, 2022 (Unaudited) RMB million	
		%		%
Staff costs	23.7	33.9	24.0	39.4
Depreciation and amortization	4.0	5.7	4.5	7.4
Third party contracting costs	19.0	27.2	19.4	31.9
Raw materials and consumables	18.2	26.0	9.1	14.9
Others	5.0	7.2	3.9	6.4
Total	69.9	100	60.9	100

Administrative Expenses

Administrative expenses decreased from RMB38.3 million for six months ended June 30, 2022 to RMB29.8 million for six months ended June 30, 2023, primarily attributed to a decrease in professional service fees.

Selling and Distribution Expenses

Selling and distribution expenses increased from RMB36.0 million for six months ended June 30, 2022 to RMB41.7 million for six months ended June 30, 2023, primarily attributed to increasing market development costs as sale effort expands.

Management Discussion and Analysis (Continued)

Finance Costs

We incurred finance costs of RMB1.1 million for six months ended June 30, 2023 which remained relatively stable compared to finance costs of RMB1.0 million for six months ended June 30, 2022.

Borrowings and Gearing Ratio

As at June 30, 2023, the Group has not incurred any outstanding borrowing, as compared to a borrowing of RMB5.0 million as at December 31, 2022. Gearing ratio is calculated by dividing total debt by total equity multiplying by 100.0%. As of June 30, 2023, our gearing ratio decreased to 3.9% from 4.3% as of December 31, 2022.

Liquidity and Financial Resources

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

Our cash and bank balances as of June 30, 2023 were RMB694.6 million, as compared to RMB870.1 million as of December 31, 2022.

Our net current assets as of June 30, 2023 was RMB978.2 million, as compared to RMB1,064.5 million as of December 31, 2022.

Capital Expenditure

For six months ended June 30, 2023, our total capital expenditure amounted to approximately RMB47.2 million as compared to a capital expenditure of RMB23.8 million for six months ended June 30, 2022. The capital expenditure was primarily used in the acquisition of a land-use-right.

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

As of June 30, 2023, the Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures, or had any significant investment accounting for more than 5% of the Group's total assets.

Pledge of Assets

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

Foreign Exchange Exposure

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

Management Discussion and Analysis (Continued)

Future Plans for Material Investments or Capital Assets

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

HUMAN RESOURCES

As of June 30, 2023, we had 453 full-time employees in total. The remuneration policy for the Directors and senior management is based on their responsibility and general market conditions. Any discretionary and performance bonus are linked to the general performance of the Group and the individual performances of the Directors and senior management.

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

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

SHARE SCHEMES

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

SHARE INCENTIVE SCHEME

The 2021 H Share Incentive Scheme

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

(a) Purpose of the Share Award Scheme

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

Management Discussion and Analysis (Continued)

(b) Participants

Any individual who is a Director, senior management, key operating team member, employee, or, a consultant of the Group; however, no individual who is resident in a place where the grant, acceptance or vesting of an Award (as defined below) pursuant to the 2021 H Share Incentive Scheme is not permitted under the laws and regulations (including the relevant PRC laws and the Listing Rules) or where, in the view of the Board or the Delegatee (as defined below), in compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, shall be entitled to participate in the 2021 H Share Incentive Scheme and such individual shall therefore be excluded therefrom (an "Eligible Participant").

(c) Awards

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

(d) Term

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

(e) Vesting

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

(A) Vesting Schedule

Unless otherwise specified in an Award letter, and subject to the vesting conditions set out in the 2021 H Share Incentive Scheme rules, two types of Awards may generally be granted, (i) 3-year Awards which shall be granted before December 31, 2024 and which shall vest at the end of the third complete financial year after the grant (in relation to Awards of not more than 2,700,000 H Shares); and (ii) 1-year Awards shall be vested on June 30 of the year following the year of grant (which shall be granted in the first quarter of each of 2022, 2023, 2024 and 2025 for not more than 100,000 H Shares in 2022 and 300,000 H Shares for each of the subsequent year). The specific commencement and duration of each vesting period and the actual vesting amount of the Award granted to a Selected Participant for the respective vesting periods shall be specified in the Award Letter approved by the Board or the Delegatee.

Management Discussion and Analysis (Continued)

The vesting periods of the Awards granted under the 2021 H Share Incentive Scheme or the Awards to be satisfied by the application of any Award Shares which were not vested and/or are lapsed, canceled or forfeited shall be determined by the Board or the Delegatee in its sole and absolute discretion, and shall in any event not extend beyond the then remaining term of the Award Period at the time of grant.

(B) Vesting Conditions

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

The details of the performance indicators of the Company (if any) shall be determined by the Board or the Delegatee from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award letter. If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested during the respective Vesting Periods shall not be vested and become immediately forfeited with respect to such Selected Participant.

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

(f) Restriction on Grant of Awards

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

- (i) where the requisite approval from any applicable regulatory authorities or Shareholders has not been granted;
- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the 2021 H Share Incentive Scheme;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction;
- (iv) where such grant of Award would result in a breach of the 2021 H Share Incentive Scheme Limit;
- (v) after the expiry of the Award period or after the earlier termination of the 2021 H Share Incentive Scheme;

Management Discussion and Analysis (Continued)

- (vi) where any Director is in possession of unpublished inside information (as defined under the Securities and Futures Ordinance, the “SFO”) in relation to the Company or where any Director reasonably believes there is inside information which must be disclosed pursuant to Rule 13.09(2)(a) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the SFO or where dealings by Directors are prohibited under any code or requirement of the Listing Rules or any applicable laws, rules or regulations;
- (vii) during the period of 60 days immediately preceding the publication date of the annual results of the Group or, if shorter, the period from the end of the relevant financial year up to the publication date of such results; and
- (viii) during the period of 30 days immediately preceding the publication date of the quarterly or half-year results of the Group or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of such results.

(g) General and Maximum Limit

The maximum number of H Shares which may be granted under the 2021 H Share Incentive Scheme is 3,000,000 H Shares, representing approximately 9.5% and 7.7% of the Company’s H Shares and total issued share capital as of the date of this report, respectively. As of January 1, 2023 and June 30, 2023, the total number of Shares available to be awarded under the 2021 H Share Incentive Scheme is 2,717,300 Shares and 2,493,840 Shares, respectively. Awards under the 2021 H Share Incentive Scheme shall be granted in accordance with the applicable Listing Rules and each Selected Participant shall not have unvested Awards exceeding 1% of the Company’s issued share capital at the relevant time.

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

Management Discussion and Analysis (Continued)

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

	Date of grant	Number of awards					As of June 30, 2023
		As of January 1, 2023	Granted during the Reporting Period	Exercised and/or vested during the Reporting Period	Cancelled during the Reporting Period	Forfeited/lapsed during the Reporting Period	
Employees of the Group ⁽¹⁾	January 1, 2022 ⁽²⁾	282,700	–	–	–	–	282,700
	June 30, 2023 ⁽³⁾	–	223,460	–	–	–	223,460
Sub-total		282,700	223,460	–	–	–	506,160

Notes:

- (1) The employees does not consist of Directors or the five highest paid individual of the Group during the Reporting Period.
- (2) Subject to vesting conditions including fulfillment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2024.
- (3) The Awards granted during the Reporting Period was granted on June 30, 2023, and the closing price of the Shares immediately before the grant date was HK\$32.6 per Share. As a condition to acceptance of the Award, each Grantee is required to pay RMB22 per Share at a time to be agreed with the Company. The fair value representing the Award granted were approximately RMB2.96 million (RMB13.25 each) based on the accounting standards and policies as set for in the Company's annual report. Subject to vesting conditions including fulfillment of the grantee's individual performance target of achieving a B grading or above for all personal evaluations between the date of grant and vesting, 100% of Awards granted to each grantee shall be vested and awarded on December 31, 2025.

USE OF PROCEEDS FROM LISTING

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

Details of the planned applications of net proceeds from the Listing were disclosed in the Prospectus. As of June 30, 2023, the utilization of the net proceeds from the Global Offering are as follows:

	Planned applications (HK\$ million)	Actual utilisation as of December 31, 2022 (HK\$ million)	Utilisation during the Reporting Period (HK\$ million)	Actual utilisation as of June 30, 2023 (HK\$ million)	Balance as of June 30, 2023 (HK\$ million)	Expected timeline for full utilisation of the unutilised net proceeds
Use of proceeds						
R&D, manufacturing and marketing of our core products	459.7	187.7	35.7	223.4	236.3	December 31, 2025
R&D, product registration, manufacturing and marketing of other product candidates in our pipeline	404.9	160.3	25.4	185.7	219.2	December 31, 2025
Improvements to our R&D capacities and our continued expansion of product portfolio through internal research	48.7	48.7	–	48.7	–	–
Working capital and general corporate purposes	101.5	101.5	–	101.5	–	–
Total	1,014.8	498.2	61.1	559.3	455.5	

Corporate Governance and Other Information

PRE-EMPTIVE RIGHTS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended June 30, 2023.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended June 30, 2023 (six months ended June 30, 2022: Nil).

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

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

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS

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

Upon specific enquiry, all Directors and Supervisors confirmed that they have complied with the Model Code during the six months ended June 30, 2023. In addition, the Company is not aware of any non-compliance with the Model Code by the senior management of the Group during the six months ended June 30, 2023.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code as its own code to govern its corporate governance practices. Except for code provision C.2.1 of Part 2 of the CG Code set out below, in the opinion of the Directors, the Company has complied with all the code provisions as set out in the CG Code during the six months ended June 30, 2023.

Corporate Governance and Other Information (Continued)

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

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Audit Committee has three members comprising two independent non-executive Directors, being Mr. Gong Ping (chairman) and Mr. Feng Xiangqian, and one non-executive Director, being Mr. Ding Kui, with terms of reference in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results and the interim report of the Group for the six months ended June 30, 2023.

The Audit Committee, together with the management of the Company, considers that the interim financial results for the six months ended June 30, 2023 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

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

Corporate Governance and Other Information (Continued)

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

Changes in the Board and the information of Directors and Supervisors since the date of the 2022 annual report of the Company are as follows:

Mr. Feng Xiangqian was appointed as the chairperson of the Nomination Committee with effect from March 20, 2023.

Mr. Wang Guohui was ceased to be the chairperson of the Nomination Committee with effect from March 20, 2023, but continued to serve as a member of the Nomination Committee.

Save as disclosed above, there was no change in the Board and the information of Directors and Supervisors since the date of the 2022 annual report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

As at the date of this report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

By Order of the Board

Shanghai HeartCare Medical Technology Corporation Limited

Mr. WANG Guohui

Chairman and executive Director

Shanghai, the People's Republic of China, August 31, 2023

Corporate Governance and Other Information (Continued)

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

As at June 30, 2023, the interests and short positions of the Directors, the Supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests of directors, supervisors and chief executives in the Company

Name of Director/ Supervisors/ Chief Executive	Class of Shares	Capacity	Number of Securities/ Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Wang Guohui ⁽¹⁾	Unlisted Shares	Beneficial owner and Interest	3,188,110/ Long Position	8.21%	43.86%
	H Shares	in controlled corporation	8,152,618/ Long Position	20.99%	25.83%
Ding Kui	Unlisted Shares	Beneficial owner	782,908/ Long Position	2.02%	10.77%
	H Shares		782,908/ Long Position	2.02%	2.48%
Zhang Kun ⁽²⁾	Unlisted Shares	Beneficial owner and Interest of spouse	1,566,488/ Long Position	4.03%	21.55%
	H Shares		1,566,488/ Long Position	4.03%	4.96%

Notes:

- Mr. Wang Guohui directly holds 1,915,690 Unlisted Shares and 1,915,690 H Shares. Mr. Wang acts as the general partner of Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥)) ("Xinwei Investment") and Shanghai Zandaqian Enterprise Management Consulting Center (上海贊大乾企業管理諮詢中心) ("Shanghai Zandaqian") acts as the general partner of Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)) ("Kaiyuan Investment"), Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋鑾企業管理諮詢合夥企業(有限合夥)) ("Weiyun Shanghai") and Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)) ("Weiyu Shanghai"). Shanghai Zandaqian is a sole proprietorship wholly owned by Mr. Wang. By virtue of the SFO, Mr. Wang Guohui is deemed to be interested in the Shares in which Xinwei Investment, Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in and Shanghai Zandaqian is deemed to be interested in the Shares in which Kaiyuan Investment, Weiyu Shanghai and Weiyun Shanghai are interested in.
- Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)) ("Tongchuangsuwei") directly holds 869,330 Unlisted Shares and 869,330 H Shares. Ms. Zhang Kun directly holds 697,158 Unlisted Shares and 697,158 H Shares. Mr. Chai Yanpeng, as the general partner of Tongchuangsuwei, is the spouse of Ms. Zhang Kun. By virtue of the SFO, Mr. Chai Yanpeng is deemed to be interested in the Shares in which Ms. Zhang Kun and Tongchuangsuwei is interested in and Ms. Zhang Kun is deemed to be interested in the Shares in which Mr. Chai Yanpeng is interested in.

Corporate Governance and Other Information (Continued)

Save as disclosed above and to the best knowledge of the Directors, the Supervisors and chief executive of the Company, as at June 30, 2023, none of the Directors, the Supervisors or chief executive of the Company has any interests and/or short positions in the shares, underlying shares or debentures of the Company or its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at June 30, 2023, to the best knowledge of the Directors, the following persons (not being a Director, a Supervisor, or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company, which would be required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name of Shareholders	Class of Shares	Capacity	Number of Securities/ Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Ms. Zhang Yanxia ⁽¹⁾	Unlisted Shares	Interest of spouse	3,188,110/ Long Position	8.21%	43.86%
	H Shares		8,152,618/ Long Position	20.99%	25.83%
Shanghai Zandaqian Enterprise Management Consulting Center ⁽²⁾	Unlisted Shares	Interest in controlled corporation	496,183/ Long Position	1.28%	6.83%
	H Shares		4,777,225/ Long Position	12.30%	15.13%
Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) ⁽²⁾	Unlisted Shares	Beneficial owner	776,237/ Long Position	2.00%	10.68%
	H Shares		1,459,703/ Long Position	3.76%	4.62%
Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) ⁽²⁾	H Shares	Beneficial owner	1,277,192/ Long Position	3.29%	4.05%
	Unlisted Shares		Beneficial owner	496,183/ Long Position	1.28%
Shanghai Weiyu Enterprise Management Consulting Partnership (LP) ⁽²⁾	H Shares			700,033/ Long Position	1.80%

Corporate Governance and Other Information (Continued)

Name of Shareholders	Class of Shares	Capacity	Number of Securities/ Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
Shanghai Weiyun Enterprise Management Consulting Partnership (LP) ⁽²⁾	H Shares	Beneficial owner	2,800,000/ Long Position	7.21%	8.87%
Mr. Chai Yanpeng ⁽³⁾	Unlisted Shares	Interest in controlled corporation and	1,566,488/ Long Position	4.03%	21.55%
	H Shares	Interest of spouse	1,566,488/ Long Position	4.03%	4.96%
Ningbo Tongchuangsuwei Investment Partnership (LP) ⁽³⁾	Unlisted Shares	Beneficial owner	869,330/ Long Position	2.24%	11.96%
	H Shares		869,330/ Long Position	2.24%	2.75%
SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) ⁽⁴⁾	Unlisted Shares	Beneficial owner	906,220/ Long Position	2.33%	12.47%
	H Shares		906,220/ Long Position	2.33%	2.87%
Temasek Life Sciences Private Limited ⁽⁵⁾	H Shares	Interest in controlled corporation	1,627,907/ Long Position	4.19%	5.16%
Fullerton Management Pte Ltd. ⁽⁵⁾	H Shares	Interest in controlled corporation	1,627,907/ Long Position	4.19%	5.16%
Temasek Holdings (Private) Limited ⁽⁵⁾	H Shares	Interest in controlled corporation	1,767,907/ Long Position	4.55%	5.60%
LYFE Columbia River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	152,599/ Long Position	0.39%	2.10%
	H Shares		2,899,373/ Long Position	7.47%	9.19%
LYFE Ohio River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	49,147/ Long Position	0.13%	0.68%
	H Shares		933,784/ Long Position	2.40%	2.96%
Raritan River Limited ⁽⁶⁾	Unlisted Shares	Beneficial owner	65,116/ Long Position	0.17%	0.90%
	H Shares		1,237,210/ Long Position	3.19%	3.92%
LYFE Capital Fund III (Dragon), L.P. ⁽⁶⁾	Unlisted Shares	Beneficial owner and Interest	201,746/ Long Position	0.52%	2.77%
	H Shares	in controlled corporation	4,060,457/ Long Position	10.46%	12.86%

Corporate Governance and Other Information (Continued)

Name of Shareholders	Class of Shares	Capacity	Number of Securities/ Nature of Shares Held	Approximate Percentage of Shareholding in Total Issued Share Capital of the Company	Approximate Percentage of Shareholding in Relevant Class of Shares
LYFE Capital Management Limited ⁽⁶⁾	Unlisted Shares	Interest in controlled corporation	266,862/ Long Position	0.69%	3.67%
	H Shares		5,297,667/ Long Position	13.64%	16.78%

Notes:

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

Save as disclosed above, as of June 30, 2023, the Directors were not aware of any persons (other than the Directors, the Supervisors or chief executive of the Company) who had interests and/or short positions in the shares or underlying Shares of the Company which are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Independent Review Report



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

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

Introduction

We have reviewed the interim financial information set out on pages 25 to 42, which comprises the condensed consolidated statement of financial position of Shanghai Heartcare Medical Technology Corporation Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2023 and the related condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 *Interim Financial Reporting* ("IAS 34") issued by the International Accounting Standards Board. 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

31 August 2023

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

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
REVENUE	5	109,586	76,713
Cost of sales		(29,868)	(25,848)
Gross profit		79,718	50,865
Other income and gains	5	10,746	21,592
Other expenses		(2,648)	(459)
Research and development costs		(69,850)	(60,908)
Administrative expenses		(29,814)	(38,296)
Selling and distribution expenses		(41,662)	(35,978)
Finance costs	6	(1,126)	(1,009)
Share of loss of an associate		–	(2,792)
LOSS BEFORE TAX	7	(54,636)	(66,985)
Income tax credit	8	298	170
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(54,338)	(66,815)
Attributable to:			
Owners of the parent		(54,338)	(66,815)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	10	(1.42)	(1.75)

Interim Condensed Consolidated Statement of Financial Position

30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT ASSETS			
Plant and equipment	11	78,911	83,345
Right-of-use assets		75,321	34,886
Goodwill		9,711	9,711
Other intangible assets		37,994	39,243
Prepayments, other receivables and other assets, non-current		13,555	12,952
Financial assets at fair value through profit or loss, non-current	13	400	400
Total non-current assets		215,892	180,537
CURRENT ASSETS			
Inventories		159,737	132,158
Trade receivables	12	59,205	25,350
Prepayments, other receivables and other assets, current		61,959	100,372
Financial assets at fair value through profit or loss ("FVTPL")	13	50,216	—
Restricted cash		8,034	4,020
Cash and bank balances		694,552	870,122
Total current assets		1,033,703	1,132,022
CURRENT LIABILITIES			
Trade and other payables	14	47,030	48,309
Lease liabilities, current		6,177	5,878
Government grants, current		1,467	1,467
Interest-bearing bank borrowing		—	5,000
Contract liabilities		814	6,852
Total current liabilities		55,488	67,506
NET CURRENT ASSETS		978,215	1,064,516
TOTAL ASSETS LESS CURRENT LIABILITIES		1,194,107	1,245,053

Interim Condensed Consolidated Statement of Financial Position (Continued)

30 June 2023

	Notes	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities, non-current		37,846	39,809
Government grants, non-current		29,674	30,407
Deferred tax liabilities		9,062	9,360
Total non-current liabilities		76,582	79,576
Net assets		1,117,525	1,165,477
EQUITY			
Equity attributable to owners of the parent			
Share capital		38,834	38,834
Treasury shares	15	(42,750)	(42,563)
Reserves		1,121,441	1,169,206
Total equity		1,117,525	1,165,477

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2023

	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2023 (audited)	38,834	1,546,492	(42,563)	169,882	(547,168)	1,165,477
Loss and total comprehensive loss for the period (unaudited)	-	-	-	-	(54,338)	(54,338)
Equity-settled share award expense (unaudited)	-	-	-	6,573	-	6,573
Shares purchased under 2021 H Share Incentive Scheme (unaudited)	-	-	(187)	-	-	(187)
At 30 June 2023 (unaudited)	38,834	1,546,492	(42,750)	176,455	(601,506)	1,117,525
	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022 (audited)	38,834	1,546,492	(21,185)	155,194	(346,784)	1,372,551
Loss and total comprehensive loss for the period (unaudited)	-	-	-	-	(66,815)	(66,815)
Equity-settled share award expense (unaudited)	-	-	-	8,400	-	8,400
Shares purchased under 2021 H Share Incentive Scheme (unaudited)	-	-	(18,706)	-	-	(18,706)
At 30 June 2022 (unaudited)	38,834	1,546,492	(39,891)	163,594	(413,599)	1,295,430

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(54,636)	(66,985)
Adjustments for:			
Finance costs	6	1,126	1,009
Share of loss of an associate		–	2,792
Impairment of trade receivables	7	429	110
Impairment of inventories	7	2,206	–
Bank interest income	5	(6,433)	(7,022)
Fair value gains on financial assets at FVTPL	5	(216)	–
Gain on disposal of plant and equipment	5	(96)	–
Depreciation of plant and equipment	7	9,959	10,965
Depreciation of right-of-use assets	7	3,568	2,660
Amortisation of other intangible assets	7	2,331	880
Income from government grants for plant and equipment		(733)	(733)
Equity-settled share award expense	7	6,573	8,400
Foreign exchange differences, net		(1,452)	–
		(37,374)	(47,924)
Increase in inventories		(29,785)	(34,425)
Increase in trade receivables		(34,284)	(4,564)
Decrease/(increase) in prepayments, other receivables and other assets		41,092	(66,090)
(Decrease)/increase in trade and other payables		(2,270)	7,413
(Decrease)/increase in contract liabilities		(6,038)	3,357
Cash used in operations		(68,659)	(142,233)
Income tax prepaid		(1,508)	–
Net cash flows used in operating activities		(70,167)	(142,233)

Interim Condensed Consolidated Statement of Cash Flows (Continued)

For the six months ended 30 June 2023

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES			
Placement of financial assets at FVTPL		(50,000)	(400)
Purchase of items of plant and equipment		(4,782)	(22,955)
Purchase of items of other intangible assets		(1,082)	(884)
Payment for acquisition of a land-use-right		(41,375)	–
Placement of time deposits		(75,142)	–
Withdrawal of time deposits		88,153	131,006
Withdrawal of restricted cash of a deposit for land-use-right		4,020	–
Placement of restricted cash of construction deposits		(8,034)	–
Interest received		6,385	8,299
Acquisition of investment in an associate		–	(34,800)
Net cash flows (used in)/from investing activities		(81,857)	80,266
CASH FLOWS FROM FINANCING ACTIVITIES			
Withdrawal of restricted cash for share purchase, net		–	6,189
Shares purchased under 2021 H Share Incentive Scheme		(187)	(24,896)
Issue costs paid for A shares		(1,357)	–
Acquisition of non-controlling interests		–	(8,826)
Repayment of a bank loan		(5,000)	–
Repayment for interest on a bank loan		(29)	–
Rental deposits paid		(36)	–
Repayment of lease liabilities		(5,388)	(259)
Net cash flows used in financing activities		(11,997)	(27,792)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period		840,026	1,086,711
CASH AND CASH EQUIVALENTS AT END OF PERIOD		676,005	996,952

Notes to Interim Condensed Consolidated Financial Information

30 June 2023

1. CORPORATE INFORMATION

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

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

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 has been prepared in accordance with IAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2022.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below:

- (a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases and decommissioning obligations as at 1 January 2022, with no financial effect recognised as an adjustment to the balance of accumulated losses or other component of equity as at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases and decommissioning obligations that occurred on or after 1 January 2022, if any.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset amounting to RMB7,265,000 (unaudited) for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability amounting to RMB7,265,000 (unaudited) for all taxable temporary differences associated with right-of-use assets as at 1 January 2022.

The adoption of amendments to IAS 12 did not have any impact on the financial position or performance of the Group for the six months ended 30 June 2023 and 2022.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

The nature and impact of the new and revised IFRSs that are applicable to the Group are described below: (continued)

- (d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. OPERATING SEGMENT INFORMATION

Segment information

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

Geographical information

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

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Revenue from contracts with customers		
Sale of medical devices	109,586	76,713

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

Disaggregated revenue information

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Geographical markets		
Mainland China	109,269	76,637
Others	317	76
	109,586	76,713
Timing of revenue recognition		
Goods transferred at a point in time	109,586	76,713

An analysis of other income and gains is as follows:

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<u>Other income</u>		
Bank interest income	6,433	7,022
Government grants	1,187	10,032
	7,620	17,054
<u>Other gains</u>		
Foreign exchange gains, net	2,814	4,538
Fair value gains on financial assets at FVTPL	216	–
Gain on disposal of items of plant and equipment	96	–
	3,126	4,538
	10,746	21,592

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

6. FINANCE COSTS

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Interest on lease liabilities	1,097	1,009
Interest on a bank loan	29	—
	1,126	1,009

7. LOSS BEFORE TAX

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

	Notes	For the six months ended 30 June	
		2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Cost of inventories sold		29,760	25,726
Research and development costs		69,850	60,908
Write-down of inventories to net realisable value		2,206	—
Impairment of trade receivables		429	110
Depreciation of plant and equipment		9,959	10,965
Depreciation of right-of-use assets		3,568	2,660
Amortisation of other intangible assets		2,331	880
Government grants	5	(1,187)	(10,032)
Bank interest income	5	(6,433)	(7,022)
Fair value gains on financial assets at FVTPL	5	(216)	—
Lease payments not included in the measurement of lease liabilities		794	901
Auditors' remuneration		1,000	1,000
Employee benefit expenses			
– Independent non-executive directors' fees		277	222
– Wages, salaries and allowances		52,634	48,817
– Pension scheme contributions		5,695	4,790
– Staff welfare expenses		2,324	1,417
– Equity-settled share award expenses		6,573	8,400
		67,503	63,646
Foreign exchange gains, net	5	(2,814)	(4,538)
Gain on disposal of items of plant and equipment	5	(96)	—
Donation		—	319

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

8. INCOME TAX

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Current – Mainland China		
Charge for the period	–	–
Deferred	(298)	(170)
Total tax credit for the period	(298)	(170)

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

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

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the six months ended 30 June 2023, nor has any dividend been proposed since the end of the reporting period (during the six months ended 30 June 2022: Nil).

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

The calculation of the basic loss per share amounts is based on the loss for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue for the six months ended 30 June 2023 and 2022.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2023 and 2022 in respect of a dilution as the impact of the share award scheme had an anti-dilutive effect on the basic loss per share amounts presented.

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

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

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

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
<u>Loss</u>		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(54,338)	(66,815)
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	38,140,299	38,140,084
Loss per share (basic and diluted) (RMB per share)	(1.42)	(1.75)

11. PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets at a cost of RMB6,468,000 (unaudited) (30 June 2022: RMB8,055,000 (unaudited)).

Assets with a net book value of RMB943,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2023 (during the six months ended 30 June 2022: Nil (unaudited)), resulting in a net gain on disposal of RMB96,000 (during the six months ended 30 June 2022: Nil (unaudited)).

12. TRADE RECEIVABLES

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 6 months	59,205	25,303
6 to 12 months	–	47
	59,205	25,350

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

13. FINANCIAL ASSETS AT FVTPL

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Unlisted investment at FVTPL	400	400
Financial products	50,216	–
	50,616	400

The financial products classified as financial assets at FVTPL represented short-term investments issued by a bank with no predetermined or guaranteed return which are not principal protected investments. The financial products are with expected rates of return (not guaranteed), depending on the market prices of underlying financial instruments, including bonds, publicly offered funds and asset management products. The expected return rates ranged from 2.8% to 4.5% per annum at 30 June 2023.

14. TRADE AND OTHER PAYABLES

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Trade payables	3,287	4,132
Payroll payable	14,499	22,238
Accrued expenses	6,518	6,523
Accrued listing expenses for A shares	2,548	2,409
Advance payments received for subscription of share awards	5,654	5,654
Other tax payables	3,245	1,369
Other payables and accruals	11,279	5,984
	47,030	48,309

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

14. TRADE AND OTHER PAYABLES (Continued)

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Within 3 months	2,358	2,415
3 to 6 months	295	1,410
6 to 12 months	577	247
1 to 2 years	57	60
	3,287	4,132

15. TREASURY SHARES

On 1 November 2021, shareholders of the Group approved the adoption of the 2021 H share incentive scheme (the "2021 H Share Incentive Scheme"). Pursuant to the 2021 H Share Incentive Scheme, 5,000 (30 June 2022: 326,950) shares were purchased on the Hong Kong Stock Exchange by the trustee under the scheme at a total consideration of RMB187,000 (30 June 2022: RMB18,706,000) before expenses during the six months ended 30 June 2023.

16. COMMITMENTS

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

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
Contracted, but not provided for:		
Plant and equipment	9,111	7,531
Land-use-right	–	40,170
	9,111	47,701

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

17. RELATED PARTY TRANSACTIONS

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

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Wages, salaries and allowances	3,005	2,868
Pension scheme contributions	202	157
Independent non-executive directors' fees	277	222
Equity-settled share award expenses	3,668	3,708
	7,152	6,955

18. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value

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

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

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

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

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

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

Fair value (continued)

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

The fair value of unlisted equity investment is determined using the cost method. The fair values of financial products are based on future cash flows and expected yield rate.

Fair value hierarchy

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

Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total RMB'000 (Unaudited)
	Quoted prices in active markets (Level 1) RMB'000 (Unaudited)	Significant observable inputs (Level 2) RMB'000 (Unaudited)	Significant unobservable inputs (Level 3) RMB'000 (Unaudited)	
Unlisted equity investment	–	–	400	400
Financial products	–	50,216	–	50,216
	–	50,216	400	50,616

Notes to Interim Condensed Consolidated Financial Information (Continued)

30 June 2023

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

Fair value hierarchy (continued)

As at 31 December 2022

	Fair value measurement using			Total RMB'000 (Audited)
	Quoted prices in active markets (Level 1) RMB'000 (Audited)	Significant observable inputs (Level 2) RMB'000 (Audited)	Significant unobservable inputs (Level 3) RMB'000 (Audited)	
Unlisted equity investment	–	–	400	400

The Group did not have any financial liabilities measured at fair value as at 30 June 2023 and 31 December 2022.

For the six months ended 30 June 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2022: nil).

19. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred to the Group after the reporting period.

20. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 31 August 2023.

Definitions

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

“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of directors of the Company
“CG Code” or “Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Company” or “our Company”	Shanghai HeartCare Medical Technology Corporation Limited (上海心璋醫療科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 6609)
“Director(s)”	the director(s) of the Company or any one of them
“Elbrus”	Elbrus Investments Pte. Ltd., a limited liability company incorporated in Singapore on June 16, 2015, indirectly owned as to 100% by Temasek Holdings (Private) Limited, an Independent Third Party of our Company
“FDA”	the U.S. Food and Drug Administration
“Global Offering”	has the meaning as ascribed to it under the Prospectus
“Group”, “our Group”, “our”, “we” or “us”	the Company and its subsidiaries
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in Hong Kong dollars
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars”, “HKD” 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 Standard Board
“Kaiyuan Investment”	Ningbo Meishan Bonded Port Area Kaiyuan Investment Management Partnership (LP) (寧波梅山保稅港區楷遠投資管理合夥企業(有限合夥)), a limited partnership in the PRC established on December 4, 2017 with Shanghai Zandaqian as its general partner, being one of our single largest Shareholders
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Rules”	the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
“LYFE Columbia”	LYFE Columbia River Limited, a limited liability company incorporated in Hong Kong on May 18, 2020, ultimately controlled by LYFE Capital Management Limited
“LYFE Ohio”	LYFE Ohio River Limited, one of our Pre-IPO Investors and a limited liability company incorporated in Cayman Islands on March 6, 2020, ultimately controlled by LYFE Capital Management Limited
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
“NMPA”	National Medical Products Administration (國家藥品監督管理局) and its predecessor, the China Food and Drug Administration (國家食品藥品監督管理總局) or the CFDA
“Nomination Committee”	the nomination committee of the Board

Definitions (Continued)

“Prospectus”	the prospectus of the Company dated August 10, 2021 in relation to the Global Offering
“Raritan River”	Raritan River Limited, a limited liability company incorporated in Cayman Islands, ultimately controlled by LYFE Capital Management Limited
“Reporting Period”	the six months period from January 1, 2023 to June 30, 2023
“R&D”	research and development
“RMB” or “Renminbi”	Renminbi Yuan, the lawful currency of China
“SDIC Unity Capital”	SDIC Unity Capital National Emerging Industry Venture Capital Guiding Fund (LP) (國投創合國家新興產業創業投資引導基金(有限合夥)), a limited partnership established in the PRC on September 13, 2016, with SDIC Unity Capital Funds Management Corporation Limited (國投創合基金管理有限公司), an Independent Third Party of our Company, as its general partner
“SFO”	the Securities and Future Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
“Shanghai Zandaqian”	Shanghai Zandaqian Enterprise Management Consulting Center (上海贊大乾企業管理諮詢中心), a sole proprietorship established on June 18, 2020, wholly owned by Mr. Wang Guohui
“Share(s)”	share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, comprising the Unlisted Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subsidiary”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Tongchuangsuwei”	Ningbo Tongchuangsuwei Investment Partnership (LP) (寧波同創速維投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 6, 2018 with Mr. Chai Yanpeng (柴燕鵬), the spouse of Ms. Zhang Kun, our executive Director and deputy general manager, as its general partner
“Unlisted Share(s)”	the ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed and credited as fully paid up in Renminbi
“United States” or “U.S.”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“USD” or “US\$”	United States dollars, the lawful currency of the United States
“Weiyu Shanghai”	Shanghai Weiyu Enterprise Management Consulting Partnership (LP) (上海瑋鈺企業管理諮詢合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on August 28, 2020, being one of our single largest Shareholders
“Weiyun Shanghai”	Shanghai Weiyun Enterprise Management Consulting Partnership (LP) (上海瑋雲企業管理諮詢合夥企業(有限合夥)), formerly known as Shanghai Weijun Enterprise Management Consulting Partnership (LP) (上海瑋均企業管理諮詢合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on August 28, 2020, being one of our single largest Shareholders upon Listing
“Xinwei Investment”	Ningbo Meishan Bonded Port Area Xinwei Investment Management Partnership (LP) (寧波梅山保稅港區心瑋投資管理合夥企業(有限合夥)), a limited partnership in the PRC established as an employee shareholding platform on September 6, 2017, being one of our single largest Shareholders upon Listing
“%”	per cent



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