MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2160)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2022

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2022, together with comparative unaudited figures for the six months ended June 30, 2021.

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL SUMMARY

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**124,782**	86,193
Gross profit	**79,443**	47,511
Loss before taxation	**(121,558)**	(69,566)
Loss for the period and attributable to equity shareholders of the Company	**(122,380)**	(70,065)
Loss per share — Basic and diluted *(in RMB)*	**(0.05)**	(0.03)

For the six months ended June 30, 2022, the Group recorded revenue of RMB124.8 million, representing an increase of 44.8% compared to RMB86.2 million for the six months ended June 30, 2021, primarily attributable to the enhanced market recognition of VitaFlow® and VitaFlow Liberty™ and the increase of their sales volume.

The Group's gross profit increased by 67.2% from RMB47.5 million for the six months ended June 30, 2021 to RMB79.4 million for the six months ended June 30, 2022, and the gross profit margin increased by 8.6 percentage points from 55.1% for the six months ended June 30, 2021 to 63.7% for the six months ended June 30, 2022, which were primarily attributable to our continuous efforts to reduce the cost of purchasing raw materials and achievements in cost saving by the economies of scale.

BUSINESS REVIEW

Overview

We are a medical device company in China focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases through continuous innovation. Deeply rooted in the vast, rapid-growing and substantially underpenetrated structural heart diseases medical device market, we develop a comprehensive product pipeline for treatment of structural heart diseases and proactively explore external cooperation, with an aim to enhance our global visibility and reputation in the field of structural heart diseases. In the first half of 2022, with the further popularization of TAVI, the improved proficiency of physicians and further expansion of market channels, there was an increase in the penetration rate of TAVI procedures as well as a rapid growth in the industry scale. Meanwhile, we were pleased to see that, TAVI procedural fees and consumables have been successively included into the scope of medical insurance reimbursement in certain provinces and cities, which has eased the burden of medical expenses for patients and further unleashed the surgical needs of more patients with valve diseases.

During the Reporting Period, the COVID-19 epidemic continued to have impacts across the PRC and, with lock-down management measures adopted and increasingly tight control over the epidemic in some regions, patients' visits and physician teaching, etc. were affected to varying degrees. Since the patients suitable for TAVI products can choose the timing of their operations in most cases, the growth in the implantation number of TAVI products has been limited to a certain extent in areas with severe epidemic situation. However, with the Group's extensive presence and deep penetration in different regions across China and our close collaboration with MicroPort® Group, we still achieved steady growth in implantation number and sales volume during the Reporting Period. Since June this year, the epidemic has been brought under control nationwide in the PRC, with the lifting of travel restrictions, as well as the expansion of the Group's sales team and the expanding impact of our commercialized products, our monthly implantation number recovered quickly and reached an all-time high.

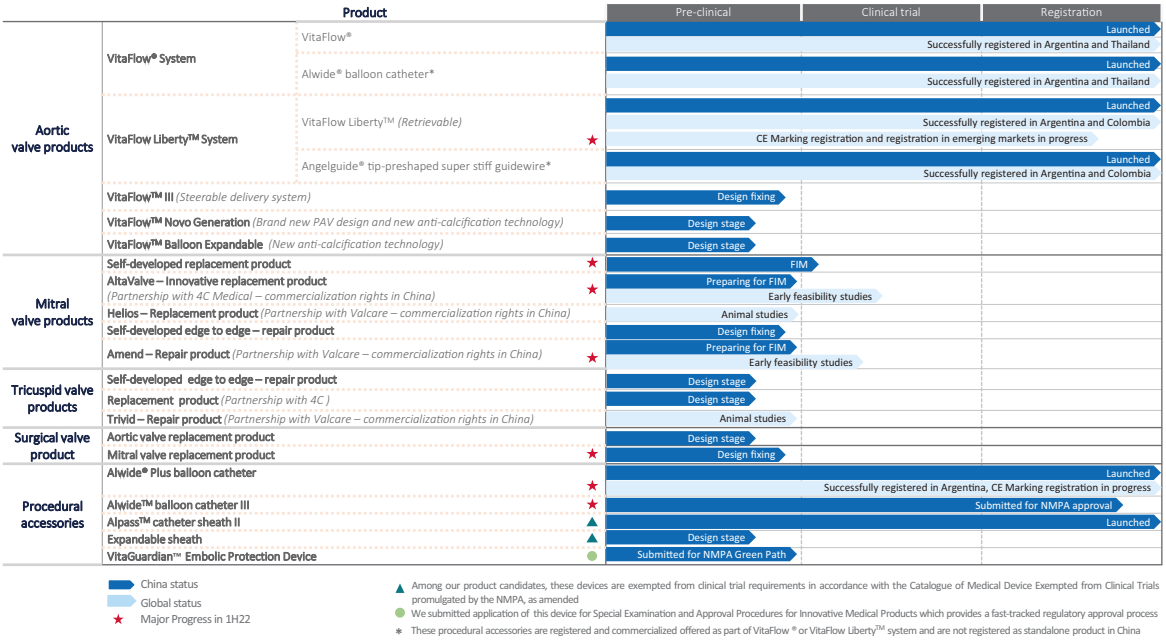
In terms of overseas progress, more than 20 TAVI procedures were performed in Argentina with our products during the Reporting Period, and the application for CE registration of VitaFlow Liberty™ made progress to the next stage. In August this year, VitaFlow Liberty™ and Angelguide® were successfully registered in Colombia, which further expanded the Company's influence in the Latin American market. Meanwhile, the registration of VitaFlow Liberty™ in emerging markets such as India, Brazil, South Korea and Mexico is also advancing in an orderly manner. With the successive certification of our products in the overseas markets, we will also continue to expand our business coverage and pursue global business development by continuously leveraging on the global visibility of the MicroPort® brand and the existing sales network of the MicroPort® Group.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. In July this year, the transcatheter mitral valve replacement (TMVR) product independently developed by the Group completed its first-in-man application, marking the world's first dry-tissue TMVR system with clinical application. In addition, the TMVR product AltaValve™ and the transcatheter mitral valve repair (TMVr) product Amend™ we developed in collaboration with our business partners have been advanced with early feasibility study overseas, demonstrating superior mitral regurgitation relief effects.

Our Pipeline

Our in-house developed product portfolio consists of three commercialized products — VitaFlow®, VitaFlow Liberty™ (including the procedural accessories as their supporting supply) and Alwide® Plus, and various TAVI products, TMV products, TTV products, surgical valve products and procedural accessories at different development stages. In addition to the in-house developed product portfolio, we also collaborated with our business partners, namely 4C Medical and Valcare, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China.

The following chart summarizes our product portfolio comprised of the products that we developed in house and in collaboration with our business partners as of the date of this announcement:



VitaFlow®

Our self-developed first-generation TAVI product VitaFlow®, was approved by the NMPA in July 2019. VitaFlow® primarily consists of a PAV, a motorized delivery system and certain procedural accessories. The PAV is a self-expanding bio-prosthesis valve that is manufactured by suturing bovine pericardial valve leaflets and double-layer PET skirt onto a self-expanding nitinol frame. The motorized delivery system consists of a catheter and a motorized handle. The procedural accessory is our first-generation Alwide® balloon catheter, which is designed to help physicians overcome the challenges in performing TAVI procedures.

We conducted a prospective, multi-center and single-arm pivotal clinical trial in China with VitaFlow®, which enrolled 110 patients with mean 30-day expected risk of death after surgery (STS Score) of 8.8%. During the Reporting Period, the 5-year follow-up results of the pre-launch clinical trial of VitaFlow® were released. The results showed that the all-cause mortality rate of the enrolled patients was 18.2%, and the incidence of major stroke cases was only 2.1%. In addition, there were no new pacemaker implants three years after VitaFlow® was implanted. Compared with other TAVI products currently commercialised in China, VitaFlow® performed better in terms of all-cause mortality rate and postoperative complications (including moderate/severe PVL, severe stroke and vascular complications). Excellent clinical data provides strong support for the safety and efficacy of VitaFlow®, as well as a solid clinical basis for the global expansion of the product.

We started to commercialize VitaFlow® in China in August 2019. In July 2020 and November 2020, VitaFlow® was registered in Argentina and Thailand, respectively. In August 2021, VitaFlow® started to have commercial implantations in Argentina and continued to contribute overseas revenue to the Group.

VitaFlow Liberty™

VitaFlow Liberty™ is our second-generation TAVI product, which consists of a PAV, a motorized delivery system and a tip-preshaped super stiff guidewire Angelguide®, where the PAV adopts the same design with VitaFlow®. Compared with VitaFlow®, the key upgrade for VitaFlow Liberty™ lies in the unique and innovative structure of the delivery system that guarantees retrieval of the PAV and provides optimized pass performance, which helps to pass anatomical abnormalities. The system is equipped with the only commercialized motorized handle worldwide, enabling deployment and retrieval of the PAV being conducted in a stable, accurate and fast manner. A physician may retrieve the PAV up to three times if it is not placed accurately at the designated position during deployment of the PAV, provided that the deployment does not exceed 75% of the maximal deployment range. The retrievable function will help increase the accuracy of positioning the PAV, thereby further improving the overall success rate of the TAVI procedure. In addition, Angelguide® features high guidewire rail support and smooth transition in order to reduce the risk of vascular damage and enhance the accuracy of deployment.

In August 2021, VitaFlow Liberty™ obtained the NMPA approval for registration and started to commercialize in China in September 2021. In December 2021, VitaFlow Liberty™ was registered in Argentina and its registration application of CE Mark was submitted. In August 2022, VitaFlow Liberty™ was registered in Colombia. We are also in the process of registration application for VitaFlow Liberty™ in other emerging markets, such as Brazil, Mexico, Thailand, and South Korea, etc. In addition, we plan to apply for the registration in other regions and countries that recognize the CE Mark after obtaining the same. During the Reporting Period, VitaFlow Liberty™ won the German Red Dot Award: Product Design 2022 and the Italy 2021–2022 A' Design Award for its innovative design concept and outstanding product performance, further strengthening the international recognition of the brand of "MicroPort CardioFlow" and our innovative product design.

Third-Generation TAVI Product

Our third-generation TAVI product, which is currently in the design phase, inherits all the advantages of VitaFlow Liberty™. Its delivery system will feature with adjustable bending function designed to help physicians increase the accuracy of positioning, and the profile will be further reduced. The third-generation TAVI product will provide physicians with excellent user-friendly experience, further improve surgical efficiency, release fault tolerance and increase precision and accuracy. The design optimization of several improvement points has been completed so far.

We may not be able to successfully develop and commercialize the third-generation TAVI product.

Novo Generation TAVI Product

We are designing the novo generation TAVI product that is completely different from the VitaFlow® series products. This product adopts a short stent, equips with technical features such as strong support force, dry valve, equal diameter release, adjustable bending, low profile and full retrieval. It will focus on safety, efficacy and usability upgrade, providing physicians and patients with an unprecedented revolutionary product. We are currently conducting in vivo validation in animal experiments to optimize our design.

We may not be able to successfully develop and commercialize the novo generation TAVI product.

TAVI Balloon Expandable Product

We are designing a TAVI product for the treatment of aortic stenosis with balloon dilatation using short stent, straight tube, dry valve and steerable technology. We are currently conducting in vivo validation in animal experiments to optimize our design.

We may not be able to successfully develop and commercialize TAVI balloon expandable product.

Transcatheter Mitral Valve Replacement (TMVR) Products

We are designing and developing a TMVR product for the treatment of patients with mitral regurgitation, which is featured with self-expanding, low subvalvular height and dry valve technology, and offers both transseptal and transapical access. We have now completed the first in-human clinical application of the TMVR product and a 30-day follow-up, and the effect is good. The product has successfully entered into the clinical trial phase.

We may not be able to successfully develop and commercialize TMVR products.

Transcatheter Mitral Valve Repair (TMVr) Products

We are designing a mitral valve repair product for the treatment of patients with mitral regurgitation, and are currently advancing long-term in vivo animal validation in the design development phase.

We may not be able to successfully develop and commercialize TMVr products.

Surgical Valve

We are designing surgical biological valve products for prosthetic mitral and aortic valve replacements, among which, the surgical biological valve product for mitral valve replacement is currently at the stage of design fixing.

We may not be able to successfully develop and commercialize surgical valve products.

Research and Development

R&D is crucial to our growth. We have been practicing our mission "to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases", deeply involved in the field of structural heart diseases with higher standards and better practices. We continued to be committed to the innovation and R&D of world-leading structural heart diseases treatment technologies, creating a technological innovation system integrating production, education and research, providing high-quality products and services for the global market, and providing the most powerful driving force for the Company's sustainable development.

We have built a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique, currently comprised of over 110 members. The team constantly focuses on the R&D of new technology and materials related to the Group that has potential to be applied to our product portfolio. We have established several cross-functional project teams which include personnel from project management, R&D, process, procurement, quality, registration, clinical trial, to jointly promote the whole process of new product development through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, namely Dr. Nicolo Piazza, Dr. Thomas Modine and Dr. Darren Mylotte, who share their abundant experience and insights on the latest technology breakthroughs and the latest trends in the treatment of structural heart diseases worldwide and provide clinical information and cutting-edge knowledge for the R&D of our products.

Intellectual Properties

During the Reporting Period, we added 17 patents and 19 pending patent applications in China. Meanwhile, we had one patent application approved in Europe, which was also valid in Germany, Spain and Italy.

As of the end of the Reporting Period, we owned 119 patents in China, including 23 invention patents, 89 utility models and 7 industry designs. We also had 123 pending patent applications in China, including 109 invention patents, 13 utility models and one industry design. To drive our internationalization strategy, we also owned 79 patents in Japan, Switzerland, Portugal, United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our in-house R&D team.

Supply Chain

During the Reporting Period, our new production plant with a total GFA of approximately 13,000 sq.m. in Shanghai has commenced operation, which is able to provide an annual production capacity of 25,000 sets of products, laying a solid supply foundation for the continuous improvement of our sales and supporting the Group's rapid development in the future. Our production facilities and equipment are in compliance with U.S., European and Chinese GMP regulations and adhere to strict production quality control standards. The commissioning of the new production plant will also accelerate the pace of our automated production and the realization of our smart manufacturing strategy. In addition, during the Reporting Period, we further accelerated the localization process of raw materials, significantly increased the domestic proportion of pericardial biomaterials, further improved the operation efficiency, and significantly optimized product costs.

In face of the continuous spread of COVID-19 pandemic and the continual increasing price of raw materials over the past two years, through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we have been able to reduce our purchase price while maintaining a stable supply of raw materials. On the manufacturing side, we have established an advanced quality control system and further introduced the concept of lean manufacturing. We continue to strengthen the construction of lean system and improve our relevant capabilities from the four dimensions of quality, personnel, customers and costs, respectively, which bring positive impact to generate substantial increase in the gross profit margin of our products.

Commercialization

We have established a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions. Led by Mr. Zhao Liang, our executive Director and First Vice President of Total Solutions, the Total Solutions Team aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases. Leveraging on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which brings the synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education, international business, amongst others, into full play, the Total Solutions Team is committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, suggestions on treatment, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during operation and postoperative follow-up. As of the end of the Reporting Period, our Total Solutions Team had more than 160 full-time employees.

We carry out logistics, dispatch, warehousing and other works through platform providers, and then sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who will be provided with professional training and assessed strictly, and continue to build their all-round capabilities in marketing, sales and support during operation, making them a powerful support to our Total Solutions Team.

During the Reporting Period, we continued to enhance the screening of lower-tier city patients, and promoted the further popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, aiming to help more TAVI patients to be diagnosed and treated. We further strengthened our synergy with MicroPort® Group, and made full use of its extensive channel network and clinical resources in the field of "Big Heart (大心臟)" to jointly carry out patient screening, diagnosis and referral, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care. Meanwhile, we jointly developed comprehensive supporting solutions with MicroPort® Group for the entire course of patients' disease, including medical planning consulting services, preoperative and postoperative health management consulting services, green channel services for medical treatment and affordability solutions, striving to accelerate high-quality market penetration.

As of the end of the Reporting Period, we had commercialized VitaFlow® and VitaFlow Liberty™ in China and Argentina. We focus on penetrating into core TAVI hospitals, which we consider as a key aspect of implementing our market strategies. As of the date of this announcement, there are more than 390 hospitals in China using VitaFlow® and VitaFlow Liberty™ for TAVI procedures, most of which are Class IIIA Hospitals located at tier-one and tier-two cities. Among these hospitals, we have captured a leading market share in more than 230 of them. Meanwhile, more than 20 hospitals in Argentina have used TAVI products of the Company for surgery.

We have a medical training team as a part of our Total Solutions Team, which is all comprised of licensed physicians and, through the organization of seminars and training courses in hospitals qualified to perform TAVI surgery in China, train physicians lack of TAVI experience to become qualified TAVI operators. We also invited experienced TAVI practitioners, especially leading physicians in this area, to participate in the training process, aiming to increase the number of qualified TAVI practitioners and contribute to the accelerated growth of the Chinese market. In order to strengthen the marketing of our products and our brand building, we also actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, and continued to enhance our global visibility.

During the Reporting Period, we continued to jointly organize the "VitaFlow® Classics Competition" with Youth Club of Asia Pacific Structural Heart Diseases, which has become the most influential young-and-middle-aged operator competition in the TAVI field, and continued to cultivate independent TAVI physicians for us, laying a good foundation for the rapid increase in our penetration rate of TAVI operations. In terms of overseas market activities, during the Reporting Period, we participated in well-known international academic conferences such as EuroPCR, CSI Frankfurt Conference and the SBHCI 2022, shared the latest clinical data of our TAVI products, as well as related device features and surgical skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, and conducted discussion on typical cases, which further increased the influence of the CardioFlow brand in the international academic community.

Events after the Reporting Period

On July 18, 2022, the TMVR system independently developed by the Group was successfully applied by the heart team of Zhongshan Hospital, Fudan University to treat a patient with severe mitral regurgitation. Please refer to the announcement of the Company dated July 19, 2022 for details.

On August 3, 2022, our independently-developed second-generation TAVI product, VitaFlow Liberty™, and our first-generation tip-preshaped super stiff guidewire Angelguide®, were successfully registered in Colombia. Please refer to the announcement of the Company dated August 8, 2022 for details.

Save as disclosed above, no material events affecting the Group have occurred after the end of the Reporting Period and up to the date of this announcement.

Employees and Remuneration

As of June 30, 2022, the Group had a total of 526 full time employees, of which 21% were R&D staff and 31% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives.

Future Development

We intend to capitalize our strengths to pursue a business strategy in the following aspects:

Continue to strengthen our presence in China TAVI market

The China TAVI market is significantly under-penetrated. We intend to further increase our sales of TAVI products in China through the following measures:

- **Expand and deepen hospital penetration.** We believe that with the excellent clinical trial results of VitaFlow® and VitaFlow Liberty™, we will have an advantage in the TAVI top-tier hospitals in China. We will continue to recruit more sales and marketing personnel with experience in or knowledge of structural heart diseases and expand our distributor network to cover other hospitals that have either existing TAVI capabilities or the potential to perform TAVI procedures to further increase our hospital penetration.

- **Further advance development of next-generation products.** We will rapidly advance the R&D of the third-generation self-expanding TAVI product, the novo generation TAVI product and the balloon expandable TAVI product, in order to provide full solution to all suitable patients, especially younger patients and patients with lower surgical risks.

- **Strengthen academic promotion.** In addition to maintaining our KOLs and physician network in the medical specialty of cardiology, we also intend to expand our KOLs and physician network to physicians in cardiac surgery, who we believe potentially also have strong demand for our products. We will continue to keep frequent communications with several leading medical associations and conferences in these medical specialty fields, such as the Asia Valvular Heart Disease Conference, to design customized training programs for cardiac surgeons. We believe our KOLs and physician coverage in the medical specialty of cardiac surgery will enable us to gain advantages to promote our products in the cardiac surgery department.

- **Conduct long-term postoperative follow-ups and market surveillance.** We will continue to conduct postoperative follow-up evaluations post-TAVI procedure, as well as post-marketing prospective, multi-center clinical study for treating severe aortic regurgitation, to further monitor the long-term safety and efficacy of VitaFlow®, and to provide evidence and support for the use of TAVI on patient with sole aortic regurgitation. We believe we are well-positioned to further enhance our relationship with physicians and boost our brand recognition through these valuable long-term clinical data.

Continue to advance our international strategy

We plan to collaborate with global enablers, including medical device companies, research institutes, hospitals, platform providers and distributors, to advance our international strategy. We have submitted CE Mark registration application for VitaFlow Liberty™, and selected Europe and other emerging markets as key overseas markets, promoted the overseas registration and commercialization of VitaFlow Liberty™ and leveraged on the global recognition of the MicroPort® brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

As part of our international strategy, we will steadily expand our academic coverage into overseas markets. Leveraging the experience and the expertise of our international scientific advisory board, we intend to participate in more leading international cardiovascular disease conferences by organizing presentations and case studies to introduce our products to enhance our brand awareness globally.

Rapidly advance the R&D process of our other structural heart disease products

Capitalizing our market position and extensive know-how in structural heart diseases, we will continue our focus on the development of other pipeline products to expand our product portfolio, including TMV products, TTV products, surgical valve products and next-generation procedural accessories designated to strengthen our position in structural heart diseases medical device market.

We will continue to recruit and train additional talented R&D personnel to expand our in-house R&D team, work closely with our international scientific advisory board and KOLs to understand the market trends and technology breakthroughs, which will in turn enable us to better understand the clinical demands.

Seek external cooperation to expand product portfolio

We will search for products and technologies with great clinical potential based on our deep and unique understanding of and study on structural heart diseases, seek opportunities for cooperation with third parties and evaluate them carefully for the purpose of expanding our product portfolio through acquisitions, cooperations or licensing, and enhancing the Group's competitiveness and anti-risk ability.

Improve operational efficiency and achieve economies of scale to support our long-term growth

Going forward, we will continue to strengthen the construction of our supply chain talent system and implement full life cycle management of products in the planning and pre-research stage of new products by preposition of supply chain, closely cooperate with the R&D team, accelerate the development process of new products and give more outputs in design for assembly and design for manufacturability during product design, to ensure smooth transition between new product R&D and mass production, further improve our product quality and production efficiency and continuously lower our manufacturing costs.

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

During the Reporting Period, our revenue was generated from the sales of our commercialized products, VitaFlow® and VitaFlow Liberty™.

The Group's revenue increased by 44.8% from RMB86.2 million for the six months ended June 30, 2021 to RMB124.8 million for the six months ended June 30, 2022, primarily attributable to the enhanced market recognition of VitaFlow® and VitaFlow Liberty™ and the increase of their sales volume.

Cost of Sales

During the Reporting Period, our cost of sales was related to the manufacturing of VitaFlow® and VitaFlow Liberty™. Our cost of sales increased by 17.2% from RMB38.7 million for the six months ended June 30, 2021 to RMB45.3 million for the six months ended June 30, 2022, which was primarily attributable to the increase of raw materials costs, staff costs and overhead expenses as a result of the increase in sales volumes of VitaFlow® and VitaFlow Liberty™.

Gross Profit and Gross Profit Margin

Our gross profit increased by 67.2% from RMB47.5 million for the six months ended June 30, 2021 to RMB79.4 million for the six months ended June 30, 2022, and the gross profit margin increased by 8.6 percentage points from 55.1% for the six months ended June 30, 2021 to 63.7% for the six months ended June 30, 2022, which was primarily attributable to our continuous efforts to reduce the cost of purchasing raw materials and achievements in cost saving by the economies of scale.

R&D Costs

Our R&D costs increased by 62.5% from RMB49.0 million for the six months ended June 30, 2021 to RMB79.6 million for the six months ended June 30, 2022, primarily due to our continued increase in investment in on-going and new R&D projects to strengthen our R&D product pipelines. The following table provides the breakdown of R&D costs of the Company for the periods indicated:

	For the six months ended June 30,	
	2022	2021
	(unaudited)	(unaudited)
	RMB'000	
Staff costs	**23,018**	13,844
Cost of materials and consumables used	**19,257**	8,363
Depreciation and amortization	**17,738**	9,855
Third-party contracting costs	**14,990**	9,761
Share-based compensation expenses	**2,532**	6,012
Others	**2,076**	1,163
Total	**79,610**	48,998

Distribution Costs

Our distribution costs increased by 54.6% from RMB39.5 million for the six months ended June 30, 2021 to RMB61.0 million for the six months ended June 30, 2022, primarily due to (i) the increase in market development expenses, as we increased our sales and marketing activities during the Reporting Period to promote VitaFlow® and VitaFlow Liberty™; and (ii) the expansion of sales team to support our sales and marketing activities leads to the increase in staff costs.

Administrative Expenses

Our administrative expenses increased by 144.5% from RMB13.9 million for the six months ended June 30, 2021 to RMB33.9 million for the six months ended June 30, 2022, which was primarily attributable to the increase in amortization of right-of-use assets related to the lease of new plant.

Other Operating Costs

Our other operating costs increased by 284.3% from RMB5.3 million for the six months ended June 30, 2021 to RMB20.2 million for the six months ended June 30, 2022, which was primarily attributable to donations during the Reporting Period.

Finance Costs

Our finance costs decreased by 82.9% from RMB17.1 million for the six months ended June 30, 2021 to RMB2.9 million for the six months ended June 30, 2022. This decrease was primarily attributable to the decrease of interest on other financial liabilities due to the conversion of series C preferred shares and series D preferred shares into Shares of the Company upon the completion of the Global Offering.

Share of Losses of Associates

Our share of losses of associates for the six months ended June 30, 2022 was RMB15.3 million, which was primarily attributable to the losses incurred by 4C Medical and Shanghai MicroPort Shield Medtech Co., Ltd. (上海微盾醫療科技有限公司) in the Reporting Period.

Inventories

Our inventories increased from RMB82.7 million as of December 31, 2021 to RMB109.5 million as of June 30, 2022, reflecting the anticipation of the increasing market demands of our products.

Interest in Associates

Our interest in associates increased from RMB176.7 million as of December 31, 2021 to RMB293.3 million as of June 30, 2022, which mainly due to the additional investment in 4C Medical in the year.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; and (iii) other payables and accrued charges.

Our trade and other payables decreased from RMB126.8 million as of December 31, 2021 to RMB107.4 million as of June 30, 2022, which was primarily attributable to the decrease of other payables and accrued expenses.

Capital Expenditure

Our capital expenditure was RMB32.1 million during the Reporting Period, which represented the additions of property, plant and equipment and the purchase of intangible assets.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of June 30, 2022, a portion of the Group's bank balances was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other items denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2022.

Contingent Liabilities

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

Capital Management

The Group's objectives in the aspect of managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for Shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents decreased from RMB2,211.6 million as of December 31, 2021 to RMB1,936.9 million as of June 30, 2022, which was primarily attributable to the continuous expansion of the business scale of the Group. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Company believes that it has sufficient funds to satisfy the working capital and capital expenditure requirements of 2022.

Borrowings and Gearing Ratio

We did not have any borrowings as of June 30, 2022 and December 31, 2021. As of June 30, 2022, the gearing ratio of the Group (calculated as total lease liabilities divided by total equity as of the same date) decreased to 3.8%, compared to 4.1% as of December 31, 2021, which was mainly attributable to the decrease of lease liabilities recognized during the Reporting Period.

Net Current Assets

The Group's net current assets as of June 30, 2022 were RMB2,212.6 million, as compared to that of RMB2,435.4 million as of December 31, 2021. Such decrease was mainly attributable to the decrease of cash and cash equivalents.

Charge on Asset

As of June 30, 2022, there was no charge on assets of the Group.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Six months ended June 30, 2022 RMB'000 (unaudited)	2021 RMB'000 (unaudited)
Revenue	*3*	**124,782**	86,193
Cost of sales		**(45,339)**	(38,682)
Gross profit		**79,443**	47,511
Other net income	*4*	**12,070**	7,711
Research and development costs		**(79,610)**	(48,998)
Distribution costs		**(61,048)**	(39,475)
Administrative expenses		**(33,940)**	(13,884)
Other operating costs	*5(b)*	**(20,224)**	(5,262)
Loss from operations		**(103,309)**	(52,397)
Finance costs	*5(a)*	**(2,915)**	(17,057)
Share of loss of associates		**(15,327)**	—
Share of loss of a joint venture		**(7)**	(112)
Loss before taxation	*5*	**(121,558)**	(69,566)
Income tax	*6*	**(822)**	(499)
Loss for the period and attributable to the equity shareholders of the Company		**(122,380)**	(70,065)
Loss per share	*7*		
Basic and diluted *(RMB)*		**(0.05)**	(0.03)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(122,380)**	(70,065)
Other comprehensive income for the period, net of nil tax		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	**168,330**	(393)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(51,465)**	10,800
Other comprehensive income for the period	**116,865**	10,407
Total comprehensive income for the period and attributable to the equity shareholders of the Company	**(5,515)**	(59,658)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	**June 30, 2022**	December 31, 2021
		RMB'000	*RMB'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment	*8*	**260,102**	267,166
Intangible assets	*8*	**225,800**	238,752
Interest in a joint venture		**34,865**	33,219
Interests in associates		**293,310**	176,738
Financial assets measured at fair value through profit or loss		**24,910**	21,052
Other non-current assets		**25,870**	25,266
		864,857	762,193
Current assets			
Inventories		**109,473**	82,732
Trade and other receivables	*9*	**108,757**	113,480
Pledged and time deposits		**202,129**	192,027
Cash and cash equivalents		**1,936,935**	2,211,560
		2,357,294	2,599,799
Current liabilities			
Trade and other payables	*10*	**107,375**	126,778
Contract liabilities		**765**	2,957
Lease liabilities		**36,193**	34,699
Income tax payable		**396**	—
		144,729	164,434
Net current assets		**2,212,565**	2,435,365
Total assets less current liabilities		**3,077,422**	3,197,558

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
	(unaudited)	(audited)
Non-current liabilities		
Lease liabilities	**76,724**	90,936
Deferred income	**1,940**	2,250
Derivative financial liabilities	**4,101**	7,898
	82,765	101,084
NET ASSETS	**2,994,657**	3,096,474
CAPITAL AND RESERVES		
Share capital	**83**	83
Reserves	**2,994,574**	3,096,391
TOTAL EQUITY	**2,994,657**	3,096,474

NOTES

1. Basis of preparation

These financial statements have been prepared in accordance with the applicable disclosure provisions of the Listing Rules, including compliance with Hong Kong Accounting Standard ("**HKAS**") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). It has been reviewed by the audit committee of the Company and approved for issue on August 29, 2022.

These financial statements have been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of these financial statements in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

These financial statements contain condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

These financial statements are unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA.

The financial information relating to the financial year ended December 31, 2021 that is included in these financial statements as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's annual consolidated financial statements for the year ended December 31, 2021 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated March 29, 2022.

2. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Annual Improvements to HKFRS Standards 2018–2020
- Amendments to HKFRS 3, *Reference to the Conceptual Framework*
- Amendments to HKAS 16, *Property, plant and equipment: proceeds before intended use*
- Amendments to HKAS 37, *Onerous contracts — cost of fulfilling a contract*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. Revenue

(a) Revenue

The Group derives revenue principally from the sales of medical devices through appointed distributors.

Disaggregation of revenue from contracts with customers by major products and the timing of revenue recognition is as follows:

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**124,782**	86,193

(b) Segment and geographical information

For the purpose of making decisions about resources allocation and performance assessment, the Group's management focuses on the operating results of the Group as a whole. As such, the Group's resources are integrated, and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

The following table sets out information about the geographical location of the Group's revenue from external customers.

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
The PRC (country of domicile)	**122,948**	86,193
Other countries	**1,834**	—
	124,782	86,193

4. Other net income

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Government grants *(Note)*	**534**	72
Interest income on bank deposits	**10,271**	12,531
Interest income on other financial assets carried at amortised cost	**604**	—
Net realised and unrealised gain/(loss) on financial instruments carried at fair value through profit or loss	**981**	(655)
Net foreign exchange loss	**(336)**	(3,669)
Net loss on disposal of property, plant and equipment	**—**	(568)
Others	**16**	—
	12,070	7,711

Note: Majority of the government grants are subsidies received from government for encouragement of research and development projects.

5. Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Interest on lease liabilities	**2,811**	364
Interest on other financial liabilities	**—**	16,609
Total interest expense on financial liabilities not at fair value through profit or loss	**2,811**	16,973
Others	**104**	84
	2,915	17,057

(b) Other operating costs

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Donation expenditure	**20,224**	—
Listing expenses	**—**	5,255
Others	**—**	7
	20,224	5,262

(c) Other items

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Amortisation of intangible assets	**14,271**	7,742
Depreciation charge		
— owned property, plant and equipment	**5,176**	2,478
— right-of-use assets	**16,449**	3,285
	35,896	13,505
Less: Capitalised into intangible assets	**—**	(483)
	35,896	13,022
Provisions for inventory write-down	**3,320**	1,270

6. Income tax

	Six months ended June 30,	
	2022	2021
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("**CIT**")	**822**	499
	822	499

Pursuant to the Enterprise Income Tax Law of the People's Republic of China, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25%, except for Shanghai MicroPort CardioFlow Medtech Co., Ltd., which is entitled to a preferential income tax rate of 15% as it is certified as a "High and New Technology Enterprise" ("**HNTE**"). According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

The current tax expenses during the six months ended June 30, 2022 arose from the interest income on cash deposited in non-resident accounts of the Company's subsidiaries that were domiciled outside the PRC, which is subject to a PRC withholding tax at a rate of 10%.

Taxation for other entities of the Group is similarly calculated using the estimated annual effective rate of taxation that are expected to be applicable in the relevant jurisdictions.

7. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB122,380,000 for the six months ended June 30, 2022 (six months ended June 30, 2021: RMB70,065,000) and the weighted average of 2,373,873,000 shares (six months ended June 30, 2021: 2,262,158,000 shares).

(b) Diluted loss per share

The calculation of diluted loss per share amount for the six months ended June 30, 2022 had not included the share options granted by the Company (see note 11(c)) during the period, as they had an anti-dilutive effect on the basic loss per share amount for the period.

8. Property, plant and equipment and intangible assets

During the six months ended June 30, 2022, the Group acquired items of plant and equipment with a cost of RMB15,991,000 (six months ended June 30, 2021: RMB30,608,000) and no capitalised development costs were incurred (six months ended June 30, 2021: RMB15,732,000).

9. Trade and other receivables

As of the end of the reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
Within 3 months	**84,938**	74,707
Over 3 months	**839**	—
	85,777	74,707
Value-added tax recoverable	**—**	23,932
Deposits and prepayments	**21,287**	14,704
Other debtors	**1,693**	137
	108,757	113,480

All trade receivables are due within 3 months from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted.

10. Trade and other payables

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	June 30, 2022	December 31, 2021
	RMB'000	*RMB'000*
Within 1 month	**46,886**	51,964
Over 1 month but within 3 months	**305**	1,403
Over 3 months but within 6 months	**4,940**	715
Over 6 months but within 1 year	**670**	446
Over 1 year	**736**	394
	53,537	54,922
Accrued payroll	**16,426**	20,118
Other payables and accrued charges	**37,412**	51,738
Financial liabilities measured at amortised cost	**107,375**	126,778

11. Capital, reserves and dividends

(a) Dividends

The directors of the Company did not propose the payment of any dividend during the six months ended June 30, 2022 (six months ended June 30, 2021: nil).

(b) Purchase of own shares

During the six months ended June 30, 2022, the Company purchased its Shares through the designated trustee under the share award scheme (note 11(c)(iii)) as follows:

Month/year	No. of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate considerations paid
		HK$	*HK$*	*RMB'000*
January 2022	13,410,000	3.95	3.38	40,616
April 2022	26,904,000	2.48	2.92	61,741
May 2022	3,784,000	2.18	2.60	7,461
Total	44,098,000			109,818

Repurchased shares held at the end of the Reporting Period were classified as treasury shares and presented as a decrease in the capital reserve.

(c) Equity-settled share-based payment transactions

(i) Share option plans adopted by the Company

The Company has adopted the Share Option Scheme, pursuant to which, the board of directors may authorise, at their discretion, the issuance of share options to the eligible person. Each option gives the holder the right to subscribe for one ordinary share of the Company.

The movements in the number and weighted-average exercise prices of share options are as follow:

	2022		2021	
	Weighted average exercise price *HK$*	**Number of options** *'000*	Weighted average exercise price *HK$*	Number of options *'000*
Outstanding at January 1	**2.79**	**67,862**	1.24	71,909
Granted during the period	**3.52**	**20,319**	13.72	8,000
Exercised during the period	**1.13**	**(2,775)**	1.24	(4,242)
Forfeited during the period	**2.22**	**(8,353)**	2.52	(3,702)
Cancelled during the period	**—**	**—**	1.24	(160)
Outstanding at June 30	**3.03**	**77,053**	2.56	71,805

The amount payable by each grantee on acceptance of the offer for the option granted is US$1.00. The share options granted during the six months ended June 30, 2022 are exercisable upon vesting and then expire in a period from January 2023 to June 2032.

(ii) Share option plans granted by the ultimate controlling party

MicroPort Scientific Corporation ("**MPSC**"), the ultimate controlling party of the Group, has granted certain share options to the employees of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

During the period ended June 30, 2022, MPSC has granted 246,008 share options to the employees of the Group (six months ended June 30, 2021: 30,226). These share options are vested in instalments over an explicit vesting period of one to seven years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of the options is ten years.

During the six months ended June 30, 2022, 40,000 share options were exercised (six months ended June 30, 2021: nil).

(iii) Share Award Scheme

Pursuant to a Share Award Scheme approved by the board of directors of the Company in March 2021, the Company may purchase its own shares and grant such shares to certain directors, employees, consultants and advisors of the Group. For the six months ended June 30, 2022, the Company granted 1,030,424 shares (six months ended June 30, 2021: nil) with a fair value of RMB2,232,000 (six months ended June 30, 2021: nil) to the Group's executives and employees.

OTHER INFORMATION

Corporate Governance Practices

The Company has adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the Reporting Period, the Company has complied with the code provisions in the Corporate Governance Code.

The Company will continue to regularly review and monitor its corporate governance practices to ensure compliance with the Corporate Governance Code, and maintain a high standard of corporate governance practices of the Company.

Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ended December 31, 2022.

Directors' Securities Transactions

The Company has adopted the Model Code since the Listing Date.

Specific enquiry has been made to all of the Directors and they confirmed that they have complied with the Model Code during the Reporting Period.

Use of Proceeds from the Global Offering

The Company's Shares were listed on the Stock Exchange on February 4, 2021. The net proceeds from the Global Offering amounted to approximately HK$2,717.2 million. As of June 30, 2022, the Company had used the net proceeds from the Global Offering for the following purposes:

	Amount of net proceeds for the relevant use *HK$ million*	**Percentage of total net proceeds** *Percentage*	**Actual amount of proceeds utilized as of June 30, 2022** *HK$ million*	**Amount of proceeds unutilized as of June 30, 2022** *HK$ million*	**Percentage of proceeds from the Global Offering expected to be used by December 31, 2022**
VitaFlow Liberty™					
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty™	423.9	15.6%	99.8	324.1	
— the ongoing sales and marketing activities of VitaFlow Liberty™ in China and overseas	391.3	14.4%	43.1	348.2	
Subtotal	**815.2**	**30.0%**	**142.9**	**672.3**	**7.4%**
VitaFlow®	**92.4**	**3.4%**	**20.1**	**72.3**	**1.3%**

	Amount of net proceeds for the relevant use *HK$ million*	Percentage of total net proceeds *Percentage*	Actual amount of proceeds utilized as of June 30, 2022 *HK$ million*	Amount of proceeds unutilized as of June 30, 2022 *HK$ million*	Percentage of proceeds from the Global Offering expected to be used by December 31, 2022
The remaining products					
— fund the research, preclinical, clinical trial and commercialization of VitaFlow™ III, and VitaFlow™ Balloon Expandable	190.2	7.0%	12.2	178.0	
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	33.7	278.8	
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	1.9	161.1	
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	—	67.9	
Subtotal	**733.6**	**27.0%**	**47.8**	**685.8**	**4.4%**
Fund the expansion of our product portfolio through collaboration with global enabler	**407.6**	**15.0%**	**314.1**	**93.5**	**11.6%**
Expand our production capacity and strengthen our manufacturing capabilities for VitaFlow® and VitaFlow Liberty™	**396.7**	**14.6%**	**69.7**	**327.0**	**3.2%**
Working capital and general corporate purposes	**271.7**	**10.0%**	**69.4**	**202.3**	**2.9%**
Total	**2,717.2**	**100.0%**	**664.0**	**2,053.2**	**30.8%**

Going forward, the net proceeds will be applied in the manner as set out in the section headed "Future Plans and Use of Proceeds" of the Prospectus. As of the date of this announcement, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus. The Company expects that HK$836.9 million, accounting for approximately 30.8% of the net proceeds of the Global Offering, will be utilized by December 31, 2022 and plans to utilize the balance of net proceeds of the Global Offering by the end of 2025. The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

Interim Dividends

The Directors did not recommend the payment of an interim dividend to the Shareholders for the Reporting Period.

Purchase, Sale or Redemption of the Listed Securities of the Company

Save for the 44,098,000 Shares of the Company purchased through the trustee of the Share Award Scheme at cash consideration of HK$131,427,960 on the Stock Exchange pursuant to the Share Award Scheme, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the Reporting Period.

Independent Review of Auditor

The interim financial report for the six months ended June 30, 2022 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

Audit Committee and Review of Financial Statements

The Audit Committee comprises three independent non-executive Directors, namely Mr. Jonathan H. Chou (chairman), Ms. Sun Zhixiang and Dr. Ding Jiandong, respectively. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2022 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

Disclosure of Information

The interim report of the Group for the six months ended June 30, 2022 containing all the relevant information required by the Listing Rules will be published on the websites of the e Stock Exchange (http://www.hkexnews.hk) and the Company (www.cardioflowmedtech.com), in accordance with the Listing Rules in due course.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"4C Medical"	4C Medical Technologies, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral and tricuspid valve devices in the United States
"AltaValve™"	AltaValve™ human mitral valve replacement medical device product
"Alwide® Plus"	Alwide® Plus balloon catheter
"Angelguide®"	our first-generation tip-preshaped super stiff guidewire
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CE Mark"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"China" or "PRC"	People's Republic of China, but for the purpose of this interim announcement and for geographical reference only and except where the context requires otherwise, references in this interim announcement do not apply to Hong Kong, Macau and Taiwan

"Class IIIA Hospitals"	Top-level hospitals in China, as hospitals in China are divided into three classes by Ministry of Health, among which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Class III hospitals are divided into Special, A, B, and C grades
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this interim announcement, our Core Product refers to VitaFlow Liberty™
"Covid-19"	coronavirus disease 2019, a disease caused by a novel virus designated as severe acute respiratory syndrome coronavirus 2
"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"EuroPCR"	official annual meeting of the European Association of Percutaneous Cardiovascular Interventions
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering (including the Preferential Offering)
"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", "we", "us", or "our"	our Company and all of our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries or their predecessors (as the case may be)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"KOL(s)"	doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"Listing Date"	February 4, 2021, on which the Shares were listed on the Stock Exchange and from which dealings in our Shares first commenced on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
"MicroPort®"	MicroPort® Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
"MicroPort® Group"	MicroPort® and all of its subsidiaries
"mitral valve"	the valve that prevents the blood in left ventricle from flowing back to left atrium
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules

"NMPA"	National Medical Products Administration (國家藥品監督管理局) and its predecessor the China Food and Drug Administration (國家食品藥品監督管理總局), including its sub-division, such as the Center for Medical Device Evaluation (國家藥品監督管理局醫療器械技術審評中心)
"PAV"	prosthetic aortic valve, the artificial valve of our TAVI products
"PET"	polyethylene terephthalate
"Prospectus"	the prospectus issued by the Company on January 26, 2021
"PVL"	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or SAVR (surgical aortic valve replacement)
"R&D"	research and development
"RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2022
"SBHCI"	the Brazilian Society of Interventional Cardiology, a non-profit organization, whose goal is to develop interventional cardiology in Brazil
"Share Award Scheme"	the share award scheme adopted by our Company on March 30, 2021, as amended from time to time, the principal terms of which are set out in the announcement of the Company dated March 30, 2021
"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020 and amended on March 17, 2022
"Share(s)"	ordinary share(s) in the share capital of our Company of US$0.000005 each

"Shareholder(s)"	holder(s) of our Share(s)
"sq.m"	square meter, a unit of area
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"STS Score"	Society of Thoracic Surgery risk score or percentage point, a validated risk-prediction model for open surgery, the higher value of which indicates the higher risk of patients to conduct a surgery
"TAVI"	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery to correct severe aortic stenosis
"TMV"	transcatheter mitral valve, which refers to treatment methods for mitral valve diseases through transcatheter approach
"TMVR"	transcatheter mitral valve replacement
"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TTVR"	transcatheter tricuspid valve repair, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$"	United States dollars, the lawful currency of the United States

"Valcare"	Valcare, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral valve and tricuspid valve medical devices
"VitaFlow®"	unless the context indicates otherwise, "VitaFlow®" refers to the VitaFlow® transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and certain procedural accessories
"VitaFlow Liberty™"	unless the context indicates otherwise, "VitaFlow Liberty™" refers to the VitaFlow Liberty™ transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and the tip-preshaped super stiff guidewire Angelguide®. VitaFlow Liberty™ is our Core Product

By order of the Board
MicroPort CardioFlow Medtech Corporation
Luo Qiyi
Chairman

Shanghai, PRC, August 29, 2022

As of the date of this announcement, the executive Directors are Mr. Chen Guoming, Mr. Zhao Liang and Ms. Yan Luying, the non-executive Directors are Dr. Luo Qiyi, Mr. Zhang Junjie and Ms. Wu Xia, and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Ding Jiandong and Ms. Sun Zhixiang.