健世科技 Jenscare

寧波健世科技股份有限公司
Jenscare Scientific Co., Ltd.

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

Stock Code : 9877

2024
INTERIM REPORT

Contents

DEFINITIONS

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

"AGM"	the 2024 annual general meeting of the Company held on Friday, May 31, 2024
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"Board of Supervisors"	the board of Supervisors
"CE Certificate"	Conformité Européenne, an administrative marking that indicates conformity with health, safety, and environmental protection standards for products sold within the European Economic Area
"CG Code"	the "Corporate Governance Code" as contained in Appendix C1 to the Listing Rules
"China", "Mainland China" or "PRC"	the People's Republic of China, which, for the purpose of this interim report and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan, the PRC
"Company" or "our Company"	Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), a joint stock company incorporated in the PRC with limited liability on March 23, 2021, or, where the context requires (as the case may be), its predecessor Ningbo Jenscare Biotechnology Co., Ltd. (寧波健世生物科技有限公司), a limited liability company established in the PRC on November 8, 2011
"Concert Parties"	refer to Mr. Lv and Ms. Li
"Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and in this context, refer to the Concert Parties, Mr. Lv and Ms. Li
"Core Product(s)"	LuX-Valve, LuX-Valve Plus and Ken-Valve, the designated "core products" as defined under Chapter 18A of the Listing Rules
"Directors"	the directors of the Company or any one of them
"Domestic Share(s)"	ordinary share(s) in the share capital of the 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
"Global Offering"	the global offering of the H Shares, details of which are set forth in the Prospectus
"Group", "our Group", "our", "we", or "us"	the Company and all of its subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it

Definitions

"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 to be subscribed for and traded in Hong Kong dollars and which are listed on the Main Board of the Stock Exchange
"H Share Scheme"	the H Share award scheme approved and adopted by the Shareholders at the extraordinary general meeting held on December 15, 2023
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRSs"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange (as amended, supplemented or otherwise modified from time to time)
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM operated by the Stock Exchange
"Model Code"	the "Model Code for Securities Transactions by Directors of Listed Issuers" set out in Appendix C3 to the Listing Rules
"Mr. Lv"	Mr. LV Shiwen (呂世文), the chairman of the Board, an executive Director, the chief executive officer and the chief technology officer of our Company, and one of our Controlling Shareholders
"Ms. Li"	Ms. LI Hui (李輝), one of our Controlling Shareholders
"NMPA"	the National Medical Product Administration of the PRC* (中國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 September 23, 2022
"R&D"	research and development
"Reporting Period"	the six months ended June 30, 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares

Definitions

"Shareholder(s)"	holder(s) of the Share(s)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisors"	the member(s) of the Company's Board of Supervisors
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction, any State of the United States, and the District of Columbia
"Unlisted Foreign Share(s)"	ordinary share(s) issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid for in currency other than RMB by foreign investors and are unlisted Shares which are currently not listed or traded in any stock exchange
"Unlisted Share(s)"	Domestic Shares and Unlisted Foreign Shares
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"%"	per cent

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. LV Shiwen
Mr. PAN Fei

Non-executive Directors

Mr. TAN Ching
Mr. ZHENG Jiaqi
Ms. XIE Youpei
Mr. CHEN Xinxing

Independent non-executive Directors

Dr. LIN Shoukang
Ms. DU Jiliu
Dr. MEI Lehe

SUPERVISORS

Ms. XU Jing
Mr. TANG Hao
Mr. HU Bo

AUDIT COMMITTEE

Ms. DU Jiliu (Chairwoman)
Dr. LIN Shoukang
Dr. MEI Lehe

REMUNERATION AND APPRAISAL COMMITTEE

Dr. LIN Shoukang (Chairman)
Mr. LV Shiwen
Ms. DU Jiliu

NOMINATION COMMITTEE

Dr. LIN Shoukang (Chairman)
Mr. LV Shiwen
Dr. MEI Lehe

STRATEGY COMMITTEE

Mr. LV Shiwen (Chairman)
Dr. LIN Shoukang
Mr. PAN Fei

JOINT COMPANY SECRETARIES

Mr. LI Yuanyuan
Mr. WONG Wai Chiu

AUTHORIZED REPRESENTATIVES

(for the purpose of Rule 3.05 of the Listing Rules)
Mr. LV Shiwen
Mr. PAN Fei

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 law:
O'Melveny & Myers
31st Floor, AIA Central
1 Connaught Road Central
Hong Kong

As to PRC law:
Commerce & Finance Law Offices
12-14th Floor, China World Office 2
No. 1 Jianguomenwai Avenue
Beijing 100004
PRC

COMPLIANCE ADVISER

Somerley Capital Limited
20th Floor, China Building
29 Queen's Road Central
Central, Hong Kong

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

Block 5, B Area
No. 777 Binhai 4th Road
Hangzhou Bay New Area
Ningbo, Zhejiang Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40/F, Dah Sing Financial Centre
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Wanchai
Hong Kong

Corporate information

COMPANY WEBSITE

www.jenscare.com

STOCK CODE

9877

LISTING DATE

October 10, 2022

H SHARE REGISTRAR

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

PRINCIPAL BANKERS

Agricultural Bank of China, Ningbo Hangzhou Bay Branch
No. 895, No. 2 Binhai Road
Hangzhou Bay District
Ningbo, Zhejiang Province
PRC

Bank of Ningbo, Shuangdongfang Branch
No. 177-185, Baoqing Road
Jiangbei District
Ningbo, Zhejiang Province
PRC

FINANCIAL HIGHLIGHTS

	Six months ended June 30,		Period-to-period change
	2024	2023	
	RMB'000	*RMB'000*	*(%)*
	(unaudited)	(unaudited)	
Revenue	**–**	–	–
Gross profit	**–**	–	–
Loss before tax	**(105,765)**	(178,161)	-40.64%
Loss for the period	**(105,765)**	(178,161)	-40.64%
Loss attributable to owners of the parent	**(102,261)**	(175,754)	-41.82%
Loss per Share attributable to ordinary equity holders of the parent			
Basic and diluted	**RMB(0.25)**	RMB(0.42)	-40.48%

BUSINESS HIGHLIGHTS

During the Reporting Period and as of the date of this interim report, we have made the following positive progress with respect to our product pipeline and business operations:

MAINLAND CHINA

- The six-month clinical follow-up results of clinical trial TRAVEL II study of LuX-Valve Plus were published at the 18th Oriental Congress of Cardiology together with the World Congress of Cardiology (OCC-WCC 2024). According to the published clinical results, the device success rate was about 97%, and the average device operation time was around 35.56 minutes. The efficacy results showed that all patients had an improved tricuspid regurgitation ("**TR**") grade and 97.62% of the patients had no moderate or above TR. In terms of New York Heart Association ("**NYHA**") cardiac function improvement, 91.86% of the patients improved from pre-procedure class III/IV to class I/II. In terms of quality of life, the patients increased their Kansas City Cardiomyopathy Questionnaire averaging score by 20 points. The safety results showed that the incidence of composite events was 8.33%. The TRAVEL II study's six-month clinical follow-up results indicated that LuX-Valve Plus demonstrated promising mid-term clinical performance with no noticeable increase in safety events and continued improvement in efficacy over a longer clinical observation period, enabling the patients to further improve their cardiac function and quality of life, and sustained clinical benefits.

- We have completed the one-year follow-up for registration clinical trial for LuX-Valve Plus. We expect to submit the application for registration to the NMPA for approval in the near future.

- We published the compassionate use experience outcomes of LuX-Valve Plus in Hong Kong at China Valve (HangZhou) 2024. According to the published data, the procedure success rate was 100%. The procedural and 30-day outcomes showed that the percentage of incidences of all-cause mortality, cardiovascular mortality, malposition/migration, emergency surgery/reintervention, vascular access complication, cerebrovascular accident and myocardial infarction were all 0%, and 100% of the patients' TR grade was improved to none/trace. The study results indicated that LuX-Valve Plus was a promising transcatheter tricuspid valve replacement ("**TTVR**") device, which can cover a wide range of tricuspid annulus dimensions with low pacemaker implantation rate, and demonstrated good procedural and post-procedural results.

- The registration application to NMPA for approval of Ken-Valve was already officially accepted by NMPA, and the application was admitted to enter the priority approval process of the NMPA (the "**Priority Approval Process**") for medical devices, making Ken-Valve the first valve product to enter the Priority Approval Process.

- JensClip has completed the enrollment of the trial subjects for the confirmatory clinical trial and the six-month follow-up with outstanding clinical results.

OVERSEAS

- We published the six-month clinical follow-up results of LuX-Valve Plus at New York Valves 2024. The study showed that LuX-Valve Plus system achieved short delivery times, low composite event rates, significant TR reduction at six months and improvement in functional and quality of life metrics. The LuX-Valve Plus system has gained worldwide recognition and high attention.

- The Investigational Device Exemption ("**IDE**") for early feasible study ("**EFS**") of LuX-Valve Plus has been approved by the U.S. Food and Drug Administration ("**FDA**"). The EFS of LuX-Valve Plus has been initiated in the U.S..

- The enrollment of trial subjects for the LuX-Valve Plus clinical trial carried out in Europe with the aim of obtaining the CE Certificate is about to complete. Various clinical institutions from seven countries in the world are actively participating in the clinical trial and LuX-Valve Plus has won unanimous acclaim from those participating clinical institutions.

- LuX-Valve Plus published the global compassionate use outcomes at EuroPCR 2024. In-hospital outcomes indicated TR grade reduced instantly and 94.7% of patients recovered to moderate and below. The percentage of incidence of new pacemaker implantation was only 3.9%. Subsequently, 30-day outcomes showed that 95% of patients recovered to moderate and below. NYHA cardiac function improved continuously, with 85.4% of patients improving to post-operative class I/II. Moreover, the echocardiographic findings showed the right heart/ventricle benefits as well. The study outcomes demonstrate that the LuX-Valve Plus system for TTVR is safe and results are in an efficacious TR reduction, and it is applicable to patients with advanced tricuspid disease characterized by large right ventricle dimensions.

- LuX-Valve Plus has completed a number of pre-commercial activities in multi-regions worldwide. In order to meet the substantial and urgent demand from tricuspid regurgitation patients around the world, we will continue to promote the application of the products around the world, so as to further enhance the Company's academic position and influence in the world, and lay a solid foundation for the Company's globalization strategy.

- We are exploring global business development cooperation and partnership with foreign medical device manufacturers and enterprises in different phases, which can accelerate the global application of the Company's products.

COMMERCIALIZATION

Commercial Team

- We have built a professional and efficient commercial team responsible for the premarket introduction and education of the Core Products. The Company's clinical medicine team has set up a professional team with medical literacy and medical operations understanding, which has established the global operating standards through high-standard clinical follow-up feedbacks. At the same time, the sales and marketing team has started preparation for pre-entering the market globally to enhance the Company's market expansion and marketing capabilities to further enhance commercialization capabilities.

- In Mainland China, we have trained more than 50 independent physicians and teaching experts of LuX-Valve series products.

- In countries and regions other than Mainland China, we have provided training to nearly 30 independent physicians and teaching experts covering regions such as North America, Europe, Asia-Pacific and Latin America.

Targeted Hospitals Coverage

- With respect to LuX-Valve series products, we have expanded to more than 220 hospitals with influence in both academia and industry, with presence in more than 30 provinces, municipalities and autonomous regions in Mainland China.

- We have completed implantation procedures or treatment promotions for LuX-Valve Plus in more than 70 hospitals worldwide (excluding Mainland China).

Expanding Product Influence through Academic Conferences and Events

- Through academic conferences and events, our products have been widely accepted globally, enabling us to access resources and potential partners for our current and future global commercialization.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

Overview

We are an international medical device company dedicated to the development of interventional products for the treatment of structural heart diseases. Our Company was established in the PRC in November 2011. Since then we have developed a series of treatment solutions targeting different types of structural heart diseases, including tricuspid valve diseases, aortic valve diseases, mitral valve diseases and cardiogenic stroke.

Products and Pipeline

As of the date of this interim report, we have a portfolio of six product candidates in various stages of development. In order to minimize the operating risks of the Company so as to ensure the Company's long-term sustainable development and bring stable returns for the Shareholders, the management and the Board of Directors, after prudent consideration, decided to further optimize the Company's product pipeline, strategically concentrate its resources on Core Products, and accelerate the Company's global commercialization process with a view to achieving breakeven and high profit growth as soon as practicable.

Our recent business focus will still be on the global promotion of the LuX-Valve series, our TTVR products, and target to lay a foundation for global commercialization of this product series through various means such as conducting clinical trial for registration and obtaining approval, expanding regional business development, establishing strategic cooperation and other diversified ways in multiple countries and regions globally which will also provide support for other key products in the future.

The following diagram summarizes the status of our product candidates under development as of the date of this interim report:

Product Candidates	Product Categories	Pre-Clinical	Clinical Stage[Note 1]	Registration	Upcoming Milestones	Expected Commercial-ization[Note 2]
LuX-Valve Plus[Note3] ★	Transcatheter tricuspid valve replacement (TTVR) system	NMPA approval: Completed the confirmatory clinical trial			Submission for NMPA approval (2024Q3)	2025H2
	Transcatheter tricuspid valve replacement (TTVR) system	CE Marking: In the process of registration clinical trial			Completion of the subject enrollments for the registration clinical trial (2024Q3)	2025H2
	Transcatheter tricuspid valve replacement (TTVR) system	FDA Marking: In the process of EFS clinical study			Completion of the subject enrollments for EFS clinical trial (2024Q4)	2027H1
LuX-Valve [Note3] ★	Transcatheter tricuspid valve replacement (TTVR) system	Admitted into the Green Path and completed the one-year follow up			Submission for NMPA approval (2025H1)	2025H2
Ken-Valve [Note3] ★	Transcatheter aortic valve replacement (TAVR) system	NMPA approval: Completed the submission for registration			Obtained the NMPA approval (2024Q4)	2024Q4
JensClip★	Transcatheter mitral valve repair (TMVr) system	NMPA approval: Completed the subject enrollments for the confirmatory clinical trial			Submission for NMPA approval (2025H1)	2026H1
JensRelive	Transcatheter mitral valve replacement (TMVR) system	NMPA approval: In the process of conducting animal trials			Initiation of the feasibility clinical trial (2025H1)	2027H2
SimuLock	Biomimetic left atrial appendage occluder system	NMPA approval: In the process of confirmatory clinical trial			Completion of confirmatory clinical trial (2025H1)	2026H2

Note 1: Entering clinical stage is marked by the completion of first human trial.
Note 2: The point in time of expected commercialization is based on the obtaining of product registration certificate.
Note 3: The Company's Core Products.

★: Products with ★are core technology products of the Company, which refer to the products entering confirmatory clinical trial stage based on the application of the Company's core technology and the R&D progress achieving certain stages.

Our Products and Product Candidates

Tricuspid Valve Product Candidates

LuX-Valve Plus, our proprietary second-generation TTVR system, is designed for patients with severe tricuspid regurgitation and high surgical risk. LuX-Valve Plus works by functionally replacing the patient's dysfunctional native tricuspid valve with a prosthetic valve implanted through a minimally invasive intervention without the need for conventional open-heart surgery. LuX-Valve Plus is a Class III medical device under the classification criteria of the NMPA. LuX-Valve Plus uses a transvascular delivery system through transjugular approach. We expect the transvascular access path not only to effectively simplify the operation procedure with shorter device procedure time, smaller incisions and less damage to the heart tissue, but also to be used in a wider range of situations such as rare and complex anatomical structures. In addition, the delivery system of LuX-Valve Plus is multi-angle adjustable and steerable, allowing physicians to more conveniently adjust the release position and angle, and thereby further increasing the product's safety profile. We have completed the one year follow-up for registration clinical trial for LuX-Valve Plus. We expect to submit the application for registration LuX-Valve Plus to the NMPA for approval in the near future.

In July 2024, the results of the six-month clinical follow-up of multicenter clinical trial of LuX-Valve Plus (TRAVEL II) were officially published at New York Valves 2024 and the 18th Oriental Congress of Cardiology together with the World Congress of Cardiology (OCC-WCC 2024). For details, please refer to the announcement of the Company dated July 2, 2024.

LuX-Valve Plus is about to complete the enrollment trial subjects for the clinical trial carried out in Europe with the aim of obtaining the CE Certificate. Various clinical institutions from seven countries in the world actively participating in the clinical trial and LuX-Valve Plus won unanimous acclaim from those participating clinical institutions. In October 2023, LuX-Valve Plus was selected for the Expert Panel Scientific Advice Pilot of the European Medicines Agency, and it is expected that the clinical development and clinical research of Lux-Valve Plus will be guided by the expert panels, which will further accelerate the clinical development and registration progress for CE Certificate in Europe, expand the global reach and facilitate the internationalization progress of the product.

The IDE for EFS of LuX-Valve Plus has been approved by FDA and has been initiated in the U.S. It was expected that the enrollment for the EFS clinical study would be completed in the fourth quarter of 2024 and the study would then enter pivotal trial preparation, marking a significant progress made by LuX-Valve Plus in the U.S. clinical trial registration and in overseas applications. In September 2023, LuX-Valve Plus was enrolled in the Total Product Life Cycle Advisory Program ("**TAP**") pilot of the FDA.

A series of preparation activities for commercialization of LuX-Valve Plus have been completed in several regions of the world. In order to meet the huge and urgent demand from tricuspid regurgitation patients around the world, we will continue to promote the application of our products in different regions worldwide, so as to further enhance the Company's academic position and influence in the world, and lay a solid foundation for the Company's globalization strategy.

LuX-Valve, our proprietary TTVR system, is designed to treat patients with both severe tricuspid regurgitation and high surgical risk. LuX-Valve works by replacing the function of a patient's dysfunctional native tricuspid valve with a prosthetic valve implanted through a minimally invasive intervention without the need for conventional open-heart surgery. LuX-Valve is a Class III medical device under the classification criteria of the NMPA. As of the date of this interim report, we held 32 patents and 18 patent applications in relation to LuX-Valve series products. LuX-Valve was admitted into the Special Examination for Innovative Medical Devices by the NMPA in January 2019. In November 2023, the one-year results of the confirmatory clinical trial of LuX-Valve was reported at the PCR London Valves 2023. We are currently in the process of active communication with NMPA, and expected that an application for registration will be submitted to NMPA for approval in the first half of 2025.

As of the date of this interim report, nearly 600 cases of implantation of the LuX-Valve series products have been completed worldwide, with a record of the longest follow-up of over 5 years.

Aortic Valve Product Candidates

Ken-Valve, our proprietary first-generation transcatheter aortic valve replacement ("**TAVR**") system, is designed for the treatment of patients with severe aortic regurgitation or combined with aortic stenosis. Ken-Valve is a Class III medical device under the classification criteria of the NMPA. In May 2023, we completed the one year follow-up work of the confirmatory clinical trial for Ken-Valve. In October 2023, the registration application for Ken-Valve was accepted in the Priority Approval Process for medical devices. It is expected that we shall obtain the NMPA approval for the commercialization of Ken-Valve in the fourth quarter of 2024.

Mitral Valve Product Candidates

JensClip, our proprietary clip-based transcatheter mitral valve repair ("**TMVr**") system, is designed to treat patients with severe mitral regurgitation. It works by clipping together a small area of the mitral valve leaflets, which continue to open and close on either side of the clip. This allows blood to flow on both sides while reducing the flow of blood in the wrong direction. In addition, JensClip utilizes a claw wall and a locking mechanism, with a simple structure design that can grasp the valve leaflets bilaterally and is easy to use with good flexibility. In addition, during the procedure, the delivery system of JensClip is designed to enable physicians to maneuver the device in a 360-degree fashion. JensClip is a Class III medical device under the classification criteria of the NMPA. The subject enrollment of the feasibility clinical trial of JensClip in China was completed in December 2022, and in August 2024, all of the subject enrollments for the confirmatory clinical trial and the six-month follow-up were completed.

JensRelive, our proprietary transcatheter mitral valve replacement ("**TMVR**") (transfemoral) system, is designed to treat patients with severe mitral regurgitation. It works by replacing the function of a patient's dysfunctional native mitral valve without the need for conventional open-heart surgery. JensRelive consists of a prosthetic mitral valve, a delivery catheter system, and a loading system. Our JensRelive uses a special anchoring design, and such design helps the fixation while preventing displacement. In addition, JensRelive is equipped with retrievable and steerable functions, which are expected to improve the valve positioning accuracy and stability during deployment. As of the date of this interim report, we are in the process of conducting animal trials for JensRelive.

Other Structural Heart Diseases Product Candidates

SimuLock, our product candidate for cardiogenic stroke prevention, is our proprietary bionics left atrial appendage occluder system. The three-dimensional sealing and controllable differential endothelial coating design of this product helps to prevent the thromboembolism of left auricle and lower the risk of fatal bleeding for nonvalvular atrial fibrillation patients who are suitable for anticoagulation treatment or have contraindications to anticoagulation treatment. SimuLock adopts a unique design of bionics anchoring, which helps to reduce safety risks. In addition, SimuLock can be modularly assembled as required to cover extensive patients with atrial fibrillation featuring significant differences in anatomical structure of the left atrial appendage. In the third quarter of 2023, we commenced the feasibility clinical trial. In November 2023, we completed the subject enrollment for the first confirmatory clinical trial and clinical implantation of SimuLock and it is expected that the enrollment of the trial subjects will be completed in the first half of 2025.

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

Cautionary Statement as required by Rule 18A.08(3) of the Listing Rules: There is no assurance that we will ultimately develop, market and/or commercialize our Core Products or any other product candidates successfully.

Research and Development

Our R&D team self-develops interventional medical device products focusing on the treatment of structural heart diseases. We intend to expand and improve our product portfolio by strengthening our R&D of new products, expanding our product pipeline and improving our existing product candidates.

As of the date of this interim report, we had:

- Three Core Products, as well as three other product candidates in various stages of development; and
- 177 issued patents and 217 patent applications in more than ten countries or regions.

Manufacturing

We have full manufacturing capabilities, including production lines for stents, valves, and delivery systems, respectively. We procured equipment and machinery from reputable suppliers and completed comprehensive commissioning and qualification steps to verify that the equipment and programs are installed according to the requisite specifications. The Company has obtained ISO 13485 certification. We believe our manufacturing capability will give us an edge in clinical trials and future commercialization.

Our manufacturing facility is located in Ningbo, Zhejiang the PRC, and along with two adjacent properties, occupy approximately 7,000 sq.m.. It is designed and built for manufacturing medical devices in compliance with GMP requirements with full manufacturing capability and ready for commercial-scale production. Our manufacturing facility has several production lines, including production lines for stents, valves, and delivery systems, respectively.

Commercialization

Commercialization of our product candidates is critical to our future growth and success. To drive our product launch and bring our product candidates to market, we are assembling our core commercial leadership team in anticipation of product launch.

As of the date of this interim report, we have built a professional and efficient commercial team. The commercial team, comprising of sales and marketing team and clinical medicine team, is responsible for the pre-market introduction and education of the Core Products. The Company's clinical medicine team has set up a professional team with medical literacy and medical operations understanding, which has established the global operating standards through high-standard clinical follow-up feedbacks.

The sales and marketing team has started preparation work for product admission as well as the construction of regional distributors' network to enhance the Company's market expansion and marketing capabilities to further enhance commercialization capabilities. As of the date of this interim report, we have expanded to more than 220 hospitals in Mainland China with influence in both academia and industry, with presence in more than 30 provinces, municipalities and autonomous regions. We have trained more than 50 independent physicians and teaching experts as of the date of this interim report. We plan to scale up our commercial team to cover the increasing number of hospitals for the upcoming product launch.

In countries and regions other than Mainland China, we have provided training to nearly 30 independent physicians and teaching experts covering regions such as North America, Europe, Asia Pacific and Latin America, and have completed implantation procedures or treatment promotions in more than 70 hospitals.

We have participated in both domestic and overseas high-quality academic conferences in the field of structural heart diseases, including industry conferences, associations, and annual meetings. Such conferences include New York Valves 2024, EuroPCR 2024, 2024 Beijing Valves, OCC-WCC 2024, Taipei Valve Summit 2024, China Valve (Hangzhou) 2024, etc.. These events allow us to increase the market visibility of our product candidates, share our clinical results and enhance experts' awareness of clinical benefits of our product candidates. Going forward, we plan to organize and participate in more academic conferences of the aforementioned types on a yearly basis.

We are exploring global business development cooperation and partnership with foreign medical device manufacturers and enterprises in different phases, which would accelerate the global commercialization of the Company's products around the world.

Future Development

Our vision is to become a global pioneering medical device platform with a comprehensive offering of innovative products for the treatment of structural heart diseases. We plan to implement the following strategies to achieve our goal:

- expedite the application of our Core Products around the world, in order to meet the huge and urgent clinical demands for structural heart diseases treatment;
- specialize in structural heart diseases and build upon our R&D capabilities and seek strategic collaborations to optimize our product portfolio; and
- expand our footprint to become an industry pioneer.

II. FINANCIAL REVIEW

Other Income and Gains

Our other income and gains primarily consist of (i) interest income from bank deposits; (ii) government grants, primarily including subsidies received from the local governments to support our R&D activities and business operations; (iii) net foreign exchange gains in connection with bank balance and cash denominated in U.S. dollars; and (iv) gains on financial assets at fair value through profit or loss, representing the realized and unrealized gains from wealth management products we purchased. Our other income and gains decreased from RMB34.1 million for the six months ended June 30, 2023 to RMB17.0 million for the Reporting Period. The decrease was primarily attributable to the decrease in government grants and foreign exchange gains.

Research and Development Expenses

Our R&D expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for R&D personnel; (iii) costs of raw materials and consumables used for R&D of our product candidates; and (iv) third-party contracting costs, primarily including payments to contract research organizations, clinical trial sites, and other medical institutions and testing fees incurred for pre-clinical studies and clinical trials.

Our R&D expenses have decreased from RMB137.6 million for the six months ended June 30, 2023 to RMB82.2 million for the Reporting Period. The decrease was primarily attributable to the decrease in share-based compensation expenses and staff costs.

The following table sets forth a breakdown of our R&D expenses for the periods indicated:

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Share-based compensation expenses	**11,716**	66,597
Staff costs	**25,160**	30,881
Costs of raw materials and consumables used	**11,857**	12,314
Third-party contracting costs	**17,135**	17,833
Depreciation and amortization	**4,386**	3,130
Others	**11,979**	6,848
Total	**82,233**	137,603

Administrative Expenses

Our administrative expenses primarily consist of (i) share-based compensation expenses; (ii) staff costs, including salaries, bonus and welfare for administrative personnel; (iii) professional service fees incurred primarily in relation to recruitment, legal and accounting services; (iv) depreciation and amortization; and (v) travelling and transportation expenses. For the six months ended June 30, 2023 and the Reporting Period, we recorded share-based compensation expenses of RMB55.5 million and RMB2.6 million, respectively, under our administrative expenses.

Our administrative expenses decreased from RMB82.1 million for the six months ended June 30, 2023 to RMB35.3 million for the Reporting Period. The decrease was primarily attributable to the decrease in share-based compensation expenses.

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

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Share-based compensation expenses	**2,556**	55,531
Staff costs	**17,667**	11,907
Professional service fees	**5,795**	5,283
Depreciation and amortization	**2,185**	2,657
Traveling and transportation expenses	**1,739**	1,912
Utilities and office expenses	**498**	393
Others	**4,851**	4,454
Total	**35,291**	82,137

Other Expenses

Our other expenses mainly consist of impairment and disposals of property, plant and equipment, write-down of inventories, impairment of other receivables, and others.

Our other expenses increased from RMB0.2 million for the six months ended June 30, 2023 to RMB5.1 million for the Reporting Period. The increase was primarily attributable to the increase in impairment of property, plant and equipment and the write-down of inventories.

Finance Costs

Our finance costs mainly consist of lease liabilities and borrowings from Shareholders.

Our finance costs increased from RMB68,000 for the six months ended June 30, 2023 to RMB141,000 for the Reporting Period. The increase was primarily attributable to the increase in finance costs on lease liabilities.

Income Tax Expenses

We did not incur any income tax expenses during the Reporting Period.

Loss for the Period

Based on the factors described above, our net losses amounted to RMB178.2 million and RMB105.8 million for the six months ended June 30, 2023 and the Reporting Period, respectively.

Working Capital

Our primary uses of cash relate to the R&D of our product candidates and capital expenditures. Our net cash used in operating activities was RMB107.4 million for the six months ended June 30, 2024, primarily due to R&D expenses and administrative expenses we incurred during the Reporting Period. Our operating cash flow will continue to be affected by our R&D expenses. During the Reporting Period, we primarily funded our working capital requirements through capital contributions from our Shareholders. We monitor and maintain a level of cash and cash equivalents deemed adequate to finance our operations and mitigate the effects of fluctuations in cash flows. Going forward, we believe our liquidity requirements for conducting our R&D activities and realizing the commercialization of our product candidates, as well as supporting our future expansion plans will be satisfied by using funds from a combination of our cash and bank balances and other funding sources as we believe appropriate.

Our net cash used in investing activities was RMB58.4 million for the Reporting Period, primarily due to the bank deposits with maturity over one year and purchase of items of property, plant and equipment, partially offset by the proceeds from disposal of financial assets at fair value through profit or loss.

Our net cash used in financing activities was RMB48.4 million for the Reporting Period, primarily due to the repurchase of Shares by the Company partially offset by the proceeds from new bank loans and loans from Shareholders.

As of June 30, 2024, we had cash and cash equivalents of RMB714.3 million, representing an increase of 1.9% compared to RMB701.1 million as of June 30, 2023.

Capital Expenditure

We regularly incur capital expenditures to expand our operations, upgrade our facilities, enhance our development capabilities and increase our operating efficiency. Our capital expenditures primarily consisted of expenditures on properties, machinery and office equipment. We expect our main sources of funding for capital expenditure in 2024 to be from bank and other borrowings, net proceeds from the Global Offering, and capital contributions from our Shareholders.

Our capital expenditures decreased from RMB43.6 million for the six months ended June 30, 2023 to RMB21.5 million for the Reporting Period. The decrease was primarily attributable to the decrease in capital expenditures of property, plant and equipment.

Key Financial Ratios

The following table sets forth the key financial ratios as at the dates indicated:

	As of June 30,	
	2024	2023
	RMB'000	*RMB'000*
Current ratio[1]	**17.1**	15.2
Quick ratio[2]	**16.6**	14.9
Gearing ratio[3]	**9.0%**	4.5%

Notes:

(1) Current ratio is calculated based on total current assets divided by total current liabilities.

(2) Quick ratio is calculated based on total current assets less inventories divided by total current liabilities.

(3) Gearing ratio is calculated based on total liabilities divided by total assets and multiplied by 100%.

Indebtedness

As of June 30, 2024, we had total bank and other borrowings of RMB51.2 million denominated in RMB at floating interest rates, of which RMB15.8 million is secured, as compared to RMB10.7 million bank borrowings as of June 30, 2023.

Our lease liabilities increased from RMB3.1 million as of June 30, 2023 to RMB5.7 million as of June 30, 2024, primarily due to new lease agreements entered into by the Group during the Reporting Period.

Pledge of Assets

As of June 30, 2024, certain leasehold land with a carrying amount of RMB24.6 million was pledged to secure the bank borrowings of RMB15.8 million.

Contingent Liabilities

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

Significant Investments, Material Acquisitions and Disposals

During the Reporting Period, the Group did not hold any significant investments and we did not conduct any material acquisitions or disposals. Save as disclosed in the Prospectus, the Group does not have any specific plan on material investments or capital assets as of the date of this interim report.

Foreign Exchange Exposure

During the Reporting Period, we mainly operated in Mainland China and a majority of our transactions were settled in RMB, the functional currency of our Company. We are exposed to foreign currency risk mainly arising from exchange rate fluctuations of U.S. dollars against RMB. 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.

Material Litigation

The Company was not involved in any material litigation or arbitration during the Reporting Period. The Directors are also not aware of any material litigation or claims that are pending or threatened against the Group as of June 30, 2024.

HUMAN RESOURCES

As of June 30, 2024, the Group has 241 employees (as of June 30, 2023: 337 employees) in total. In compliance with the relevant 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 the PRC law to make contributions to statutory employee benefit plans (including pension plans, medical 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.

We recruit our employees based on a number of factors, including work experience, educational background and the requirements of a relevant position. To remain competitive in the labor market, we provide competitive salaries, opportunity to participate in various incentive plans and other 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 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 salaries, promotion and career development. We believe our benefits, working environment and development opportunities for our employees have contributed to good employee relations and employee retention.

Our Company has adopted the Employee Incentive Plans on October 30, 2020 and April 27, 2021 (details of which are set forth in the section headed "Employee Incentive Plans" in the 2023 Annual Report of the Company, the Company's circular dated December 6, 2022, and in our Prospectus). The Company has also adopted the H Share Scheme on December 15, 2023 (details of which are set forth in the section headed "The H Share Scheme" in the 2023 Annual Report of the Company and the Company's circular dated November 28, 2023).

OTHER INFORMATION

USE OF PROCEEDS FROM THE GLOBAL OFFERING

On October 10, 2022, the Company was successfully listed on the Stock Exchange. The net proceeds received by the Group from the Global Offering (after deducting underwriting fees and relevant expenses) amounted to HK$206.4 million. The Company will 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, 2024:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Allocation of net proceeds *(HK$ million)*	Unutilized net proceeds as of December 31, 2023 *(HK$ million)*	Utilized net proceeds during the Reporting Period *(HK$ million)*	Unutilized net proceeds as of June 30, 2024 *(HK$ million)*	Expected timeline for full utilization of unutilized net proceeds
To fund the R&D, manufacturing and commercialization of LuX-Valve and Ken-Valve	65.0%	134.1	125.7	4.9	120.8	December 31, 2026
To fund the R&D, clinical trials and product registration of other product candidates in our pipeline, including LuX-Valve Plus, KenFlex and mitral valve products	25.0%	51.6	32.9	4.1	28.8	December 31, 2026
Working capital and general corporate purposes	10.0%	20.7	10.4	0.4	10.0	December 31, 2025
Total	100%	206.4	169.0	9.4	159.6	–

The expected timeline for fully utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the CG Code contained in Appendix C1 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 part 2 of the CG Code.

Under code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Although such code provision is not consistent with such code provision C.2.1, Mr. Lv is our chairman of the Board and the chief executive officer of our Company. With extensive experience in the medical devices industry and having served in our Company since January 2013, Mr. Lv is in charge of the overall management of business operation, strategy and corporate development of our Group. Our Board considers that vesting the roles of chairman and chief executive in the same person is beneficial to the management of our Group.

The balance of power and authority is ensured by the operation of our Board, our independent non-executive Directors, our Supervisors and our senior management, which comprises experienced and visionary individuals. Our Board currently comprises two executive Directors (including Mr. Lv), four non-executive Directors and three independent non-executive Directors, and therefore has a strong independence 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 the chairman and the chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code contained in Appendix C3 to the Listing Rules 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.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses insider information in relation to those securities. No incident of non-compliance of the Model Code by relevant officers and 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 has purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Listing Rules)). The Company does not have any treasury shares as at June 30, 2024. Treasury shares presented notes to the interim condensed consolidated financial information includes shares acquired by trustees of trusts set up in connection with share incentive schemes of the Group, and does not fall within the meaning of "treasury shares" under the Listing Rules.

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

Changes in the Board and the information of Directors and Supervisors since the publication of the 2023 Annual Report of the Company are as follows:

Following the expiry of their terms of office as Directors, Mr. Lv Shiwen and Mr. Pan Fei were re-elected as executive Directors of the second session of the Board; Mr. Tan Ching, Mr. Zheng Jiaqi, Ms. Xie Youpei and Mr. Chen Xinxing were re-elected as non-executive Directors of the second session of the Board; and Dr. Lin Shoukang, Ms. Du Jiliu and Dr. Mei Lehe were re-elected as independent non-executive Directors of the second session of the Board at the AGM held on May 31, 2024. The term of office of each of them as a Director of the second session of the Board is for a period commencing from the date of the AGM to the date of the annual general meeting to be convened in 2027.

Following the expiry of their terms of office as Supervisors, Ms. Xu Jing and Mr. Tang Hao were re-elected as shareholders' representative Supervisors of the second session of the Board of Supervisors at the AGM held on May 31, 2024. Mr. Hu Bo was elected as the employees' representative Supervisor of the second session of the Board of Supervisors at the employee representatives assembly of the Company held on March 18, 2024. The re-election of Mr. Hu Bo was not subject to the approval by the Shareholders. The term of office of each of them as a Supervisor of the second session of the Board of Supervisors is for a period commencing from the date of the AGM to the date of the annual general meeting to be convened in 2027.

For details, please refer to the circular of the Company dated April 26, 2024 and the announcement of the Company dated May 31, 2024.

Save as disclosed above, there was no change in the Board and the information of Directors and Supervisors since the publication of the 2023 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REVIEW OF INTERIM RESULTS AND INTERIM REPORT

The Board has established the Audit Committee which comprises three independent non-executive Directors, namely Ms. DU Jiliu, Dr. LIN Shoukang and Dr. MEI Lehe. Ms. DU Jiliu 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 provide an independent view of the Company's financial reporting process, internal control and risk management system, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

The Audit Committee, together with the management of the Company, has considered and reviewed the Group's interim results for the Reporting Period 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 report of the Group is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made. The interim report has not been reviewed by the external auditor of the Company.

CONTINUING DISCLOSURE OBLIGATION PURSUANT TO THE LISTING RULES

The Company does not have any disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules as of the date of this interim report.

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

As of June 30, 2024, 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:

Long positions in the Shares or underlying Shares of the Company

Name of Director/ Chief Executive	Capacity/Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Mr. LV[2][3][4][5]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares	44,383,788 (L)	10.64
		H Shares	147,779,593 (L)	35.42
Mr. PAN Fei[6]	Beneficial owner; interest in a controlled corporation	Domestic Shares	16,363,620 (L)	3.92
		H Shares	33,452,479 (L)	8.02
Ms. DU Jiliu	Beneficial owner	H Shares	10,600 (L)	0.01

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The calculation is based on the total number of 417,167,290 Shares in issue as at June 30, 2024.

(2) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Ningbo Linfeng Biotechnology Co., Ltd ("**Ningbo Linfeng**") beneficially owns 16,708,600 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi Industrial Development Co., Ltd ("**Shanghai Shidi**"), which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

Shanghai Shidi beneficially owns 11,810,448 Domestic Shares and 27,557,712 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

(3) Mr. Lv beneficially owns 19,627,920 Domestic Shares and 19,847,920 H Shares of our Company.

(4) Each of Hainan Maidi Enterprise Management L.P. (Limited Partnership) ("**Hainan Maidi**") and Ningbo Sangdi Investment Management L.P. (Limited Partnership) ("**Ningbo Sangdi**") is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 26,520,141 H Shares of our Company. Ningbo Sangdi beneficially owns 28,601,640 H Shares of our Company. Ningbo Dixiang Venture Capital Co., Ltd ("**Ningbo Dixiang**") is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(5) Each of Ningbo Mukang Venture Capital Partnership (Limited Partnership) ("**Ningbo Mukang**") and Ningbo Kefeng Investment Management L.P. (Limited Partnership) ("**Ningbo Kefeng**") is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 12,945,420 Domestic Shares and 12,945,420 H Shares of our Company. Ningbo Kefeng beneficially owns 12,998,160 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(6) Hainan Hualing Investment L.P. (Limited Partnership) ("**Hainan Hualing**") is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owns 16,363,620 Domestic Shares and 16,363,620 H Shares of our Company.

Hainan Huahui Investment L.P. (Limited Partnership) (海南華暉投資合夥企業(有限合夥)) ("**Hainan Huahui**") is a limited partnership with Hainan Yize Medical Technology Co., Limited (海南一則醫療科技有限公司) ("**Hainan Yize**") as its sole general partner, and beneficially owns 14,716,059 H Shares of our Company.

Hainan Yize is the executive partner of each of Hainan Hualing and Hainan Huahui and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing and Hainan Huahui.

Save as disclosed above and to the best knowledge of the Directors, Supervisors and chief executive of the Company, as of June 30, 2024, 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, (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 they are 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 in the register referred to therein or (iii) which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors, the Supervisors and chief executive of the Company) or entities had an interest or a short position in the Shares or underlying Shares of the Company which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Capacity/ Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Ms. Li[2][5][6]	Beneficial owner; interest in a controlled corporation; interest held jointly with another person	Domestic Shares H Shares	44,383,788 (L) 147,779,593 (L)	10.64 35.42
Ningbo Dixiang[3][4]	Interest in a controlled corporation	Domestic Shares H Shares	12,945,420 (L) 81,065,361 (L)	3.10 19.43
Hainan Maidi[3]	Beneficial owner	H Shares	26,520,141 (L)	6.36
Ningbo Sangdi[3]	Beneficial owner	H Shares	28,601,640 (L)	6.86

Name of Substantial Shareholders	Capacity/ Nature of Interest	Class of Shares	Number of Shares[1]	Approximate Percentage of Shareholding in the Company[1] (%)
Ningbo Mukang[4]	Beneficial owner	Domestic Shares H Shares	12,945,420 (L) 12,945,420 (L)	3.10 3.10
Ningbo Kefeng[4]	Beneficial owner	H Shares	12,998,160 (L)	3.12
Shanghai Shidi[2]	Beneficial owner; interest in a controlled corporation	Domestic Shares H Shares	11,810,448 (L) 44,266,312 (L)	2.83 10.61
Ningbo Linfeng[2]	Beneficial owner	H Shares	16,708,600 (L)	4.01
AUT-VII HK Holdings Limited[5]	Beneficial owner	Unlisted Foreign Shares	10,875,000 (L)	2.61
AUT-VII HOLDINGS Limited[5]	Interest in a controlled corporation	Unlisted Foreign Shares	10,875,000 (L)	2.61
Hillhouse Capital Management, Ltd. ("**Hillhouse Capital**")[5]	Interest in a controlled corporation	Unlisted Foreign Shares	10,875,000 (L)	2.61
Zhuhai Yuheng Equity Investment L.P. (Limited Partnership)[6]	Beneficial owner	Domestic Shares	9,309,060	2.23
Shenzhen Gao Ling Tiancheng III Investment Co., Ltd.[6]	Interest in controlled corporation	Domestic Shares	9,309,060	2.23
Hainan Huahui[7]	Beneficial owner	H Shares	14,716,059 (L)	3.53
Hainan Hualing[7]	Beneficial owner	Domestic Shares H Shares	16,363,620 (L) 16,363,620 (L)	3.92 3.92
Hainan Yize[7]	Interest in a controlled corporation	Domestic Shares H Shares	16,363,620 (L) 31,079,679 (L)	3.92 7.45

Notes:

(1) The letter "L" denotes the person's long position in the Shares. The calculation is based on the total number of 417,167,290 Shares in issue as at June 30, 2024.

(2) On March 16, 2021, Mr. Lv and Ms. Li entered into a concert party agreement to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group. As such, each of the Concert Parties are deemed to be interested in the Shares each other is interested in.

Ningbo Linfeng beneficially owns 16,708,600 H Shares of our Company and is owned as to 65.00% by Shanghai Shidi, which in turn is wholly-owned by Ms. Li. As such, under the SFO, each of Ms. Li and Shanghai Shidi is deemed to be interested in the equity interests held by Ningbo Linfeng.

Shanghai Shidi beneficially owns 11,810,448 Domestic Shares and 44,266,312 H Shares of our Company and is wholly-owned by Ms. Li. As such, under the SFO, Ms. Li is deemed to be interested in the equity interests held by Shanghai Shidi.

Ms. Li beneficially owns 2,600,000 H Shares of our Company.

(3) Each of Hainan Maidi and Ningbo Sangdi is a limited partnership established in the PRC and one of our ESOP Platforms. Hainan Maidi beneficially owns 26,520,141 H Shares of our Company. Ningbo Sangdi beneficially owns 28,601,640 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Hainan Maidi and Ningbo Sangdi and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Hainan Maidi and Ningbo Sangdi.

(4) Each of Ningbo Mukang and Ningbo Kefeng is a limited partnership established in the PRC. Ningbo Mukang beneficially owns 12,945,420 Domestic Shares and 12,945,420 H Shares of our Company. Ningbo Kefeng beneficially owns 12,998,160 H Shares of our Company. Ningbo Dixiang is the executive partner of each of Ningbo Mukang and Ningbo Kefeng and is owned as to 98% by Mr. Lv.

As such, under the SFO, each of Ningbo Dixiang and Mr. Lv is deemed to be interested in the equity interests held by Ningbo Mukang and Ningbo Kefeng.

(5) AUT-VII HK Holdings Limited beneficially owns 10,875,000 Unlisted Foreign Shares of the Company and is a limited company incorporated in Hong Kong and is owned as to 100% by AUT-VII HOLDINGS LIMITED. AUT-VII HK Holdings Limited is an investment vehicle ultimately managed by Hillhouse Capital.

As such, under the SFO, each of AUT-VII HOLDINGS LIMITED and Hillhouse Capital is deemed to be interested in the equity interests held by AUT-VII HK Holdings Limited.

(6) Zhuhai Yuheng Equity Investment L.P. (Limited Partnership) is controlled by Shenzhen Gao Ling Tiancheng III Investment Co., Ltd.

(7) Hainan Hualing is one of our ESOP Platforms, a limited partnership established in the PRC, and beneficially owned 16,363,620 Domestic Shares and 16,363,620 H Shares of our Company.

Hainan Huahui is a limited partnership with Hainan Yize as its sole general partner, and beneficially owns 14,716,059 H Shares of the Company.

Hainan Yize is the executive partner of each of Hainan Hualing and Hainan Huahui and is owned as to 99% by Mr. PAN Fei.

As such, under the SFO, each of Hainan Yize and Mr. PAN Fei is deemed to be interested in the equity interests held by Hainan Hualing and Hainan Huahui.

Save as disclosed above, as of June 30, 2024, the Directors are not aware of any other person (other than the Directors, the Supervisors and chief executive of the Company) or entities who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

THE H SHARE SCHEME

The H Share Scheme was adopted by the Company by way of special resolution at the extraordinary general meeting of the Company on December 15, 2023. The H Share Scheme involves no issue of new shares or granting of options for any new securities of the Company. Thus, it does not constitute a share scheme involving issue of new shares as defined and regulated under Chapter 17 of the Listing Rules. The H Share Scheme constitutes a share scheme funded by existing shares under Chapter 17 of the Listing Rules and shall therefore be subject to the applicable requirements under Rule 17.12 of the Listing Rules. Any grant of an award under the H Share Scheme to any connected person of the Company will be subject to compliance with Chapter 14A of the Listing Rules unless otherwise exempted under the Listing Rules.

Since the adoption of the H Share Scheme, an aggregate of 4,905,600 H Shares representing approximately 1.18% of the total share capital of the Company as at the end of the Reporting Period has been purchased for use as Award Shares for selected participants of the H Share Scheme at a total consideration of HK$73,961,000 (equivalent to RMB67,220,000).

Since the adoption of the H Share Scheme and up to the end of the Reporting Period, no awards had been granted, and as a result there was no unvested, cancelled or lapsed award as at the date on which the H Share Scheme was approved (the "**Adoption Date**") and up to the end of the Reporting Period. As no award was granted since the Adoption Date up to the end of the Reporting Period, therefore the fair value of awards granted during the Reporting Period is not applicable.

As at January 1, 2024 and June 30, 2024, the number of awards available for grant under the H Share Scheme was both 13,159,063. There is no service provider sublimit under the H Share Scheme.

For further details of the H Share Scheme, please refer to the 2023 Annual Report of the Company.

EVENTS AFTER THE REPORTING PERIOD

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
Jenscare Scientific Co., Ltd.
Mr. LV Shiwen
Chairman

Hong Kong, August 28, 2024

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

For the six months ended June 30, 2024

	Notes	2024 *RMB'000* (unaudited)	2023 *RMB'000* (unaudited)
Other income and gains		**16,950**	34,050
Research and development expenses		**(82,233)**	(137,603)
Administrative expenses		**(35,291)**	(82,137)
Other expenses		**(5,050)**	(226)
Finance costs		**(141)**	(68)
Share of profit of an associate		**–**	7,823
LOSS BEFORE TAX	5	**(105,765)**	(178,161)
Income tax expenses	6	**–**	–
LOSS FOR THE PERIOD		**(105,765)**	(178,161)
OTHER COMPREHENSIVE LOSS/INCOME			
Other comprehensive loss/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(2,102)**	10,195
OTHER COMPREHENSIVE LOSS/INCOME FOR THE PERIOD, NET OF TAX		**(2,102)**	10,195
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(107,867)**	(167,966)
Loss attributable to:			
Owners of the parent		**(102,261)**	(175,754)
Non-controlling interests		**(3,504)**	(2,407)
		(105,765)	(178,161)
Total comprehensive loss attributable to:			
Owners of the parent		**(104,363)**	(165,559)
Non-controlling interests		**(3,504)**	(2,407)
		(107,867)	(167,966)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted			
– For loss for the period		**RMB(0.25)**	RMB(0.42)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2024

	Notes	30 June 2024 *RMB'000* (unaudited)	31 December 2023 *RMB'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**123,047**	110,178
Other intangible assets		**4,234**	4,140
Right-of-use assets		**29,808**	28,371
Bank deposit with the maturity over one year		**100,000**	–
Other non-current assets		**36,323**	29,490
Total non-current assets		**293,412**	172,179
CURRENT ASSETS			
Inventories		**26,319**	28,126
Prepayments, other receivables and other assets		**34,353**	32,523
Financial assets at fair value through profit or loss		**108,107**	166,438
Cash and cash equivalents		**714,321**	927,826
Total current assets		**883,100**	1,154,913
CURRENT LIABILITIES			
Trade payables	10	**14,848**	16,332
Amount due to a shareholder		**1,000**	–
Amount due to non-controlling shareholders		**3,200**	–
Other payables and accruals		**30,027**	40,431
Lease liabilities		**2,653**	1,918
Total current liabilities		**51,728**	58,681
NET CURRENT ASSETS		**831,372**	1,096,232
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,124,784**	1,268,411
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**51,215**	40,746
Lease liabilities		**3,092**	1,411
Total non-current liabilities		**54,307**	42,157
Net assets		**1,070,477**	1,226,254
EQUITY			
Equity attributable to owners of the parent			
Share capital		**417,167**	417,167
Treasury shares		**(67,220)**	(5,038)
Reserves		**730,653**	820,744
		1,080,600	1,232,873
Non-controlling interests		**(10,123)**	(6,619)
Total equity		**1,070,477**	1,226,254

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended June 30, 2024

	Attributable to owners of the parent								
	Share capital *RMB'000*	Treasury shares *RMB'000*	Share premium* *RMB'000*	Share-based payment* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2024 (audited)	417,167	(5,038)	1,237,661	872,627	16,367	(1,305,911)	1,232,873	(6,619)	1,226,254
Loss for the period	–	–	–	–	–	(102,261)	(102,261)	(3,504)	(105,765)
Other comprehensive loss for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	(2,102)	–	(2,102)	–	(2,102)
Total comprehensive loss for the period	–	–	–	–	(2,102)	(102,261)	(104,363)	(3,504)	(107,867)
Shares repurchased	–	(62,182)	–	–	–	–	(62,182)	–	(62,182)
Share-based compensation	–	–	–	14,272	–	–	14,272	–	14,272
At 30 June 2024 (unaudited)	417,167	(67,220)	1,237,661	886,899	14,265	(1,408,172)	1,080,600	(10,123)	1,070,477

	Attributable to owners of the parent								
	Share capital *RMB'000*	Share premium* *RMB'000*	Other reserve* *RMB'000*	Share-based payment* *RMB'000*	Exchange fluctuation reserve* *RMB'000*	Accumulated losses* *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2023 (audited)	417,167	1,214,770	–	667,239	8,285	(934,175)	1,373,286	(259)	1,373,027
Loss for the period	–	–	–	–	–	(175,754)	(175,754)	(2,407)	(178,161)
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	10,195	–	10,195	–	10,195
Total comprehensive loss for the period	–	–	–	–	10,195	(175,754)	(165,559)	(2,407)	(167,966)
Capital contribution from shareholders	–	22,892	–	–	–	–	22,892	–	22,892
Contribution by a non-controlling shareholder	–	–	–	–	–	–	–	1,000	1,000
Share of an associate's other reserve	–	–	3,052	–	–	–	3,052	–	3,052
Share-based compensation	–	–	–	121,760	–	–	121,760	368	122,128
At 30 June 2023 (unaudited)	417,167	1,237,662	3,052	788,999	18,480	(1,109,929)	1,355,431	(1,298)	1,354,133

* These reserve accounts comprise the consolidated reserves of RMB730,653,000 (30 June 2023: RMB938,264,000) in the consolidated statement of financial position.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended June 30, 2024

	2024 *RMB'000* (unaudited)	2023 *RMB'000* (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	**(105,765)**	(178,161)
Adjustments for:		
Finance costs	**141**	68
Interest income of bank deposits with maturity over one year	**(354)**	–
Share of profit of an associate	**–**	(7,823)
Fair value gains on financial assets at fair value through profit or loss	**(4,987)**	(1,987)
Depreciation of property, plant and equipment	**4,572**	4,264
Amortisation of other intangible assets	**265**	238
Depreciation of right-of-use assets	**1,734**	1,286
Impairment of other receivables	**876**	180
Write-down of inventories	**2,311**	–
Loss on disposal of items of property, plant and equipment	**49**	–
Impairment of property, plant and equipment	**1,463**	–
Foreign exchange differences, net	**(2,666)**	(8,769)
Share-based compensation expenses	**14,272**	122,128
Increase in inventories	**(504)**	(7,736)
(Increase) in prepayments, other receivables and other assets	**(6,791)**	(8,365)
(Decrease)/increase in trade payables	**(1,484)**	2,505
Decrease in other payables and accruals	**(10,539)**	(8,748)
Net cash flows used in operating activities	**(107,407)**	(90,920)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of items of property, plant and equipment	**(21,189)**	(43,499)
Additions to other intangible assets	**(359)**	(88)
Disposal of financial assets at fair value through profit or loss	**63,165**	55,997
Payments for bank deposits with maturity over one year	**(100,000)**	–
Net cash flows (used in)/generated from investing activities	**(58,383)**	12,410
CASH FLOWS FROM FINANCING ACTIVITIES		
New bank loans	**10,469**	10,708
Proceeds from loans of non-controlling shareholders	**3,200**	–
Proceeds from loans of a shareholder	**1,000**	–
Contribution by shareholders	**–**	22,892
Contribution by non-controlling shareholders	**–**	1,000
Repurchase of shares	**(62,182)**	–
Principal portion of lease liabilities	**(917)**	(1,276)
Net cash flows (used in)/generated from financing activities	**(48,430)**	33,324
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(214,220)**	(45,186)
Cash and cash equivalents at beginning of period	**927,826**	727,364
Effect of foreign exchange rate changes, net	**715**	18,964
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**714,321**	701,142

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2024

1 CORPORATE AND GROUP INFORMATION

Jenscare Scientific Co., Ltd. (the "Company") was incorporated in the People's Republic of China (the "PRC") on 8 November 2011 as a limited liability company. On 23 March 2021, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office of the Company is located at No. 777 Binhai Forth Road, Hangzhou Bay New District, Ningbo, Zhejiang, the PRC.

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 October 2022.

During the period, the Company and its subsidiaries (the "Group") were mainly engaged in the research and development of interventional products for the treatment of structural heart diseases and other related medical products.

2 BASIS OF PREPARATION

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

3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The International Accounting Standards ("IASs") Board has issued a number of amendments to International Financial Reporting Standards ("IFRSs") that are first effective for the current accounting period of the Group. None of these developments have a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the interim financial report. IFRSs comprise International Financial Reporting Standards, IASs and Interpretations. The Group has not applied any new IFRSs that is not yet effective for the current accounting periods. The directors of the Company (the "Directors") anticipated that application of these new IFRs will have no material impact on the interim financial report.

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

4 OPERATING 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

Since nearly all of the Group's non-current assets were located in the PRC during the reporting period, no further geographical segment information is presented.

5 LOSS BEFORE TAX

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

	For the six months ended June 30	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Depreciation of items of property, plant and equipment	**4,572**	4,264
Amortisation of intangible assets	**265**	238
Depreciation of right-of-use assets	**1,734**	1,286
Research and development expenses	**82,233**	137,603
Loss on disposal of items of property, plant and equipment	**49**	–
Impairment of other receivables	**876**	180
Impairment of property, plant and equipment	**1,463**	–
Write-down of inventories	**2,311**	–
Auditor's remuneration	**600**	600
Government grants	**(1,119)**	(12,527)
Bank interest income	**(7,674)**	(10,766)
Lease payments not included in the measurement of lease liabilities	**688**	788
Fair value gains, net:		
Financial assets at fair value through profit or loss	**(4,987)**	(1,987)
Foreign exchange differences, net	**(2,666)**	(8,769)

6 INCOME TAX

The Group's principal applicable taxes and tax rates are as follows:

(a) Pursuant to the Corporate Income Tax Law of the PRC (the "CIT Law") and the respective regulations, the applicable tax rate of the Company and its subsidiaries in the PRC is 25%, except for Jenscare (Hainan) Venture Capital Co. Ltd. which was entitled to a preferential income tax rate of 5% for the taxable income. No provision for the PRC income tax has been made as the Group's entities in the PRC had no estimated assessable profits during the period presented in the interim condensed consolidated financial information.

(b) No provision for Hong Kong profit tax had been made at a rate of 16.5% as the Group's entity in Hong Kong has no estimated assessable profits during the period presented in the interim condensed consolidated financial information.

(c) No provision for Netherlands income tax had been made at a rate of 25.8% as the Group's entity in the Netherlands has no estimated assessable profits during the period presented in the interim condensed consolidated financial information.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

7 DIVIDENDS

No dividend was paid or declared by the Company during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

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

The calculation of the basic loss per share amount 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 413,015,000 (six months ended June 30, 2023: 417,167,000) in issue during the period.

The Group had potential dilutive shares throughout the period related to the shares held for the share award scheme. Due to the Group's negative financial results during the period, shares held for the share award scheme have an anti-dilutive effect on the Group's loss per share. Thus, the diluted loss per share is equivalent to the basic loss per share.

As of June 30, 2024, the Company have purchased its shares on the Stock Exchange at a total consideration of HK$73,961,000 (equivalent to approximately RMB67,220,000). The purchased shares will be used as award shares for the selected participants of a share award scheme. Since then, the weighted average number of such shares considered as treasury shares has been included in the calculation of basic loss per share.

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

	For the six months ended June 30	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic and diluted loss per share calculations	**(102,261)**	(175,754)

	Number of shares For the six months ended June 30	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic and diluted loss per share calculations	**413,015,000**	417,167,000

9 PROPERTY, PLANT AND EQUIPMENT

During the six months ended June 30, 2024, the Group acquired assets at a cost of RMB20,033,000 (six months ended June 30, 2023: RMB41,911,000).

10 TRADE PAYABLES

The trade payables are non-interest-bearing and are normally settled within two months. An ageing analysis of the trade payables as at the end of the period, based on the invoice dates, is as follows:

	June 30 2024 *RMB'000* (unaudited)	December 31 2023 *RMB'000* (audited)
Trade payables		
Within 1 year	**13,955**	16,303
Over 1 year	**893**	29
	14,848	16,332

11 COMMITMENTS

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

	June 30 2024 *RMB'000* (unaudited)	December 31 2023 *RMB'000* (audited)
Contracted, but not provided for:		
Property, plant and equipment	**61,635**	66,976

12 RELATED PARTY TRANSACTIONS

(a) Related parties for the periods ended June 30, 2024 and 2023 were as follows:

Name	Relationship with the Company
Ms. Li Hui	A shareholder of the Company
Mr. LV Shiwen	A shareholder of the Company
Ningbo Linfeng Biotechnology Co., Ltd.	Controlled by Ms. Li Hui
Ningbo Linstant Polymer Materials Co., Ltd	Controlled by Ms. Li Hui
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd.	Controlled by Ms. Li Hui
Ningbo Trandomed 3D Medical Technology Co., Ltd	Controlled by Ms. Li Hui
Ningbo Lide Medical Technology Co., Ltd	Controlled by Mr. Lv Shiwen
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd	Controlled by Ms. Li Hui
Ningbo Chinese Herbal Pieces Co., Ltd.	Controlled by Ms. Li Hui
Ningbo Shidi Medical Technology Co., Ltd	Controlled by Ms. Li Hui
Ningbo Muhe Catering Management Co., Ltd.	Controlled by Ms. Li Hui

12 RELATED PARTY TRANSACTIONS *(cont'd)*

(b) The Group had the following transactions with related parties during the period:

		For the six months ended June 30	
	Notes	**2024 *RMB'000* (unaudited)**	2023 *RMB'000* (unaudited)
Rental expense to:			
Ningbo Linfeng Biotechnology Co., Ltd.	(i)	**1,230**	1,346
Purchase of materials from:	(ii)		
Ningbo Linstant Polymer Materials Co., Ltd		**816**	1,151
Ningbo Shouquanzhai Chinese Traditional Medicine Service Ltd.		**–**	15
Ningbo Trandomed 3D Medical Technology Co., Ltd		**6**	31
		822	1,197
Purchase of services from:	(ii)		
Ningbo Muhe Catering Management Co., Ltd.		**360**	346
Ningbo Chinese Herbal Pieces Co., Ltd.		**161**	115
Ningbo Hangzhou Bay New District Muhe Property Co., Ltd		**46**	44
Ningbo Shidi Medical Technology Co., Ltd		**177**	17
		744	522
Proceeds from loans:			
Mr. LV Shiwen		**1,015**	–

Notes:

(i) Rental expense related to the leases of the offices and employee dormitories from the related party and utility expense actual charged pursuant to the terms of the agreements signed between the Group and the related party.

(ii) The purchases from the related parties were made according to the prices and terms mutually agreed between the parties.

12 RELATED PARTY TRANSACTIONS *(cont'd)*

(c) Outstanding balances with related parties:

	Note	June 30 2024 RMB'000 (unaudited)	December 31 2023 RMB'000 (audited)
Prepayments and other receivables:			
Ningbo Shidi Medical Technology Co., Ltd	(i)	**16**	–
		16	–
Other payables and accruals:			
Ningbo Linfeng Biotechnology Co., Ltd.	(i)	**793**	501
Ningbo Hangzhou Bay New District Muhe Property Co.,Ltd	(i)	**94**	80
Ningbo Chinese Herbal Pieces Co., Ltd.	(i)	**21**	25
Ningbo Muhe Catering Management Co., Ltd.	(i)	**8**	1
		916	607
Trade payables:			
Ningbo Shidi Medical Technology Co., Ltd	(i)	**–**	147
Ningbo Linstant Polymer Materials Co., Ltd	(i)	**3,328**	2,564
		3,328	2,711
Amount due to a shareholder:			
Mr. LV Shiwen		**1,015**	–
		1,015	–

(i) The Group's balances due from and due to the related parties were trade in nature, unsecured, non-interest-bearing and repayable on demand.

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

	For the six months ended June 30	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Salaries, allowances, and benefits in kind	**3,821**	5,536
Pension scheme contributions	**428**	701
Equity-settled share-based compensation	**(13,981)**	61,782
Total compensation paid to key management personnel	**(9,732)**	68,019

13 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, financial asset included in prepayments, other receivables and other assets, trade payables 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 Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. 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 Directors review the results of the fair value measurement of financial instruments 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 Group invests in wealth management products issued by portfolio companies and banks in the PRC. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

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

Assets measured at fair value:

As at June 30, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) ***RMB'000***	**Significant observable inputs (Level 2)** ***RMB'000***	**Significant unobservable inputs (Level 3)** ***RMB'000***	**Total** ***RMB'000***
Financial assets at fair value through profit or loss	**–**	**–**	**108,107**	**108,107**

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1) *RMB'000*	Significant observable inputs (Level 2) *RMB'000*	Significant unobservable inputs (Level 3) *RMB'000*	Total *RMB'000*
Financial assets at fair value through profit or loss	–	–	166,438	166,438

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

13 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(cont'd)*

Fair value hierarchy *(cont'd)*

During the period, 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 (six months ended June 30, 2023: Nil).

The movements in fair value measurements within Level 3 during the period are as follows:

Financial assets at fair value through profit or loss	**2024 *RMB'000* (unaudited)**	2023 *RMB'000* (unaudited)
At 1 January	**166,438**	97,746
Disposals, net	**(63,318)**	(55,997)
Total gains recognised in other income and gains	**4,987**	1,987
At June 30	**108,107**	43,736

For financial assets in Level 3, the Group adopts the valuation technique to determine the fair value. The valuation technique is the Income Method. The fair value measurement of the financial instrument may involve one unobservable input, which is the expected rate of return. The Group periodically reviews this significant unobservable input and valuation adjustments used to measure the fair value of the financial asset in Level 3.

A summary of the significant unobservable input used in the fair value measurement categorised with Level 3 of the fair value hierarchy, together with a quantitative analysis as at June 30, 2024 and December 31, 2023 is shown below:

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**	**Sensitivity of the input to the fair value**
Financial assets at fair value through profit or loss (FVTPL):	Present Earning Value Method	Expected rate of return	June 30, 2024: 1.00%	1% increase/(decrease) in the expected rate of return would result in an increase/(decrease) in fair value by RMB244,039.20/ (RMB244,039.20)
Financial assets at fair value through profit or loss (FVTPL):	Present Earning Value Method	Expected rate of return	December 31, 2023: 1.72%	1% increase/(decrease) in the expected rate of return would result in an increase/(decrease) in fair value by RMB118,562.46/ (RMB118,562.46)

14 EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Company or by the Group after June 30, 2024.