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, 2021

FINANCIAL HIGHLIGHTS

- Revenue for the year ended December 31, 2021 amounted to approximately RMB90.1 million, representing an increase of 517% from approximately RMB14.6 million recorded in 2020. The increase in revenue was attributable to increased sales revenue of the full suite of commercialized ischemic stroke thrombectomy devices and additional revenue generated by the commercialization of intracranial stenosis treatment devices.

- Net loss attributable to equity holders of the Company for the year ended December 31, 2021 amounted approximately RMB197.9 million, representing a decrease of 8% from approximately RMB216.2 million in 2020. The decrease in net loss was mainly attributable to the increase in revenue as a result of the sale of our commercialized neuro-interventional devices.

- Research and development expenses for the year ended December 31, 2021 amounted to approximately RMB76.3 million, representing an increase of 49% from approximately RMB51.1 million recorded in 2020.

BUSINESS HIGHLIGHTS

In 2021, the Company recorded revenue of RMB90.1 million by virtue of its commercialized neuro-interventional device products and expanding sales network, which consists of more than 100 distributors, covering 31 provinces (including municipalities and autonomous regions) in China. In response to the fast-growing domestic medical needs for stroke treatment and prevention, our manufacturing facility newly established in Lin-gang, Shanghai, has obtained Medical Device Manufacturing License, ensuring sufficient and stable supply of medical device products.

Promising strides have been made in our product development and registration last year. As of the date of this announcement, 11 neuro-interventional devices have obtained registration approval by NMPA, covering the mainstream products in four major fields of neuro-interventional treatment devices; and two products have received 510K clearance from US FDA. In addition, we have three neuro-interventional products in the clinical trial stage and four in the registration and evaluation stage.

In the context of the increasing penetration rate of neuro-interventional procedures, our diversified device portfolio significantly contributes to the Company's brand recognition as a comprehensive neuro-interventional device solution provider in the market. As of the date of this announcement, we have completed the product market-access procedure for our full-set thrombectomy device in almost all provinces of China, thereby providing physicians with comprehensive product solutions. At the same time, with the NMPA approval of our intracranial and carotid artery balloon dilatation catheter and embolization protection system, we have formed a broad product portfolio and market-competitive solutions in the field of neurovascular stenosis treatment. We had also obtained the NMPA approval for our embolic coil, and launched clinical trials for our vascular reconstruction stent and flow diverter device, both of which are increasingly applied for hemorrhagic stroke treatment. Meanwhile, in the access device market, we recently obtained the NMPA approval for our domestic-first vascular closure device, which is widely used in various interventional procedures through femoral artery puncture, and is expected to establish a first-mover advantage in the market.

In addition to our neuro-interventional business, the Company’s business has expanded into other innovative device markets, with a pipeline of approximately 20 product candidates. Leveraging the Company’s highly efficient R&D platform and experienced technical team, we plan to develop a comprehensive solution including LAA Occluder, electrophysiology and coronary artery intervention robot in Cardiac intervention, covering various fields with huge clinical needs, such as the treatment of atrial fibrillation, stroke prevention, structural heart diseases and heart failure. In the meantime, we continue to advance the development of multiple pipelines of innovative devices in the fields of Pulmonary intervention and Computer-assisted technology.

The board (the "**Board**") of directors (the "**Directors**") of Shanghai HeartCare Medical Technology Corporation Limited (the "**Company**" and, together with its subsidiaries, collectively the "**Group**") announces the audited consolidated annual results of the Group for the year ended December 31, 2021 (the "**Reporting Period**"), together with the comparative figures for the year ended December 31, 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended December 31, 2021

	Notes	**Year ended December 31, 2021** ***RMB'000***	Year ended December 31, 2020 *RMB'000*
REVENUE	*4*	**90,089**	14,562
Cost of sales		**(35,139)**	(7,475)
Gross profit		**54,950**	7,087
Other income and gains	*4*	**18,320**	6,000
Other expenses		**(25,489)**	(8,600)
Research and development costs		**(76,306)**	(51,134)
Selling and distribution expenses		**(51,129)**	(14,278)
Administrative expenses		**(83,880)**	(141,869)
Finance costs	*5*	**(2,364)**	(1,604)
Listing expenses		**(32,008)**	(11,785)
LOSS BEFORE TAX		**(197,906)**	(216,183)
Income tax expense	*6*	**–**	–
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(197,906)**	(216,183)
Attributable to:			
Owners of the parent		**(194,225)**	(213,664)
Non-controlling interests		**(3,681)**	(2,519)
		(197,906)	(216,183)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (RMB)	*8*	**(5.82)**	(9.78)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2021

	Notes	**As at December 31, 2021** ***RMB'000***	As at December 31, 2020 *RMB'000*
NON-CURRENT ASSETS			
Plant and equipment		**77,066**	30,105
Goodwill		**9,711**	9,711
Other intangible assets		**42,429**	40,900
Right-of-use assets		**35,079**	22,281
Prepayments, other receivables and other assets, non-current		**8,039**	8,852
Total non-current assets		**172,324**	111,849
CURRENT ASSETS			
Inventories		**32,128**	8,638
Trade receivables	*9*	**18,931**	–
Prepayments, other receivables and other assets, current		**56,984**	20,726
Cash and bank balances		**1,217,717**	632,418
Restricted cash		**6,564**	–
Total current assets		**1,332,324**	661,782
CURRENT LIABILITIES			
Trade and other payables	*10*	**48,175**	34,083
Lease liabilities, current		**2,489**	230
Government grants, current		**1,467**	1,467
Contract liabilities		**3,257**	832
Total current liabilities		**55,388**	36,612
NET CURRENT ASSETS		**1,276,936**	625,170
TOTAL ASSETS LESS CURRENT LIABILITIES		**1,449,260**	737,019

	Notes	As at December 31, 2021 *RMB'000*	As at December 31, 2020 *RMB'000*
NON-CURRENT LIABILITIES			
Lease liabilities, non-current		**39,451**	24,459
Government grants, non-current		**27,033**	11,300
Deferred tax liabilities		**10,225**	10,225
Total non-current liabilities		**76,709**	45,984
Net assets		**1,372,551**	691,035
EQUITY			
Equity attributable to owners of the parent			
Share capital	*11*	**38,834**	32,233
Treasury shares		**(21,185)**	–
Reserves		**1,354,902**	649,135
		1,372,551	681,368
Non-controlling interests		**–**	9,667
Total equity		**1,372,551**	691,035

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai HeartCare Medical Technology Corporation Limited 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 were principally engaged in the research, development, manufacturing and sale of neuro-interventional 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"), accounting principles generally accepted in Hong Kong 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 which have been measured at fair value. 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.

Amendments to IFRS 9, IAS 39 IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

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

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest-bearing bank borrowings.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after April 1, 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The Group has early adopted the amendment on January 1, 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

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 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2,4]
Amendment to IFRS 17	*Initial Application of IFRS 17 and IFRS 9 – Comparative Information*[5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS Standards 2018-2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[1]

[1] Effective for annual periods beginning on or after January 1, 2022

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

[3] No mandatory effective date yet determined but available for adoption

[4] 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

[5] The IASB amends IFRS 17 to permit a classification overlay for financial assets presented in comparative periods 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.

Geographical information

During the Reporting Period, most of the Group's revenue was derived from customers located in the PRC and all of the Group's non-current assets are located in the PRC, and therefore no geographical segment information is presented in accordance with IFRS 8 *Operating Segments*.

	2021	2020
	RMB'000	*RMB'000*
Mainland China	**90,062**	14,562
Others	**27**	–
Total	**90,089**	14,562

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the reporting period is set out below:

	2021	2020
	RMB'000	*RMB'000*
Customer A	**23,702**	–
Customer B	**11,850**	–
Customer C	**–**	6,010
Customer D	**–**	2,866

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of medical devices	**90,089**	14,562

Revenue from contracts with customers

(a) Disaggregated revenue information

	2021	2020
	RMB'000	*RMB'000*
Geographical market		
Mainland China	**90,062**	14,562
Others	**27**	–
Total	**90,089**	14,562
Timing of revenue recognition		
Goods transferred at a point in time	**90,089**	14,562

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:

	2021	2020
	RMB'000	*RMB'000*
Sale of medical devices	**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 and payment is in advance or due within 90 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 each reporting period are as follows:

	2021	2020
	RMB'000	*RMB'000*
Within one year	**3,257**	832

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:

	2021	2020
	RMB'000	*RMB'000*
Other income		
Government grants *(note)*	**8,987**	5,638
Bank interest income	**5,496**	174
	14,483	5,812
Gains		
Fair value gains on financial assets at FVTPL	**3,837**	188
	18,320	6,000

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

	2021	2020
	RMB'000	*RMB'000*
Interest on lease liabilities	**1,794**	1,143
Interest on restricted share repurchase obligations	**570**	461
	2,364	1,604

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 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 three-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 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 can carry forward its unutilised tax losses for up to ten years. This extension of expiration period applies to all the unutilised tax losses that were carried forward by the Company at the effective date of the tax circular.

Pursuant to the relevant EIT Laws, the Company enjoyed a super deduction of 200% on qualifying research and development expenditures during the year ended December 31, 2021.

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

	2021	2020
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**–**	–
Deferred tax	**–**	–
	–	–

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:

	2021	2020
	RMB'000	*RMB'000*
Loss before tax	**(197,906)**	(216,183)
Tax at the applicable tax rate of 25%	**(49,477)**	(54,046)
Lower tax rate enacted by local authority	**17,619**	1,443
Expenses not deductible for tax purpose	**9,761**	36,274
Additional deductible allowance for research and development expenses	**(11,967)**	(6,195)
Deductible temporary differences and tax losses not recognised	**34,064**	22,524
Income tax expense recognised in profit or loss	**–**	–

The Group has accumulated tax losses of RMB390,283,000 at December 31, 2021 (2020: RMB191,912,000), which will expire in five to ten years for offsetting against future taxable profits of the companies in which the losses arose. The Group has deductible temporary differences of RMB18,905,000 at December 31, 2021 (2020: RMB17,694,000).

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

7. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2020: Nil).

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

On December 3, 2020, the Company was converted to a joint stock limited liability company, and a total of 28,000,000 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. The conversion to ordinary shares with par value of RMB1.00 each is applied retrospectively for the year ended December 31, 2020 for the purpose of computation of basic loss per share.

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue for the years ended December 31, 2021 and 2020.

No adjustment has been made to the basic loss per share amounts presented for the years ended December 31, 2021 and 2020 in respect of a dilution as the impact of the share award scheme had an anti-dilutive effect on the basic loss per share amounts presented.

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

	2021	2020
Loss		
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	**(194,225)**	(213,664)
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	**33,395,496**	21,850,289
Loss per share(basic and diluted)(RMB per share)	**(5.82)**	(9.78)

9. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**19,664**	–
Impairment	**(733)**	–
	18,931	–

The Group's trading terms with its customers are payment in advance or on credit. The credit period is generally 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:

	2021	2020
	RMB'000	*RMB'000*
Within 6 months	**18,931**	–

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**–**	–
Impairment losses	**733**	–
At end of year	**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, 2021

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

10. TRADE AND OTHER PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Trade payables	**3,809**	586
Accrued expenses	**8,139**	6,415
Payroll payable	**15,250**	3,483
Other tax payables	**585**	307
Accrued listing expenses	**–**	7,764
Other payables	**5,002**	289
Payable for shares purchase	**6,564**	–
Payable for acquisition of non-controlling interests	**8,826**	–
Restricted share repurchase obligations	**–**	15,239
	48,175	34,083

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

	2021	2020
	RMB'000	*RMB'000*
Within 3 months	**2,605**	578
3 to 6 months	**1,123**	–
6 to 12 months	**74**	7
1 to 2 years	**7**	1
	3,809	586

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

11. SHARE CAPITAL/PAID-IN CAPITAL

Shares

	2021	2020
	RMB'000	*RMB'000*
Issued and fully paid:		
38,834,408 (2020: 32,232,558) ordinary shares of RMB1.00 each	**38,834**	32,233

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, 2020	–	–
Issue of ordinary shares upon conversion into a joint stock company *(note a)*	28,000,000	28,000
Issue of ordinary shares *(note b)*	4,232,558	4,233
At December 31, 2020 and January 1, 2021	32,232,558	32,233
Issue of shares from initial public offering *(note c)*	6,601,850	6,601
At December 31, 2021	38,834,408	38,834

Paid-in capital

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

	Total *RMB'000*
At January 1, 2020	20,571
Capital contribution from shareholders *(note d)*	7,307
Conversion into a joint stock company *(note a)*	(27,878)
At December 31, 2020	–

Treasury shares

On November 1, 2021, the shareholders approved the adoption of the 2021 H share incentive scheme (the "2021 H Share Incentive Scheme"). Pursuant to the 2021 H Share Incentive Scheme, 274,450 shares were purchased on the Hong Kong Stock Exchange by the trustee under the scheme for a total consideration of RMB21,185,000 before expenses during the year, of which, RMB14,621,000 was settled as at December 31, 2021 and RMB6,564,000 was settled subsequently.

Notes:

a. Pursuant to the shareholders' resolutions dated November 23, 2020 and the promoters' agreement dated November 23, 2020, the then shareholders of the Company agreed to convert the Company into a joint stock limited liability company. The net assets of the Company as of the conversion base date, including paid-in capital, other reserve and accumulated losses, amounting to RMB263,658,000, were converted into 28,000,000 ordinary shares at RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. Upon the completion of registration with the Shanghai Administration for Industry and Commerce on December 3, 2020, the Company was converted into a joint stock company with limited liability under PRC Company Law, and renamed from Shanghai HeartCare Medical Technology Co., Ltd. to Shanghai HeartCare Medical Technology Corporation Limited. In accordance with the business license of the Company, the Company became a joint stock limited liability company on December 3, 2020.

b. In October 2020, the Company entered into a capital injection agreement with SherpaStrokecure Limited, LYFE Ohio River Limited, Elbrus Investments Pte. Ltd., LBC Sunshine Healthcare Fund II L.P. and Raritan River Limited, pursuant to which total capital of RMB443,699,000 was injected into the Company with approximately RMB4,233,000 and RMB439,466,000 credited to the Company's share capital and share premium, respectively. The consideration was fully paid in cash on December 24, 2020.

c. 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.

d. In June 2020, the Company entered into a capital injection agreement with Zhuhai Sherpa Phase I Equity Investment Partnership (L.P.), SherpaStrokemed Company Limited and LYFE Columbia River Limited, pursuant to which a total capital of RMB119,451,000 was injected into the Company with approximately RMB2,057,000 and RMB117,394,000 credited to the Company's paid-in capital and capital reserve, respectively.

   In August 2020, the Company entered into a capital injection agreement with Zhuhai Sherpa Phase I Equity Investment Partnership (L.P.), SherpaStrokemed Company Limited and LYFE Columbia River Limited, pursuant to which total capital of RMB80,042,000 was injected into the Company with approximately RMB1,271,000 and RMB78,771,000 credited to the Company's paid-in capital and capital reserve, respectively.

   Pursuant to the restricted share scheme, total capital of RMB45,000,000 was injected into the Company by Shanghai Weiyu Enterprise Management Consulting Partnership (L.P.) and Shanghai Weijun Enterprise Management Consulting Partnership (L.P.) in September 2020, with approximately RMB3,979,000 and RMB41,021,000 credited to the Company's paid-in capital and other reserves, respectively.

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. Over the period of more than five years, 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.

In 2021, the Company recorded revenue of RMB90.1 million by virtue of its commercialized neuro-interventional device products and expanding sales network, which consists of more than 100 distributors, covering 31 provinces (including municipalities and autonomous regions) in China. In response to the fast-growing domestic medical needs for stroke treatment and prevention, our manufacturing facility newly established in Lin-gang, Shanghai, has obtained Medical Device Manufacturing License, ensuring sufficient and stable supply of medical device products.

Promising strides have been made in our product development and registration last year. As of the date of this announcement, 11 neuro-interventional devices have obtained registration approval by NMPA, covering the mainstream products in four major fields of neuro-interventional treatment devices; and two products have received 510K clearance from US FDA. In addition, we have three neuro-interventional products in the clinical trial stage and four in the registration and evaluation stage.

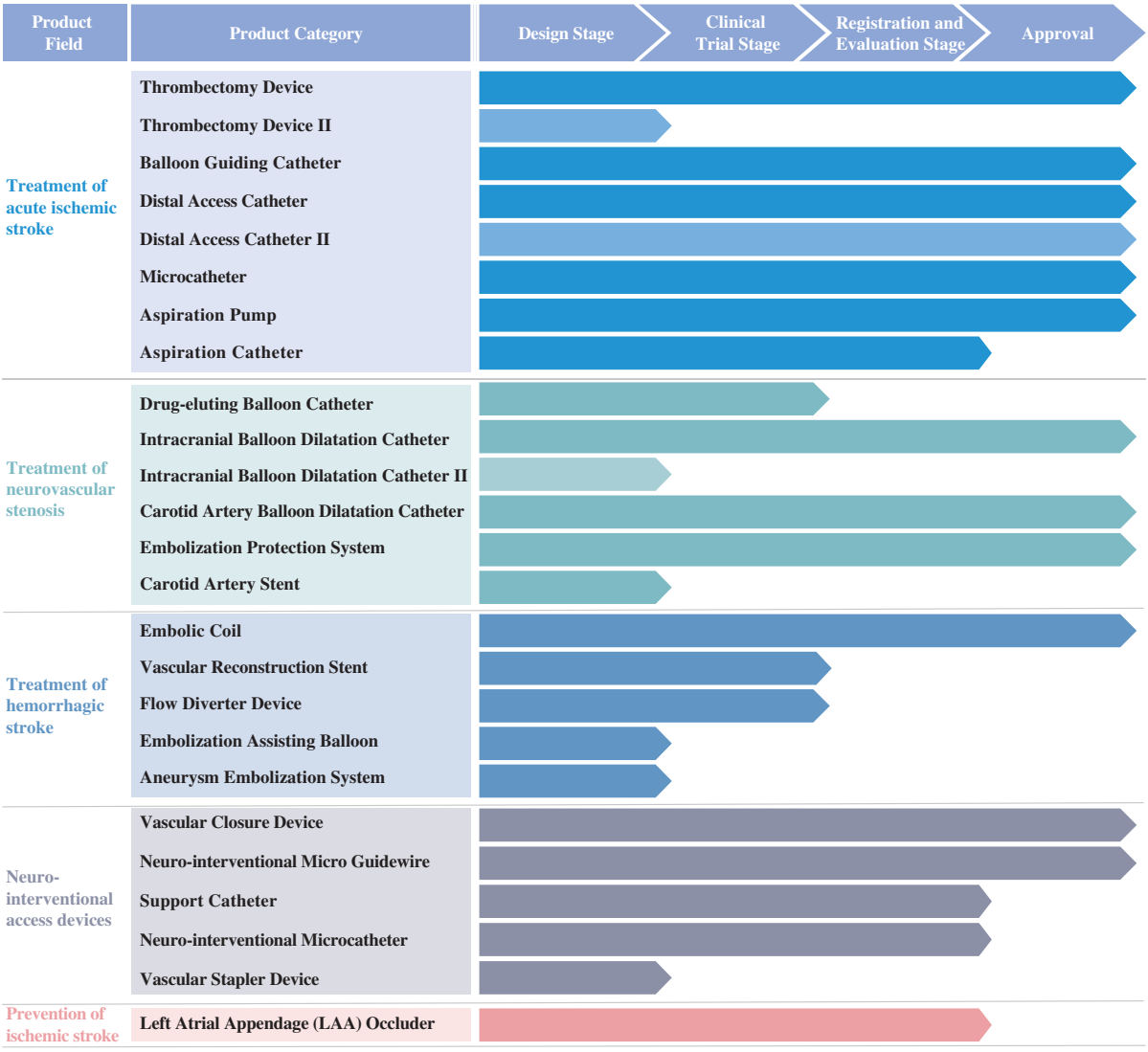
In the context of the increasing penetration rate of neuro-interventional procedures, our diversified device portfolio significantly contributes to the Company's brand recognition as a comprehensive neuro-interventional device solution provider in the market. As of the date of this announcement, we have completed the product market-access procedure for our full-set thrombectomy device in almost all provinces of China, thereby providing physicians with comprehensive product solutions. At the same time, with the NMPA approval of our intracranial and carotid artery balloon dilatation catheter and embolization protection system, we have formed a broad product portfolio and market-competitive solutions in the field of neurovascular stenosis treatment. We had also obtained the NMPA approval for our embolic coil, and launched clinical trials for our vascular reconstruction stent and flow diverter device, both of which are increasingly applied for hemorrhagic stroke treatment. Meanwhile, in the access device market, we recently obtained the NMPA approval for our domestic-first vascular closure device, which is widely used in various interventional procedures through femoral artery puncture, and is expected to establish a first-mover advantage in the market.

In addition to our neuro-interventional business, the Company's business has expanded into other innovative device market, with a pipeline of approximately 20 product candidates. Leveraging the Company's highly efficient R&D platform and experienced technical team, we plan to develop a comprehensive solution including LAA Occluder, electrophysiology and coronary artery intervention robot in Cardiac intervention, covering various fields with huge clinical needs, such as the treatment of atrial fibrillation, stroke prevention, structural heart diseases and heart failure. In the meantime, we continue to advance the development of multiple pipelines of innovative devices in the fields of Pulmonary intervention and Computer-assisted technology.

Products and Pipeline

As of the date of this announcement, we have a full-set neuro-interventional portfolio including 11 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. Meanwhile, we are launching pioneering projects of innovative product candidates in Cardiac intervention and other emerging therapeutic fields with high potential growth market.

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



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.

Aside from Captor, we have three commercialized products, namely the ExtraFlex™ distal access, the SupSelek™ microcatheter and Fullblock™ balloon guiding catheter, which together can form a product suite for stent retrieving thrombectomy procedures when used in combination with Captor.

Aspiration catheter and pump are used in the aspiration thrombectomy procedure to retrieve the thrombus and restore blood flow in occluded cerebral vessels for AIS-LVO patients. We received the NMPA approval for our aspiration pump in July 2021 and our aspiration catheter was in NMPA registration review as of the date of this announcement.

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 was in the registration clinical trial and we had completed the patient enrollment. We aim to complete the trial, submit NMPA registration application and receive the NMPA approval in 2022.

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 received the NMPA approval for our embolic coil in March 2022.

Vascular Access Devices

We are also developing various vascular access devices for use in interventional procedures, including our vascular closure device. As of the date of this announcement, we have received NMPA approvals for vascular closure device 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 expect to receive the NMPA approval in the second quarter of 2022 and commence sales in the second half of 2022.

WE MAY NOT BE ABLE TO ULTIMATELY DEVELOP AND MARKET OUR LAA OCCLUDER SUCCESSFULLY.

In addition, we had several other product candidates in the design stage covering different product categories of neuro-interventional devices, which further supplements our full-set product portfolio for the treatment and prevention of stroke, including our Carotid artery stent and vascular stapler device.

For details of our products and product candidates, please refer to our prospectus dated August 10, 2021 (the "**Prospectus**").

Research and Development

We have built the R&D platforms leveraging our advanced technologies and engineering techniques for the development of medical devices. Our technology platforms comprehensively cover our product development, manufacturing and quality control.

As of the date of this announcement, we had 50 registered patents in China, including 13 invention patents, 36 utility models and 1 industrial design patent. As of the date of this announcement, we had also 124 pending patent applications in China, including 103 invention patents, 19 utility models and two design patents.

Manufacturing

As of the date of this announcement, we carried out manufacturing activities at our manufacturing facilities located in our leased properties in Lin-gang Special Area and Zhangjiang, Shanghai, and we had obtained production permit for our products at our Lin-gang manufacturing facility.

Meanwhile, we plan to construct additional production facility in Lin-gang Special Area to accommodate the growing demand for our products going forward.

Commercialization

We have built an in-house sales and marketing team of highly experienced sales personnel. As of the date of this announcement, we had a sales and marketing team of over 100 employees.

As of the date of this announcement, we have built an established, extensive and growing distribution network comprising over 100 distributors covering over 1,400 hospitals across 31 provinces in China, which laid a solid foundation for our revenue increase.

Intellectual Property Infringement Claims

In April 2021, we were notified by the Intermediate Court of Ningbo City, Zhejiang Province about certain intellectual property infringement claims brought against us by Medtronic, Inc., a medical technology company incorporated in the United States. For details, please refer to the Prospectus. As of the date of this announcement, there was no material updates in relation to this claim.

Future and Outlook

We aim to become an undisputable 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.

II. FINANCIAL REVIEW

For the years ended December 31, 2021 and 2020, we narrowed net losses to RMB197.9 million from RMB216.2 million. It is highly possible to incur net losses in the near future as we continued to invest in R&D of, seek regulatory approval for, and commercialize our pipeline.

Revenue

For the year ended December 31, 2021, all our revenue was generated from the sales of our commercialized neuro-interventional devices.

Revenue increased by 517% from RMB14.6 million for the year ended December 31, 2020 to RMB90.1 million for the year ended December 31, 2021. The increase in revenue was attributable to: (i) significantly increased sales revenue of the full suite of commercialized ischemic stroke thrombectomy devices mainly including the Company's Captor™ thrombectomy device and ExtraFlex™ distal access catheter; and (ii) additional revenue generated by the commercialization of intracranial stenosis treatment devices including OpenVas intracranial balloon dilatation catheter and ThruVas carotid artery balloon dilatation catheter.

Cost of Sales

Cost of sales increased from RMB7.5 million for the year ended December 31, 2020 to RMB35.1 million for the year ended December 31, 2021, which was in line with the increase in our revenue.

Gross Profit

As a result of the foregoing, our gross profit increased from RMB7.1 million for the year ended December 31, 2020 to RMB55.0 million for the year ended December 31, 2021.

Other Income and Gains

Other income and gains increased from RMB6.0 million for the year ended December 31, 2020, to RMB18.3 million for the year ended December 31, 2021, primarily attributable to (i) increase in bank interest income as a result of the increase in cash and bank balances in relation to our financing activities, (ii) the increase in our government grants, and (iii) the increase in fair value gains on financial assets at FVTPL as a result of our investment in wealth management products.

Research and Development Costs

Research and development costs increased from RMB51.1 million for the year ended December 31, 2020, to RMB76.3 million for the year ended December 31, 2021, primarily due to the increase in research and development costs incurred for our medical device candidates.

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

	Year ended December 31, 2021		Year ended December 31, 2020	
	RMB million	***%***	*RMB million*	*%*
Staff costs	**30.3**	**39.7**	27.3	53.4
Depreciation	**5.8**	**7.6**	3.6	7.0
Third party contracting costs	**20.5**	**26.9**	12.5	24.5
Raw materials and consumables	**14.5**	**19.0**	5.6	11.0
Others	**5.2**	**6.8**	2.1	4.1
Total	**76.3**	**100**	51.1	100

Administrative Expenses

Administrative expenses decreased from RMB141.9 million for the year ended December 31, 2020 to RMB83.9 million for the year ended December 31, 2021, primarily attributed to a decrease in the equity-settled share award expenses.

Selling and Distribution Expenses

Selling and Distribution expenses increased from RMB14.3 million for the year ended December 31, 2020 to RMB51.1 million for the year ended December 31, 2021, primarily attributed to increasing staff costs as the sale forces expands.

Other Expenses

For the year ended December 31, 2021, we incurred other expenses of RMB25.5 million, which was primarily in relation to foreign exchange losses and donations to charity, which amounted to RMB2.3 million.

Finance Costs

Finance costs increased from RMB1.6 million for the year ended December 31, 2020, to RMB2.4 million for the year ended December 31, 2021, primarily due to the increase in the interest on lease liabilities.

Listing Expenses

For the year ended December 31, 2021, we incurred listing expenses of RMB32.0 million, as compared to RMB11.8 million for the year ended December 31, 2020.

Gearing Ratio

Gearing ratio is calculated by dividing total debt by total equity multiplying by 100.0%. As of December 31, 2021, our gearing ratio decreased to 3.1% from 3.6% as of December 31, 2020.

Liquidity and Financial Resources

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

Our cash and bank balances as of December 31, 2021 were RMB1,217.7 million, representing an increase of 92.6% compared to RMB632.4 million as of December 31, 2020. Such increase was primarily due to the capital from the Global Offering.

Our net current assets as of December 31, 2021 was RMB1,276.9 million, as compared to RMB625.2 million as of December 31, 2020.

Capital Expenditure

For the year ended December 31, 2021, our total capital expenditure amounted to approximately RMB54.5 million, which was used in the purchase of equipment, machinery and software.

Contingent Liabilities

As of December 31, 2021, the Group did not have any material contingent liabilities.

Significant Investments, Material Acquisitions and Disposals

For the year ended December 31, 2021, we did not make any significant investments or conduct any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Pledge of Assets

As of December 31, 2021, the Group had no pledge of assets.

HUMAN RESOURCES

As of December 31, 2021, we had 389 employees in total, who were all based in China.

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.

The 2021 H Share Incentive Scheme was approved at the extraordinary general meeting of the Company held on November 1, 2021. For further details, please refer to the section headed "Other Events – Adoption of the 2021 H Share Incentive Scheme" below. Eligible participants who may participate in the 2021 H Share Incentive Scheme include any PRC or non-PRC individual, who is a Director, senior management, key operating team member, employee, or, consultant of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSET

Save as disclosed in this announcement, the Prospectus and other announcements of the Company, we had not authorized any plan for the material investments or acquisition of capital asset as of the date of this announcement.

OTHER EVENTS

Adoption of the 2021 H Share Incentive Scheme

The 2021 H Share Incentive Scheme was approved at the extraordinary general meeting of the Company held on November 1, 2021. The 2021 H Share Incentive Scheme Limit shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price, and in any case being 750,000 H Shares.

The 2021 H Share Incentive 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 option scheme as defined and regulated under Chapter 17 of the Listing Rules.

Source of Award Shares and acquisition of H Shares by the Trustee

The source of the Award Shares under the 2021 H Share Incentive Scheme shall be H Shares to be acquired by the Trustee through on-market transactions at the prevailing market price. The 2021 H Share Incentive Scheme will be funded by the internal funds of the Company and will not be funded by proceeds from the Global Offering.

Share Purchase pursuant to the 2021 H Share Incentive Scheme

During the Reporting Period, the Trustee purchased a total number of 274,450 Shares (the "**Share Purchase**") on the market, at an average price of HK$94 per Share and a total consideration of approximately HK$25.8 million in aggregate (exclusive of brokerage and other expenses), pursuant to the 2021 H Share Incentive Scheme as a long-term equity incentive for employees in the future.

For details of the 2021 H Share Incentive Scheme, please refer to the Company's announcements dated October 6, 2021 and December 20, 2021, and the circular dated October 11, 2021.

SUBSEQUENT EVENT AFTER THE REPORTING PERIOD

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.

On February 8, 2022, Shanghai Weiqi Medical Devices Co., Ltd., a wholly owned subsidiary of the Group, entered into an agreement with Ms. Zhang Yanxia, a close family member of an executive director and Ms. Li Jun, a close family member of a non-executive director to acquire 44.96% of equity interest of IasoCardiac Medical Technology Co., Ltd. (上海御瓣醫療科技有限公司) at a total consideration of RMB34,800,000. RMB4,800,000 has been paid in March 2022.

Pursuant to the 2021 H Share Incentive Scheme, 175,550 shares was purchased on the Hong Kong Stock Exchange by the trustee under the scheme for a total consideration of RMB14,813,000 before expenses.

Pursuant to the 2021 H share Incentive scheme, the Group granted 386,700 shares to its employees in January 2022.

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.

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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were first listed on the Main Board of the Stock Exchange on August 20, 2021. Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date and up to the date of this announcement.

FINAL DIVIDEND

The Board has resolved not to recommend payment of any final dividend for the Reporting Period.

ANNUAL GENERAL MEETING

The Company will hold the annual general meeting (the "**AGM**") on Monday, May 16, 2022. The notice of AGM will be published on the Company's website (www.heartcare.com.cn) and the website of the Stock Exchange (www.hkexnews.hk) and despatched 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 of the Company will be closed from Saturday, April 16, 2022 to Monday, May 16, 2022, both days inclusive, during which no transfer of H Shares will be registered, in order to determine the holders of the H Shares who are entitled to attend and vote at the forthcoming AGM.

To be eligible to attend and vote at the AGM, all properly completed transfer documents, accompanied by relevant share certificate, 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 Thursday, April 14, 2022 for registration.

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.

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 contained in Appendix 14 to the Listing Rules ("**CG Code**"), as its own code to govern its corporate governance practices.

As the shares of the Company were listed on the Stock Exchange with effect from the Listing Date, the CG Code did not apply to the Company during the period before the Listing Date.

Mr. Wang Guohui is our 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 Group. While this will constitute a deviation from Code Provision A.2.1 (which has been re-numbered as C.2.1 since January 1, 2022) of the CG Code, the Board considers that vesting the roles of both chairman of the Board and chief executive officer all in Mr. Wang has the benefit of ensuring consistent leadership and more effective and efficient overall strategic planning of the Company. The balance of power and authority is ensured by the operation of our Board, which comprises experienced and diverse individuals. The Board currently comprises three non-executive Directors and three independent non-executive Directors as compared to two executive Directors. Therefore, the Board possesses a strong independent element in its composition.

Save as disclosed above, in the opinion of the Directors, the Company has complied with the relevant code provisions contained in the CG Code during the period from the Listing Date and up to December 31, 2021.

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 and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company's securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the period from the Listing Date and up to December 31, 2021. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group during the period from the Listing Date and up to December 31, 2021.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The Company has established an Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee has three members comprising two independent non-executive Directors and one non-executive Director, being Mr. Gong Ping (chairman), Mr. Feng Xiangqian and Mr. Ding Kui, with terms of reference in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee has considered and reviewed together with the Company's management and the external auditors of the Company the audited consolidated financial statements of the Group for the Reporting Period, including accounting principles and practices adopted by the Group, and discussed internal control, risk management and financial reporting matters. The Audit Committee considers that the final financial results for the year ended December 31, 2021 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 ANNOUNCEMENT AND 2021 ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (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 Shareholders and published on the above websites in due course.

APPRECIATION

On behalf of the Board, I would like to thank all our colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all our Shareholders, customers, bankers and other business associates for their trust and support.

DEFINITIONS

In this annual results announcement, the following expressions shall have the meanings set out below, unless the context otherwise requires:

"Acquisition"	the acquisition of 36% of the equity interest in the Target Company from the Vendors by Weiqi Medical
"Acquisition and Capital Injection Agreement"	the agreement dated February 8, 2022 entered into between Weiqi Medical and each of the Vendors in relation to the Acquisition and the Capital Injection
"AGM"	the 2021 annual general meeting of the Company to be held on May 16, 2022
"Audit Committee"	the audit committee of the Board
"Board of Directors" or "Board"	the board of Directors
"Capital Injection"	the injection of capital of RMB30,000,000 into the Target Company by Weiqi Medical in accordance with the Acquisition and Capital Injection Agreement
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
"China" or "PRC"	the People's Republic of China, but for the purpose of this 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)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Global Offering"	has the meaning as ascribed to it under the Prospectus
"GMP"	good manufacturing practices, the aspect of quality assurance that ensures that medicinal products are consistently produced and controlled to the quality standards appropriate to their intended use and as required by the product specification
"Group", "the Group", "our Group", "our", "we" or "us"	our Company and all of our 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"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HKD" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"IFRS"	International Financial Reporting Standards, as issued from time to time by the International Accounting Standards Board
"Independent Third Party" or "Independent Third Parties"	a person or entity who is not a connected person of our Company under the Listing Rules
"International Underwriters"	has the meaning as ascribed to it under the Prospectus
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	the date, Friday, August 20, 2021, on which the Shares were listed and dealings in the Shares first commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"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 of the PRC (國家藥品監督管理局), formerly known as the China Food and Drug Administration or the CFDA
"Over-allotment Option"	has the meaning as ascribed to it under the Prospectus
"Prospectus"	the prospectus of the Company dated August 10, 2021, in relation to the Global Offering
"Reporting Period"	the year ended December 31, 2021
"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)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary"	has the meaning ascribed thereto under the Listing Rules

"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"supervisor(s)"	Member(s) of the supervisory committee of the Company
"Target Company"	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
"Target Shareholder"	Mr. Li Feng, and Pingxiang Rong Jiabao Business Consulting Partnership (Limited Partnership)* (萍鄉榕嘉寶商務諮詢合夥企業(有限合夥))
"Trustee"	the trustee appointed by the Company for the purpose of the Trust, and initially, Maples Trustee Services (Cayman) Limited, a company incorporated in the Cayman Islands and having its registered office at Boundary Hall, Cricket Square, George Town, Grand Cayman, Cayman Islands
"U.S. dollars", "US$" or "USD"	United States dollars, the lawful currency of the United States
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US FDA"	the U.S. Food and Drug Administration
"Vendors"	Ms. Zhang Yanxia (張艷霞) and Ms. Li Jun (李俊)
"we", "us" or "our"	the Company and, unless the context indicates otherwise, its subsidiaries
"%"	per cent

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

Shanghai, March 28, 2022

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