Shanghai HeartCare Medical Technology Corporation Limited

上海心瑋醫療科技股份有限公司

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

(Stock Code: 6609)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2022

FINANCIAL HIGHLIGHTS

	Year ended December 31, 2022 ***RMB'000***	Year ended December 31, 2021 *RMB'000*	Period-to-period change
Revenue	**183,032**	90,089	103.2%
Gross profit	**124,333**	54,950	126.3%
Gross profit margin	**67.9%**	61.0%	6.9 percentage points
Research and development costs	**153,693**	76,306	101.4%
Loss before tax	**(201,249)**	(197,906)	1.7%

BUSINESS HIGHLIGHTS

During the Reporting Period, we continuously enhanced our brand competitiveness in China's neuro-interventional market with our extensive sales network and efficient and reliable supply chain. The Company recorded revenue of RMB183.0 million, representing a year-on-year increase of 103.2%. The increase in revenue was mostly attributable to continuous sales growth of our ischemic stroke thrombectomy devices and intracranial stenosis treatment devices, as well as additional revenue generated by the commercialization of newly launched hemorrhagic stroke treatment, prevention and access devices in 2022 including Vascular Closure Device, Embolic Coil and Left Atrial Appendage ("**LAA**") Occluder. Meanwhile, the gross profit margin increased to 67.9% in 2022 due to the increasingly cost advantage of ischemic stroke thrombectomy devices and intracranial stenosis treatment devices.

As of the date of this announcement, a total of 17 neuro-interventional device products of the Company have been approved, covering various types of neuro-interventional procedures for stroke treatment and prevention. In terms of commercialization, we have an extensive sales network in China's neuro-interventional market, covering all provinces nationwide other than Hong Kong, Macao and Taiwan, laying a solid foundation for the market-access and sales growth of the new products after the launch. In 2022, we leverage our efficient sales channels to enhance hospital penetration and improve the physician recognition for our products, as of the date of this announcement, our products were sold to more than 1,000 hospitals. The Company also elaborately built certain academic communication platforms which contribute to our brand image and influence in the market. In 2022, the Company's thrombectomy and stenosis treatment devices generated a revenue of RMB142.0 million, representing a year-on-year increase of 57.7%, while the Company's hemorrhagic, preventative and access devices generated a revenue of RMB41.0 million.

During the Reporting Period, the Company incurred research and development ("**R&D**") expenses of RMB153.7 million, representing a year-on-year increase of 101.4%. The increase in R&D expenses is primarily attributable to the rapid progression of the clinical trials of the Company's product candidates. In terms of the neuro-interventional pipeline, the Company has completed the clinical trial and made an application for our Intracranial Neuro Drug-eluting Balloon Catheter, completed patient enrollment for the clinical trial for Flow Diverter Device and Coil Embolization Assistant Stent, and has initiated clinical trial on Carotid Artery Stent.

In the meantime, we are also continuing to promote the R&D of product candidates in emerging businesses, Cryoablation Device and Catheter, Endovascular Robotics System, Vein Closure Device and Catheter and several innovative pipelines have commenced the clinical trial as of the date of this announcement. In the pipeline of product candidates, Intracranial Neuro Drug-eluting Balloon and Coil Embolization Assistant Stent have been qualified for NMPA priority reviews (also known as "**green channels**").

The Board announces the audited consolidated annual results of the Group for the year ended December 31, 2022, together with the comparative figures for the year ended December 31, 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2022

	Notes	**Year ended December 31, 2022** ***RMB'000***	Year ended December 31, 2021 *RMB'000*
REVENUE	*4*	**183,032**	90,089
Cost of sales		**(58,699)**	(35,139)
Gross profit		**124,333**	54,950
Other income and gains	*4*	**35,321**	18,320
Other expenses		**(2,268)**	(25,489)
Research and development costs		**(153,693)**	(76,306)
Selling and distribution expenses		**(96,527)**	(51,129)
Administrative expenses		**(71,466)**	(83,880)
Finance costs	*5*	**(2,149)**	(2,364)
Share of loss of an associate	*9*	**(34,800)**	–
Listing expenses		**–**	(32,008)
LOSS BEFORE TAX		**(201,249)**	(197,906)
Income tax credit	*6*	**865**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(200,384)**	(197,906)
Attributable to:			
Owners of the parent		**(200,384)**	(194,225)
Non-controlling interests		**–**	(3,681)
		(200,384)	(197,906)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**(5.24)**	(5.82)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2022

	Notes	**As at December 31, 2022** ***RMB'000***	As at December 31, 2021 *RMB'000*
NON-CURRENT ASSETS			
Plant and equipment		**83,345**	77,066
Right-of-use assets		**34,886**	35,079
Goodwill		**9,711**	9,711
Other intangible assets		**39,243**	42,429
Prepayments, other receivables and other assets, non-current		**12,952**	8,039
Financial assets at fair value through profit or loss, non-current		**400**	–
Investment in an associate	*9*	**–**	–
Total non-current assets		**180,537**	172,324
CURRENT ASSETS			
Inventories		**132,158**	32,128
Trade receivables	*10*	**25,350**	18,931
Prepayments, other receivables and other assets, current		**100,372**	56,984
Cash and bank balances		**870,122**	1,217,717
Restricted cash		**4,020**	6,564
Total current assets		**1,132,022**	1,332,324
CURRENT LIABILITIES			
Trade and other payables	*11*	**48,309**	48,175
Interest-bearing bank borrowing		**5,000**	–
Lease liabilities, current		**5,878**	2,489
Government grants, current		**1,467**	1,467
Contract liabilities		**6,852**	3,257
Total current liabilities		**67,506**	55,388
NET CURRENT ASSETS		**1,064,516**	1,276,936
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,245,053**	1,449,260

	Notes	As at December 31, 2022 *RMB'000*	As at December 31, 2021 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities, non-current		**39,809**	39,451
Government grants, non-current		**30,407**	27,033
Deferred tax liabilities		**9,360**	10,225
Total non-current liabilities		**79,576**	76,709
Net assets		**1,165,477**	1,372,551
EQUITY			
Share capital	*12*	**38,834**	38,834
Treasury shares		**(42,563)**	(21,185)
Reserves		**1,169,206**	1,354,902
Total equity		**1,165,477**	1,372,551

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai HeartCare Medical Technology Corporation Limited (the "Company") was incorporated in the People's Republic of China ("PRC") on June 16, 2016 as a limited liability company. On December 3, 2020, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The registered office and the principal place of the business 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 was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on August 20, 2021.

During the year, the Company and its subsidiaries (the "Group") were principally engaged in the research, development, manufacturing and sale of innovative medical devices.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all IFRSs, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendment to IFRS 3	*Reference to the Conceptual Framework*
Amendment to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*
Amendment to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the "Conceptual Framework") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after January 1, 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after January 1, 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at January 1, 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRSs Standards 2018-2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from January 1, 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
IFRS 17	*Insurance Contracts*[1]
Amendments to IFRS 17	*Insurance Contracts*[1,5]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[6]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[2,4]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after January 1, 2023

2 Effective for annual periods beginning on or after January 1, 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after January 1, 2024

5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before January 1, 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

These issued but not yet effective IFRSs are not expected to have any significant impact on the Group's financial statements.

3. 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.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**183,032**	90,089

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Geographical markets		
Mainland China	**182,909**	90,062
Others	**123**	27
Total	**183,032**	90,089
Timing of revenue recognition		
Goods transferred at a point in time	**183,032**	90,089

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Sale of medical devices	**3,257**	832

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of medical devices

The performance obligation is satisfied upon transfer of the products to the logistics companies or acceptance by the customer. Payment is made in advance or due within 30 to 120 days from delivery. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of the reporting period are as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue:		
Within one year	**6,852**	3,257

All the amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Other income		
Government grants *(note)*	**11,876**	8,987
Bank interest income	**15,144**	5,496
Others	**3**	–
	27,023	14,483
Gains		
Foreign exchange gains, net	**8,298**	–
Fair value gains on financial assets at FVTPL	**–**	3,837
	8,298	3,837
	35,321	18,320

Note:

The government grants mainly represent subsidies received from local government authorities for the purpose of compensation for expenditure arising from research and clinical trial activities, awards for new medical device development and capital expenditure incurred on certain projects.

5. FINANCE COSTS

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Interest on lease liabilities	**2,008**	1,794
Interest on bank loans	**141**	–
Interest on restricted share repurchase obligations	**–**	570
	2,149	2,364

6. INCOME TAX

The provision for corporate income tax in Mainland China is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

Weiming Medical Devices (Shanghai) Co., Ltd. was accredited as a "Key industry enterprise in the Lingang New Area of China (Shanghai) Pilot Free Trade Zone" in January 2021 and has been entitled to a preferential income tax rate of 15% for a five-year period since 2020.

The Company was accredited as a "High and New Technology Enterprise" in November 2021 and therefore is entitled to a preferential tax rate of 15% for a three-year period since 2021. The qualification as a High and New Technology Enterprise will be subject to review by the relevant tax authority in the PRC for every three years and the Company should self-evaluate whether it meets the criteria of High and New Technology Enterprise each year.

Pursuant to Caishui [2018] circular No. 76, the Company and its certain subsidiaries which were accredited as "Technology-based Small and Medium-sized Enterprises" can carry forward their unutilised tax losses for up to ten years. This extension of the expiration period applies to all the unutilised tax losses that were carried forward by the entities at the effective date of the tax circular.

Pursuant to the relevant EIT Law, the Company and its certain subsidiaries enjoyed a super deduction of 200% on qualifying research and development expenditures during the year ended December 31, 2022.

The income tax credit of the Group for the reporting period is analysed as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Current tax:		
Credit for the year	**–**	–
Deferred tax	**(865)**	–
	(865)	–

A reconciliation of the tax expense applicable to loss before tax at the statutory rate to the tax expense at the effective tax rate is as follows:

	Year ended December 31, 2022	Year ended December 31, 2021
	RMB'000	*RMB'000*
Loss before tax	**(201,249)**	(197,906)
Tax at the applicable tax rate of 25%	**(50,312)**	(49,477)
Lower tax rate enacted by local authority	**12,791**	17,619
Expenses not deductible for tax purpose	**1,148**	9,761
Additional deductible allowance for research and development expenses	**(25,634)**	(11,967)
Deductible temporary differences and tax losses not recognised	**61,464**	34,064
Tax losses utilised from previous years	**(322)**	–
Income tax expense credited to profit or loss	**(865)**	–

The Group has accumulated tax losses of RMB639,125,000 as at December 31, 2022 (2021: RMB390,283,000), that will expire in four to ten years for offsetting against future taxable profits of the entities in which the losses arose. The Group has deductible temporary differences of RMB104,584,000 as at December 31, 2022 (2021: RMB18,905,000), which are mainly related to government grants and share of loss of an associate.

Deferred tax assets have not been recognised in respect of these losses and temporary differences as they have arisen in the Group that has 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.

7. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2021: 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 year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 38,271,320 (2021: 33,395,496) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2022 and 2021 in respect of a dilution as the impact of the share award schemes had an anti-dilutive effect on the basic loss per share amounts presented.

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

	Year ended December 31, 2022	Year ended December 31, 2021
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(200,384)**	(194,225)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**38,271,320**	33,395,496
Loss per share (basic and diluted) (RMB per share)	**(5.24)**	(5.82)

9. INVESTMENT IN AN ASSOCIATE

	December 31, 2022 ***RMB'000***	December 31, 2021 *RMB'000*
Share of net assets	**(20,848)**	–
Goodwill on acquisition	**20,848**	–
	–	–
Impairment	**–**	–
	–	–

Particulars of the associate are as follows:

Name	**Particulars of issued shares held**	**Place of registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
IasoCardiac Medical Technology Co., Ltd. (上海御瓣醫療科技有限公司)	Ordinary shares	PRC/Mainland China	44.96%	Research and development of medical devices

The following table illustrates the financial information of the associate:

	December 31, 2022 ***RMB'000***	December 31, 2021 *RMB'000*
Current assets	**11,410**	–
Non-current assets	**16,332**	–
Current liabilities	**(2,587)**	–
Non-current liabilities	**(99,145)**	–
Net liabilities	**(73,990)**	–
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**44.96%**	–
Group's share of net assets of the associate	**(20,848)**	–
Goodwill on acquisition (less accumulated impairment)	**20,848**	–
Carrying amount of the investment	**–**	–
Revenue	**523**	–
Loss and total comprehensive loss for the year	**(107,003)**	–

10. TRADE RECEIVABLES

	December 31, 2022	December 31, 2021
	RMB'000	*RMB'000*
Trade receivables	**26,166**	19,664
Impairment	**(816)**	(733)
	25,350	18,931

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally 30 to 120 days for major customers. Each customer has a maximum credit limit. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	December 31, 2022	December 31, 2021
	RMB'000	*RMB'000*
Within 6 months	**25,303**	18,931
6 to 12 months	**47**	–
	25,350	18,931

The movements in the loss allowance for impairment of trade receivables are as follows:

	December 31, 2022	December 31, 2021
	RMB'000	*RMB'000*
At beginning of year	**733**	–
Impairment losses	**83**	733
At end of year	**816**	733

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at December 31, 2022

	Current
Expected credit loss rate	3.12%
Gross carrying amount (RMB'000)	26,166
Expected credit losses (RMB'000)	816

As at December 31, 2021

	Current
Expected credit loss rate	3.73%
Gross carrying amount (RMB'000)	19,664
Expected credit losses (RMB'000)	733

11. TRADE AND OTHER PAYABLES

	December 31, 2022 *RMB'000*	December 31, 2021 *RMB'000*
Trade payables	**4,132**	3,809
Accrued expenses	**6,523**	8,139
Payroll payable	**22,238**	15,250
Other tax payables	**1,369**	585
Accrued listing expenses for A Share	**2,409**	–
Other payables	**5,984**	5,002
Advance payments received for subscription of share awards *(note)*	**5,654**	–
Payable for share purchase	**–**	6,564
Payable for acquisition of non-controlling interests	**–**	8,826
	48,309	48,175

Note: The amount represented payments received from employees for subscribing share awards granted under the 2021 H Share Incentive Scheme.

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

	December 31, 2022 *RMB'000*	December 31, 2021 *RMB'000*
Within 3 months	**2,415**	2,605
3 to 6 months	**1,410**	1,123
6 to 12 months	**247**	74
1 to 2 years	**60**	7
	4,132	3,809

Trade and other payables are unsecured, non-interest-bearing and repayable on demand.

12. SHARE CAPITAL

Shares

	December 31, 2022 ***RMB'000***	December 31, 2021 *RMB'000*
Issued and fully paid:		
38,834,408 (2021: 38,834,408) ordinary shares of RMB1.00 each	**38,834**	38,834

Share capital

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** *RMB'000*
At January 1, 2021	32,232,558	32,233
Issue of shares from initial public offering *(note)*	6,601,850	6,601
At December 31, 2021, January 1, 2022 and December 31, 2022	38,834,408	38,834

Treasury shares

On November 1, 2021, shareholders of the Group approved the adoption of the 2021 H share incentive scheme (the "2021 H Share Incentive Scheme"). Pursuant to the 2021 H Share Incentive Scheme, 418,250 (2021: 274,450) shares were purchased on the Hong Kong Stock Exchange by the trustee under the scheme at a total consideration of RMB21,378,000 (2021: RMB21,185,000) before expenses during the year.

Note:

On August 20, 2021, the Company issued a total of 6,601,850 ordinary shares of RMB1.00 each at the price of HK$171.00 per share by means of global offering.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS

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 China while operating a variety of emerging business units extending from Neuro-intervention, Cardiac intervention, Pulmonary intervention to Computer-assisted technology, and more. In the above therapeutic fields and medical markets with tremendous opportunities, we aim to redefine the standard of care, reduce mortality rate, and improve prognosis by continuously launching innovative medical devices.

During the Reporting Period, we continuously enhanced our brand competitiveness in China's neuro-interventional market with our extensive sales network and efficient and reliable supply chain. The Company recorded revenue of RMB183.0 million, representing a year-on-year increase of 103.2%. The increase in revenue was mostly attributable to continuous sales growth of our ischemic stroke thrombectomy devices and intracranial stenosis treatment devices, as well as additional revenue generated by the commercialization of newly launched hemorrhagic stroke treatment, prevention and access devices in 2022 including Vascular Closure Device, Embolic Coil and LAA Occluder. Meanwhile, the gross profit margin increased to 67.9% in 2022 due to the increasingly cost advantage of ischemic stroke thrombectomy devices and intracranial stenosis treatment devices.

As of the date of this announcement, a total of 17 neuro-interventional device products of the Company have been approved, covering various types of neuro-interventional procedures for stroke treatment and prevention. In terms of commercialization, we have an extensive sales network in China's neuro-interventional market, covering all provinces nationwide other than Hong Kong, Macao and Taiwan, laying a solid foundation for the market-access and sales growth of the new products after the launch. In 2022, we leverage our efficient sales channels to enhance hospital penetration and improve the physician recognition for our products, as of the date of this announcement, our products were sold to more than 1,000 hospitals. The Company also elaborately built certain academic communication platforms which contribute to our brand image and influence in the market. In 2022, the Company's thrombectomy and stenosis treatment devices generated a revenue of RMB142.0 million, representing a year-on-year increase of 57.7%, while the Company's hemorrhagic, preventative and access devices generated a revenue of RMB41.0 million.

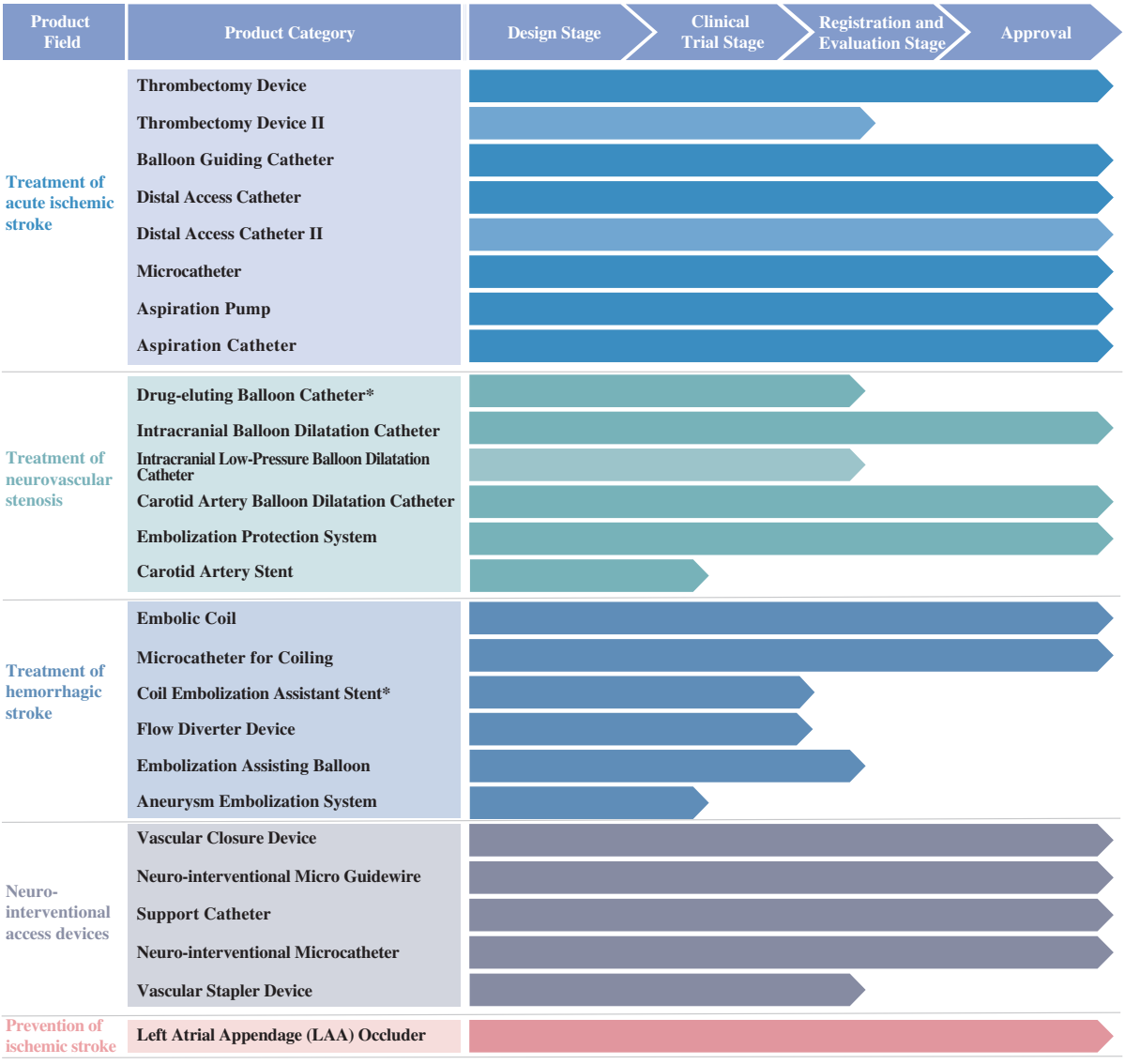
During the Reporting Period, the Company incurred R&D expenses of RMB153.7 million, representing a year-on-year increase of 101.4%. The increase in R&D expenses is primarily attributable to the rapid progression of the clinical trials of the Company's product candidates. In terms of the neuro-interventional pipeline, the Company has completed the clinical trial and made an application for our Intracranial Neuro Drug-eluting Balloon Catheter, completed patient enrollment for the clinical trial for Flow Diverter Device and Coil Embolization Assistant Stent, and has initiated clinical trial on Carotid Artery Stent.

In the meantime, we are also continuing to promote the R&D of product candidates in emerging businesses, Cryoablation Device and Catheter, Endovascular Robotics System, Vein Closure Device and Catheter and several innovative pipelines have commenced the clinical trial as of the date of this announcement. In the pipeline of product candidates, Intracranial Neuro Drug-eluting Balloon and Coil Embolization Assistant Stent have been qualified for NMPA priority reviews (also known as "**green channels**").

Products and Pipeline

As of the date of this announcement, we have a complete neuro-interventional portfolio including 17 NMPA 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.

The following diagram summarizes the development status of our neuro-interventional pipeline as of the date of this announcement:



* Eligible for NMPA Green Channel

In the meantime, we launched pioneering projects of innovative product candidates in Cardiac intervention and other emerging therapeutic fields with high potential growth market during the Reporting Period.

As of the date of this announcement, Cryoablation Device and Balloon, Endovascular Robotics System and Vein Closure Device and Catheter have commenced the clinical trial.

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 announcement, 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.

Except for Captor, our **Distal Access Catheter, Microcatheter, Balloon Guiding Catheter, Intracranial Thrombosis Aspiration Catheter and Aspiration Pump** for the treatment of ischemic stroke have 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 announcement, 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

Embolic 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.

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 announcement, the patient enrollment for clinical trials of our coil embolization assistant stent was completed. 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 at the date of this announcement, 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 announcement, 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 diverse clinical needs.

In addition to R&D and manufacturing infrastructure of non-active medical devices, the Company also established R&D platform for active medical devices to support the development of ablation device, robotic system and active medical consumables.

As of the date of this announcement, we had 100 registered patents, including 27 invention patents, 64 utility models and 9 industrial design patents. As of the date of this announcement, we also had 214 pending patents applications, including 176 invention patents, 35 utility models and 3 industrial design patents.

Manufacturing

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

As of the date of this announcement, 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.

Commercialization

As of the date of this announcement, we have an extensive sales network in China's neuro-interventional market, covering all provinces nationwide other than Hong Kong, Macao and Taiwan. As of the date of this announcement, our products were sold to more than 1,000 hospitals.

Meanwhile, academic communication 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.

Impact of the COVID-19 Outbreak

The management of the Company currently expected that clinical trials in Mainland China will not be significantly affected by the outbreak of COVID-19. The Directors believe that, based on the information available as of the date of this announcement, the outbreak of COVID-19 would not result in a material disruption to the Group's business operations or a material impact on the financial position or financial performance of the Group.

The above analysis is made by our management team based on currently available information concerning COVID-19. Management of the Company cannot guarantee that the outbreak of COVID-19 will not further escalate or have a material adverse effect on our results of operations.

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 for highly reliable supply of products;

- Develop a full suite of innovative medical devices and solutions in the cardiac interventional device market to form a second business unit with a competitive commercialized product portfolio in addition to our neuro-interventional business; and

- Promote the development of innovative medical devices in emerging therapeutic fields with high potential growth market.

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

II. FINANCIAL REVIEW

Overview

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

Revenue

For the year ended December 31, 2022, all our revenue was generated from the sales of our commercialized neuro-interventional devices.

Revenue increased by 103.2% from RMB90.1 million for the year ended December 31, 2021 to RMB183.0 million for the year ended December 31, 2022. The increase in revenue was mostly attributable to sales growth of our ischemic stroke thrombectomy devices and intracranial stenosis treatment devices, which generated a revenue of RMB142.0 million, representing a year-on-year increase of 57.7%, while the Company's pipeline of hemorrhagic, preventative and access devices generated a revenue of RMB41.0 million.

Cost of Sales

Cost of sales increased from RMB35.1 million for the year ended December 31, 2021 to RMB58.7 million for the year ended December 31, 2022, 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 RMB55.0 million for the year ended December 31, 2021 to RMB124.3 million for the year ended December 31, 2022. Gross profit margin is calculated as gross profit divided by revenue. Our gross profit margin increased from 61.0% for the year ended December 31, 2021 to 67.9% for the year ended December 31, 2022, primarily attributed to the increasing gross margin of ischemic stroke thrombectomy devices and intracranial stenosis treatment devices due to increased production volume, and the increasingly mature manufacturing techniques.

Other Income and Gains

Other income and gains increased from RMB18.3 million for the year ended December 31, 2021, to RMB35.3 million for the year ended December 31, 2022, primarily attributable to (i) the increase in our government grants; (ii) increase in bank interest income; and (iii) foreign exchange gains.

Research and Development Costs

R&D costs increased from RMB76.3 million for the year ended December 31, 2021, to RMB153.7 million for the year ended December 31, 2022, primarily due to the increase in R&D costs incurred for the advancement and increase in number of our pipeline candidates and the expansion of R&D team.

The following table sets forth a breakdown of our R&D costs:

	Year ended December 31, 2022		Year ended December 31, 2021	
	RMB million	***%***	*RMB million*	*%*
Staff costs	**51.9**	**33.8**	30.3	39.7
Depreciation	**9.4**	**6.1**	5.8	7.6
Third party contracting costs	**51.7**	**33.6**	20.5	26.9
Raw materials and consumables	**29.9**	**19.5**	14.5	19.0
Others	**10.8**	**7.0**	5.2	6.8
Total	**153.7**	**100.0**	76.3	100.0

Administrative Expenses

Administrative expenses decreased from RMB83.9 million for the year ended December 31, 2021 to RMB71.5 million for the year ended December 31, 2022, primarily attributed to a decrease in the equity-settled share award expenses which was partially offset by an increase in professional service fees.

Selling and Distribution Expenses

Selling and distribution expenses increased from RMB51.1 million for the year ended December 31, 2021 to RMB96.5 million for the year ended December 31, 2022, primarily attributed to increasing staff costs and market development costs as the sale forces expand.

Other Expenses

For the year ended December 31, 2022, we incurred other expenses of RMB2.3 million, which was primarily in relation to donations to charity amounted to RMB1.7 million.

Finance Costs

Finance costs decreased from RMB2.4 million for the year ended December 31, 2021, to RMB2.1 million for the year ended December 31, 2022, primarily due to the decrease in the interest on restricted share repurchase obligations.

Borrowings and Gearing Ratio

The Group's total borrowings, including interest-bearing borrowings, as at December 31, 2022 was RMB5 million, while the Company did not incur borrowings as at December 31, 2021. The Company's borrowing was denominated in RMB, repayable on demand or within a period not exceeding one year and at a fixed interest rate. The gearing ratio (calculated by dividing the sum of borrowings and lease liabilities by total equity) of the Group as at December 31, 2022 was 4.3%, compared to 3.1% for the year ended December 31, 2021.

Liquidity and Financial Resources

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

Our cash and bank balances as of December 31, 2022 were RMB870.1 million, as compared to RMB1,217.7 million as of December 31, 2021.

Our net current assets as of December 31, 2022 were RMB1,064.5 million, as compared to RMB1,276.9 million as of December 31, 2021.

Capital Expenditure

For the year ended December 31, 2022, our total capital expenditure amounted to approximately RMB37.2 million as compared to a capital expenditure of RMB54.5 million for the year ended December 31, 2021. The capital expenditure was primarily used in the purchase of equipment, machinery and software.

Contingent Liabilities

As of December 31, 2022, the Group did not have any material contingent liabilities.

On February 11, 2023, the Company received a statement of claim from Venus Medtech (Hangzhou) Inc. (杭州啓明醫療器械股份有限公司, "**Venus Medtech**") filed with the Shanghai Intellectual Property Court (上海知識產權法院). The claim alleged that a former employee of Venus Medtech has violated confidentiality and other obligations owed to Venus Medtech and utilized information obtained to facilitate IasoCardiac Medical and the Company's R&D efforts. The Company considers that we have valid defence against the claim and having consulted PRC legal advisors, we currently intend to defend the claim. Accordingly, the Group has not provided for any provision arising from the claim.

Significant Investments, Material Acquisitions and Disposals

On February 8, 2022, Weiqi Medical, Ms. Zhang Yanxia and Ms. Li Jun, IasoCardiac Medical, Mr. Li Feng and Pingxiang Rong Jiabao Business Consulting Partnership (Limited Partnership), entered into an agreement pursuant to which (i) the Vendors agreed to sell, and Weiqi Medical agreed to acquire, 36% of the equity interest in IasoCardiac Medical at a consideration of RMB4,800,000 (equivalent to approximately HK$5,884,011) (the "**Acquisition**"), and (ii) Weiqi Medical agreed to make a capital injection of RMB30,000,000 (equivalent to approximately HK$36,775,071) into IasoCardiac Medical in exchange for RMB543,000 of registered capital of IasoCardiac Medical (the "**Capital Injection**").

For details of the Acquisition and the Capital Injection, please refer to the Company's announcements dated February 8, 2022 and February 22, 2022.

As of December 31, 2022, the Acquisition and Capital Injection have been completed, and Weiqi Medical held 44.96% of the shares of IasoCardiac Medical. The Acquisition and the Capital Injection were satisfied by the internal resources of the Group other than the proceeds raised from the Company's Global Offering.

Saved as disclosed above, the Group did not have material acquisitions and disposals of subsidiaries, associates and joint ventures, and the Group had not recorded any significant investment accounting for more than 5% of the Group's total assets for the year ended December 31, 2022.

Pledge of Assets

As of December 31, 2022, the Group had no pledge of assets.

Foreign Exchange Exposure

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

Future Plans for Material Investments or Capital Assets

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

HUMAN RESOURCES

As of December 31, 2022, we had 497 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.

SUBSEQUENT 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 announcement.

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.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

USE OF PROCEEDS FROM LISTING

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

Details of the planned applications of net proceeds from the Listing were disclosed in the Prospectus. As at December 31, 2022, the utilisation of the net proceeds from the Global Offering are as follows:

Use of proceeds	Planned applications *(HK$ million)*	Actual utilisation as at December 31, 2021 *(HK$ million)*	Utilisation during the Reporting Period *(HK$ million)*	Actual utilisation as at December 31, 2022 *(HK$ million)*	Balance as at December 31, 2022 *(HK$ million)*	Expected timeline for full utilisation of the unutilised net proceeds
R&D, manufacturing and marketing of our core products	459.7	59.0	128.7	187.7	272.0	December 31, 2025
R&D, product registration, manufacturing and marketing of other product candidates in our pipeline	404.9	50.4	109.9	160.3	244.6	December 31, 2025
Improvements to our R&D capacities and our continued expansion of product portfolio through internal research	48.7	15.8	32.9	48.7	–	–
Working capital and general corporate purposes	101.5	18.9	82.6	101.5	–	–
Total	**1,014.8**	**144.1**	**354.1**	**498.2**	**516.6**	

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period.

ANNUAL GENERAL MEETING

The Company will hold the annual general meeting on Thursday, May 18, 2023. A notice of convening the AGM will be published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.heartcare.com.cn, and dispatched to the Shareholders in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE AGM

The register of members of H Shares the Company will be closed from Tuesday, April 18, 2023 to Thursday, May 18, 2023 (both days inclusive), during which period no transfer of H Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, April 17, 2023.

CORPORATE GOVERNANCE PRACTICES

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 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 Reporting Period.

Under code provision C.2.1, 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 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.

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 his/her office or employment, is likely to possess inside information in relation to Company or its securities.

Having made specific enquiries of all the Directors and Supervisors, they have confirmed that they have complied with the Model Code during the Reporting Period. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the Reporting Period.

REVIEW OF ANNUAL RESULTS AND ANNUAL 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 control, risk management and financial reporting with the management, including the review of the audited consolidated financial statement and the annual report of the Group for the Reporting Period.

The Audit Committee, together with the management and external auditor of the Company, considers that the audited consolidated financial statements of the Group for the Reporting Period are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the Reporting Period as set out in this announcement have been agreed by the Company's auditors, Ernst & Young (the "Auditors"), to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period.

The work performed by the Auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently, no assurance has been expressed by the Auditors on this announcement.

PUBLICATION OF ANNUAL RESULTS AND 2022 ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.heartcare.com.cn. The annual report of the Company for the Reporting Period containing all the information required by the Listing Rules will be dispatched to the Shareholders and will be published on the respective websites of the Stock Exchange and the Company in due course.

DEFINITIONS

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

"AGM"	the forthcoming annual general meeting of the Company to be held on Thursday, May 18, 2023
"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 "the PRC"	the People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires, excluding Hong Kong, Macau Special Administrative Region and Taiwan
"Company" or "our Company"	Shanghai HeartCare Medical Technology Corporation Limited (上海心瑋醫療科技股份有限公司), a joint stock limited liability company incorporated in the PRC, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 6609)
"Director(s)"	the director(s) of the Company
"Global Offering"	has the meaning as ascribed to it under the Prospectus
"Group", "the 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
"IasoCardiac Medical"	IasoCardiac Medical Technology Co., Ltd.* (上海御瓣醫療科技有限公司), a company established in the PRC with limited liability
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"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, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"NMPA"	the 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
"Prospectus"	the prospectus of the Company dated August 10, 2021, in relation to the Global Offering
"Reporting Period"	the year ended December 31, 2022

"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Share(s)"	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 Share(s)
"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
"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
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"Vendors"	Ms. Zhang Yanxia (張艷霞) and Ms. Li Jun (李俊)
"Weiqi Medical"	Shanghai Weiqi Medical Devices Co., Ltd. (上海瑋啟醫療器械有限公司), a limited liability company established in the PRC on February 4, 2021, a wholly owned subsidiary of our Company
"%"	per cent

By Order of the Board
Shanghai HeartCare Medical Technology Corporation Limited
Wang Guohui
Chairman of the Board

Shanghai, March 20, 2023

As at the date of this announcement, the executive Directors are Mr. Wang Guohui, Ms. Zhang Kun and Mr. Wei Jiawei; the non-executive Directors are Mr. Ding Kui and Mr. Chen Shaoxiong; and the independent non-executive Directors are Mr. Guo Shaomu, Mr. Feng Xiangqian and Mr. Gong Ping.

* *For identification purpose only*