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, 2023

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2023, together with comparative figures for the corresponding period in 2022.

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

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**176,442**	124,782
Gross profit	**116,623**	79,443
Loss before taxation	**(175,629)**	(121,558)
Loss for the period and attributable to equity shareholders of the Company	**(179,402)**	(122,380)
Loss per share — Basic and diluted *(in RMB)*	**(0.08)**	(0.05)

For the six months ended June 30, 2023, the Group recorded revenue of RMB176.4 million, representing an increase of 41.4% compared to RMB124.8 million for the six months ended June 30, 2022, primarily attributable to continued hospital penetration of our TAVI products and strong overseas growth.

The Group's gross profit increased by 46.8% from RMB79.4 million for the six months ended June 30, 2022 to RMB116.6 million for the six months ended June 30, 2023, and the gross profit margin increased by 2.4 percentage points from 63.7% for the six months ended June 30, 2022 to 66.1% for the six months ended June 30, 2023, which were primarily attributable to our continued efforts in lowering the product cost.

The Group recorded loss for the period of RMB179.4 million for the six months ended June 30, 2023 as compared to RMB122.4 million for the six months ended June 30, 2022. Such increase was primarily due to (i) our continued investment in R&D and further commercialization efforts and (ii) the increase in non-cash and/or one-off losses incurred during the Reporting Period, including share of losses of our equity-accounted investees and fair value losses in financial instruments (accumulatively contributed to RMB71.0 million in net loss).

BUSINESS REVIEW

Overview

We are a medical device company focusing on the R&D and commercialization of innovative transcatheter and surgical solutions for structural heart diseases, dedicated to providing universal access to state-of-the-art total solutions to physicians and patients for the treatment of structural heart diseases. Our vision is to build a people-centric medical group ranking as a global leader of evolving and emerging medical technologies. Deeply rooted in the vast, rapid-growing and substantially underpenetrated structural heart diseases medical device market, we have developed a comprehensive product pipeline for the treatment of structural heart diseases. We attach great importance to R&D and innovation and have created a technological innovation system integrating industry-university-research cooperation to profoundly involve in the field of structural heart diseases with higher standards and better practice to provide high-quality products and services to the global market.

In the first half of 2023, with the popularization and development of TAVI, the rising number of qualified medical centers, the continuous academic exchanges and market activities, the improved proficiency of physicians, and enhanced patients' awareness of valvular diseases, the penetration rate of TAVI procedures was further improved with accelerated industry growth. Meanwhile, benefiting from the further expansion of reimbursement coverage of local government medical insurance and innovative reimbursement initiatives, the affordability of patients has been enhanced, and the demand for treatment of structural heart diseases has been further unleashed.

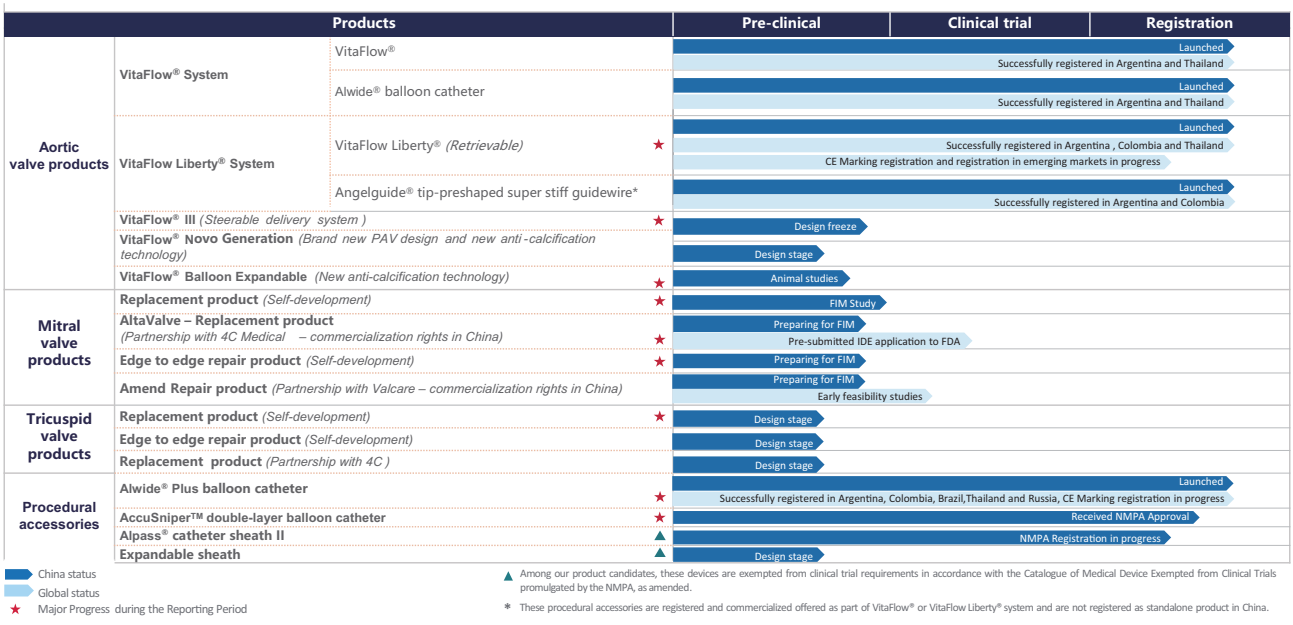
With the Group's extensive presence in different regions across China and our close collaboration with MicroPort® Group, we continued to carry out high-quality hospital coverage and newly entered approximately 70 medical centers during the Reporting Period, and focused on consolidating and enhancing patient discovery and procedure support in existing centers, achieving rapid growth in implantation volume and sales revenue in over 500 medical centers we covered. Coupled with the expansion of the Group's sales team and the deepening influence of our commercialized products, we continued to break through new weekly and monthly implantation highs and maintained a strong growth momentum.

In terms of overseas progress, at the end of the Reporting Period, we have entered more than 60 hospitals and performed more than 140 TAVI procedures in Argentina and Colombia. We obtained approval for the registration of VitaFlow Liberty® in Thailand in February 2023 and completed physician education and market warm-up. The CE mark registration of VitaFlow Liberty® is also advanced in good order and made progress to the next stage, which is expected to bring new device choices to physicians with its unique hybrid density stent and motorized delivery system to further expand the Group's overseas business coverage. During the Reporting Period, we gradually increased the presence of VitaFlow Liberty® in the Latin American and global structural heart disease academic community through participation in international academic conferences. The registration of VitaFlow Liberty® in emerging markets such as India, Brazil, South Korea, Mexico and Russia is also advancing in an orderly manner. As of the date of this announcement, the registration of our Alwide® Plus balloon catheter has been approved in Russia. With the successive certification of our products in the overseas markets, we will also continue to expand our business coverage and accelerate 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. We pay close attention to the technical bottlenecks and clinical painpoints of the existing TAVI products, and have designed and plan to launch our third generation TAVI product which is equipped with an upgraded steerable delivery system, in order to further enhance the immediate and long-term therapeutic effects of TAVI procedures. In August of this year, the registration of our AccuSniper™ Double-Layer Balloon Catheter was approved by the NMPA, making it the world's only double-layer balloon catheter with excellent release stability and puncture resistance and further enriching our TAVI total solutions. In respect of mitral valve therapy, in July 2023, the Group's self-developed TMVR product completed several human applications and follow-up up to a year. Our self-developed edge to edge repair product has also entered the in vivo validation phase of animal studies. In addition, AltaValve™, a TMVR product developed by us in collaboration with our business partners, has continued to advance its early feasibility study overseas and has pre-filed its IDE application with the FDA, which is expected to be the world's first mitral regurgitation treatment option with atrium-only fixation.

Our Pipeline

Our in-house developed product portfolio consists of three commercialized products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply) and Alwide® Plus, and various TAVI products, TMV products, TTV products and procedural accessories at different development stages. In addition to our 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 comprises of the products that we developed independently in house and collaborate with our business partners as of the date of this announcement:



VitaFlow®

Our self-developed first-generation TAVI product VitaFlow®, obtained the NMPA approval for registration in July 2019 and started to commercialize in China in August 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 a 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%. The 5-year follow-up results of the pre-launch clinical trial of VitaFlow® were released in July 2022, in which the all-cause mortality rate at 5-year follow-up was 18.2%, and the incidence of major stroke cases was only 2.1%. 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, major 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.

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 our Group.

VitaFlow Liberty®

VitaFlow Liberty® is our self-developed 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 enables retrieval of the PAV while providing 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 retrieval function helps 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 to reduce the risk of vascular damage and enhance the accuracy of deployment. VitaFlow Liberty® has won the German Red Dot Award: Product Design and the Italy A' Design Award for its innovative design concept and outstanding product performance, showing the international recognition of our innovative product design and the CardioFlow brand and laying a solid foundation for the internationalization of VitaFlow Liberty®.

VitaFlow Liberty® obtained the NMPA approval for registration in August 2021 and started to commercialize in China in September 2021. In December 2021, VitaFlow Liberty® was registered in Argentina and submitted registration application for CE Mark. VitaFlow Liberty® was registered in Colombia and Thailand in August 2022 and February 2023, respectively. We are also in the process of registering VitaFlow Liberty® in emerging markets, such as India, Brazil, South Korea, Mexico, and Russia, etc.. In addition, we plan to apply for its registration in other regions and countries that recognize the CE Mark after obtaining the same.

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 steerable 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 ease-of-use and further improve procedure efficiency and release accuracy. We have achieved design freeze of this product.

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 current VitaFlow® series products. This product adopts a short stent and a large mesh outflow tract and equips with technical features such as strong support, dry tissue, equal diameter release, steerable catheter, low profile and full retrieval. It focuses on safety, efficacy and ease-of-use upgrade, providing physicians and patients with an unprecedented revolutionary product. The product is designed for patients with aortic regurgitation. We are currently conducting in vivo validation in animal studies 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 that adopts a short stent and a large mesh outflow tract, and equips with technical features such as dry tissue and steerable catheter. We now have completed in vivo validation in animal studies of this product.

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

TMVR Product

We are designing and developing a TMVR product for the treatment of patients with mitral regurgitation, which is featured with large orifice, low subvalvular height and dry tissue technology, and the operation of which is simple and physician-friendly. We have now completed several human applications of the TMVR product and postoperative follow-ups of relevant patients for up to one year and are rapidly advancing the human application and validation of the product in multiple centers.

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

TMVr Product

We are designing a TMVr product for the treatment of patients with mitral regurgitation. We are currently conducting in vivo validation in animal studies to optimize our design.

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

R&D

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" by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group's sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team, currently comprising of approximately 120 staff, focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products 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, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.

Intellectual Properties

Intellectual properties are important intangible assets of our Group and a key factor to maintain and enhance our core competitiveness. Thus, we attach great importance to intellectual properties protection such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

During the Reporting Period, we added 9 patents and 25 pending patent applications in China. Meanwhile, we added a total of 10 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 142 patents in China, including 26 invention patents, 109 utility models and 7 industry designs, and 159 pending patent applications, including 148 invention patents, 9 utility models and 2 industry designs. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 97 patents in Japan, Switzerland, Portugal, the 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 R&D team. As of the end of the Reporting Period, we owned 86 trademarks worldwide.

Supply Chain

Our production plant with a total GFA of approximately 13,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of products, providing a solid supply guarantee for the continuous improvement of our sales and supporting our Group's rapid development in the future. Our production facilities and equipment follow the U.S., European and Chinese GMP regulations and adhere to strict production quality control standards.

Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and optimize product costs. On the manufacturing side, we have established an advanced quality control system, further introduced the concept of lean manufacturing, and continued to strengthen the construction of the lean manufacturing system to realize the continuous improvement of production efficiency.

Commercialization

As of the end of the Reporting Period, we had commercialized VitaFlow® and VitaFlow Liberty® in China, Argentina and Colombia. We focused on the cultivation of qualified TAVI hospitals and Independent Physicians and took it as a key link in the implementation of our market strategy. As of the end of the Reporting Period, there were over 500 hospitals in total in China that have performed TAVI procedures with VitaFlow® and VitaFlow Liberty®, and the number of our Independent Physicians in China has further increased to more than 260. At the same time, our products have been used in over 60 overseas centers with over 10 Independent Physicians.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions. The Total Solutions Team aims to promote our Group's innovative transcatheter and surgical solutions for structural heart diseases. As of the end of the Reporting Period, our Total Solutions Team had nearly 200 full-time employees. Leveraging on the resources and advantages of MicroPort® Group in the field of cardiac and cardiovascular disease treatment, which bring the synergies in the aspects of market access, operation support, first-line promotion, market expansion, medical education and international business, amongst others, into full play, we are committed to providing structural heart diseases patients and physicians with comprehensive medical solutions including disease diagnosis and evaluation, procedure and product education, treatment counsel, training on procedures and use of devices, recommendation on procedural accessories, assistance before and during the procedure and postoperative follow-up. During the Reporting Period, we continued to enhance the screening and referral of lower-tier city patients, and promoted the popularization and penetration of innovative transcatheter treatment solutions in the field of structural heart disease through medical education and marketing activities, which effectively broke the geographical restrictions and tapped into the vast blank market of primary medical care, and helped more TAVI patients complete their diagnosis and treatment conveniently.

We carry out logistics, dispatch, warehousing and other works with the help of 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 to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a powerful complement to our Total Solutions Team.

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's global visibility and reputation. During the Reporting Period, we continued to jointly organize the third "AP-SHD • China Structural Week • VitaFlow® Classics Competition" with the Youth Club of Asia Pacific Structural Heart Diseases, which has become the most influential competition among young-and-middle-aged physicians in the TAVI field and continued to cultivate TAVI Independent Physicians that form a good foundation for accelerating popularization and penetration of the TAVI procedure. In terms of overseas market activities, we participated in well-known international academic conferences such as CSC Conference (Spain), VALVE in Rio, Structural Summit SBHCI and EuroPCR, shared the latest clinical information of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

During the Reporting Period, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures.

Events after the Reporting Period

On August 6, 2023, the TMVR product independently developed by the Group has successively completed one-year, three-month and one-month follow-up with excellent results in multiple human applications. Please refer to the announcement of the Company dated August 6, 2023 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, 2023, our Group had a total of 579 full time employees (as of June 30, 2022: 526 full time employees), of which 20% were R&D staff and 33% 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.

The Company has adopted the Share Scheme, the Share Award Scheme and Share Option Scheme (terminated on June 27, 2023) to provide incentives for the eligible participants.

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 our TAVI products in China through the following:

- **Deepen multi-level hospital coverage and procedure penetration.** With the positive clinical trial results of VitaFlow® and VitaFlow Liberty® and positive feedback from physicians and patients in real-world applications, we will accelerate the penetration of qualified medical centers in China, use layered management onto the hospitals covered according to the volume of TAVI procedures and the number of Independent Physicians, achieve/consolidate advantages by formulating differentiated sales strategies and training programs, and continue to enhance the penetration of TAVI procedures and the market share of our TAVI products.

- **Enhance patient discovery and referral.** We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there is still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.

- **Build academic brand to achieve professional education and promotion.** We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.

- **Conduct long-term postoperative follow-ups and efficacy evaluation.** We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

Continue to advance our international strategy

We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy. The registration of VitaFlow Liberty® has been approved in Argentina, Colombia and Thailand, and its CE registration application is also under review. We have selected European and other emerging markets, especially countries that recognize CE mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, and leverage 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 on the extensive experience and the expertise of our international scientific advisory board, we intend to participate in more internationally renowned cardiovascular disease conferences, and to introduce our products by organizing presentations, publishing case studies and demonstrating live surgeries, so as to enhance our brand awareness globally.

Rapidly advance the R&D of new products

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

We will continue to recruit and train additional professional 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.

We will search for products and technologies with great clinical potential based on our deep and unique understanding and investigation of structural heart diseases, explore opportunities for cooperation with third parties and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

Enhance data collection to improve insight and decision making

We embrace the digital transformation and take data collection, management, insight and decision support as a key cornerstone of our business. We have also created a professional education service platform to enhance the reach and depth of the Company's products and TAVI procedure through digital content distribution and dissemination. We are also exploring new ways to help enhance the efficiency of medical treatment and improve diagnosis and treatment process through digital patient management tools.

Strengthen full life cycle management of products, and improve operational efficiency

We will fully initiate the full life cycle management of products by introducing a cross-functional team from the planning and pre-research stage of new products to accelerate the development process of new products through close cooperation with the cross-functional team, to continuously improve the design for assembly (DFA) and design for manufacturability (DFM) during product design, to help achieve the smooth transition between new product R&D and mass production, further improve our production efficiency, and continuously lower the manufacturing costs under the premise of ensuring product quality, so as to cope with increasingly fierce market competition and support the long-term growth of our Company.

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 interim results announcement.

Revenue

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

Our Group's revenue increased by 41.4% from RMB124.8 million for the six months ended June 30, 2022 to RMB176.4 million for the six months ended June 30, 2023, primarily attributable to continued hospital penetration of our TAVI products and strong overseas growth.

Cost of Sales

During the Reporting Period, our cost of sales was mainly related to the manufacturing of VitaFlow® and VitaFlow Liberty®. Our cost of sales increased by 31.9% from RMB45.3 million for the six months ended June 30, 2022 to RMB59.8 million for the six months ended June 30, 2023, primarily because of 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 46.8% from RMB79.4 million for the six months ended June 30, 2022 to RMB116.6 million for the six months ended June 30, 2023, and the gross profit margin increased by 2.4 percentage points from 63.7% for the six months ended June 30, 2022 to 66.1% for the six months ended June 30, 2023, primarily attributable to our continued efforts in lowering the product cost.

Other Net Income

For the six months ended June 30, 2023, we recorded RMB43.7 million of other net income, compared to RMB11.1 million for the six months ended June 30, 2022, primarily due to the increase on interest income arose from the bank deposits.

R&D Costs

Our R&D costs increased by 37.5% from RMB79.6 million for the six months ended June 30, 2022 to RMB109.5 million for the six months ended June 30, 2023, primarily due to continued investment on the R&D projects. The following table provided information regarding the breakdown of the R&D costs of our Company for the periods indicated:

	For the six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs	**39,243**	23,018
Cost of materials and consumables used	**24,468**	19,257
Third-party contracting costs	**20,355**	14,990
Depreciation and amortization	**19,821**	17,738
Share-based compensation expenses	**1,757**	2,532
Others	**3,850**	2,075
Total	**109,494**	79,610

Distribution Costs

Our distribution costs increased by 42.2% from RMB61.0 million for the six months ended June 30, 2022 to RMB86.8 million for the six months ended June 30, 2023, primarily due to increased staff cost and marketing activities for VitaFlow® and VitaFlow Liberty®.

Administrative Expenses

Our administrative costs decreased by 16.0% from RMB33.9 million for the six months ended June 30, 2022 to RMB28.5 million for the six months ended June 30, 2023, primarily due to decrease on the amortization of right-of-use assets.

Fair Value Changes in Financial Instruments

The loss on fair value changes in financial instruments was RMB33.0 million for the six months ended June 30, 2023, compared to the gain of RMB1.0 million on fair value changes for the six months ended June 30, 2022, which mainly arose from fair value change from convertible instruments issued by Valcare and the Witney Put Option.

Other Operating Costs

For the six months ended June 30, 2023, our other operating costs was RMB37.9 million (for the six months ended June 30, 2022: RMB20.2 million), primarily due to increased donations during the period.

Finance Costs

Our finance costs decreased by 23.5% from RMB2.9 million for the six months ended June 30, 2022 to RMB2.2 million for the six months ended June 30, 2023, primarily due to decrease on interests of lease liabilities.

Share of Losses of Associates

For the six months ended June 30, 2023, our share of losses of associates was RMB23.5 million (for the six months ended June 30, 2022: RMB15.3 million), which was primarily attributable to losses incurred by 4C Medical and Shanghai Shield in the Reporting Period under the equity method.

Share of Losses of a Joint Venture

For the six months ended June 30, 2023, our share of losses of a joint venture was RMB14.5 million (for the six months ended June 30, 2022: RMB0.01 million), which was primarily attributable to fair value changes from the financial assets measured at fair value through profit or loss recorded by Rose Emblem.

Inventories

Our inventories decreased by 2.0% from RMB114.1 million as of December 31, 2022 to RMB111.9 million as of June 30, 2023, mainly attributable to our continued efforts on inventory management.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) value-added tax recoverable, representing value-added taxes paid with respect to our procurement that can be credited against future value-added tax payables; and (iii) deposits and prepayments to suppliers and service providers.

Our trade and other receivables increased by 58.2% from RMB82.1 million as of December 31, 2022 to RMB129.8 million as of June 30, 2023, primarily due to the increase in trade receivables brought by the increase on sales.

Interests in a Joint Venture

As of June 30, 2023, our interests in a joint venture was nil (as of December 31, 2022: RMB14.5 million), primarily due to loss from fair value changes recorded by Rose Emblem.

Interests in Associates

As of June 30, 2023, our interests in associates was RMB255.8 million (as of December 31, 2022: RMB271.2 million), primarily due to loss recognized from 4C Medical and Shanghai Shield under the equity method.

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 by 12.3% from RMB115.6 million as of December 31, 2022 to RMB101.4 million as of June 30, 2023, primarily due to decrease on the trade payables.

Derivative Financial Liabilities

Our derivative financial liabilities increased by 83.0% from RMB22.7 million as of December 31, 2022 to RMB41.6 million as of June 30, 2023, primarily due to fair value changes on the Witney Put Option.

Capital Expenditure

Our capital expenditure amounted to RMB5.2 million during the Reporting Period, represented the addition of property, plant and equipment.

Foreign Exchange Exposure

During the Reporting Period, our Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of our Company's primary subsidiaries. As of June 30, 2023, a portion of our Group's bank balances was denominated in US 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 amounts denominated in foreign currencies, our Group did not have significant foreign currency exposure from its operations as of June 30, 2023.

Contingent Liabilities

As of June 30, 2023, we did not have any contingent liabilities.

Capital Management

Our Group's objectives in the aspect of managing capital are to safeguard our 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. Our 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 make adjustments to the capital structure in light of changes in economic conditions.

Liquidity and Financial Resources

Our cash and cash equivalents as well as pledged and time deposits decreased from RMB2,075.6 million as of December 31, 2022 to RMB2,004.5 million as of June 30, 2023, primarily attributable to expansion of business scales of the Group. Our Group's policy is to regularly monitor its liquidity requirements 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. Our Company believes that we have sufficient funds to satisfy our working capital and capital expenditure requirements for 2023.

Borrowings and Gearing Ratio

Our Group did not have any borrowings as of June 30, 2023 and December 31, 2022, respectively. As of June 30, 2023, the gearing ratio of our Group (calculated as total lease liabilities divided by total equity as of the same date) decreased to 3.1%, compared to 3.5% as of December 31, 2022, which was mainly attributable to the decrease on lease liabilities during the Reporting Period.

Net Current Assets

Our Group's net current assets as of June 30, 2023 were RMB2,065.0 million, as compared to net current assets of RMB2,094.5 million as of December 31, 2022. Such decrease was mainly attributable to decrease on cash and cash equivalents.

Charge on Assets

As of June 30, 2023, there was no charge on assets of our Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended June 30, 2023

	Note	Six months ended June 30, 2023 **RMB'000** **(unaudited)**	2022 *RMB'000* (unaudited)
Revenue	*3*	**176,442**	124,782
Cost of sales		**(59,819)**	(45,339)
Gross profit		**116,623**	79,443
Other net income	*4*	**43,698**	11,089
R&D costs		**(109,494)**	(79,610)
Distribution costs		**(86,813)**	(61,048)
Administrative expenses		**(28,517)**	(33,940)
Fair value changes in financial instruments		**(32,999)**	981
Other operating costs	*5(b)*	**(37,918)**	(20,224)
Loss from operations		**(135,420)**	(103,309)
Finance costs	*5(a)*	**(2,229)**	(2,915)
Share of loss of associates		**(23,504)**	(15,327)
Share of loss of a joint venture		**(14,476)**	(7)
Loss before taxation	*5*	**(175,629)**	(121,558)
Income tax	*6*	**(3,773)**	(822)
Loss for the period and attributable to the equity shareholders of the Company		**(179,402)**	(122,380)
Loss per share	*7*		
Basic and diluted (in RMB)		**(0.08)**	(0.05)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2023

	Six months ended June 30,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(179,402)**	(122,380)
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	**129,999**	168,330
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(53,869)**	(51,465)
Other comprehensive income for the period	**76,130**	116,865
Total comprehensive income for the period and attributable to the equity shareholders of the Company	**(103,272)**	(5,515)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at June 30, 2023

	Note	**At June 30, 2023** ***RMB'000*** **(unaudited)**	At December 31, 2022 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*8*	**217,674**	241,715
Intangible assets		**153,702**	163,119
Interest in a joint venture	*9*	**—**	14,520
Interests in associates	*10*	**255,818**	271,161
Other financial assets	*9*	**—**	12,490
Other non-current assets		**27,121**	26,488
		654,315	729,493
Current assets			
Inventories		**111,877**	114,115
Trade and other receivables	*11*	**129,801**	82,071
Pledged and time deposits		**951,854**	209,263
Cash and cash equivalents		**1,052,658**	1,866,319
		2,246,190	2,271,768
Current liabilities			
Trade and other payables	*12*	**101,393**	115,609
Contract liabilities		**4,855**	6,087
Lease liabilities		**28,557**	31,041
Income tax payable		**4,815**	1,773
Derivative financial instruments		**41,585**	22,719
		181,205	177,229
Net current assets		**2,064,985**	2,094,539
Total assets less current liabilities		**2,719,300**	2,824,032

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at June 30, 2023

	Note	**At June 30, 2023** ***RMB'000*** **(unaudited)**	At December 31, 2022 *RMB'000* (audited)
Non-current liabilities			
Lease liabilities		**54,247**	64,427
Deferred income		**6,180**	5,890
		60,427	70,317
NET ASSETS		**2,658,873**	2,753,715
CAPITAL AND RESERVES	*13*		
Share capital		**83**	83
Reserves		**2,658,790**	2,753,632
TOTAL EQUITY		**2,658,873**	2,753,715

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 and approved for issue on August 29, 2023.

These financial statements have been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 material to an understanding of the changes in financial position and performance of the Group since the 2022 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 31 December 2022 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 31 December 2022 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, 2023.

2 Changes in Accounting Policies

The HKICPA has issued the following new and amendments to HKFRS and guidance that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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 this interim financial report. 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,	
	2023	2022
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**176,442**	124,782

(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 30 June	
	2023	2022
	RMB'000	*RMB'000*
PRC (country of domicile)	**170,148**	122,948
Other countries	**6,294**	1,834
	176,442	124,782

4 Other Net Income

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Government grants *(Note)*	**223**	534
Interest income on bank deposits	**41,486**	10,271
Interest income on other financial assets carried at amortised cost	**802**	604
Net foreign exchange gains/(losses)	**1,213**	(336)
Others	**(26)**	16
	43,698	11,089

Note: Majority of the government grants are subsidies received from government for encouragement of R&D projects.

5 Loss Before Taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Interest on lease liabilities	**2,104**	2,811
Total interest expense on financial liabilities not at fair value through profit or loss	**2,104**	2,811
Others	**125**	104
	2,229	2,915

(b) Other operating costs

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Donation expenditure *(note)*	**36,880**	20,224
Others	**1,038**	—
	37,918	20,224

Note: During the six months ended 30 June 2023, the Group made charitable and other donations to the third-party charitable organization amounted to RMB36,880,000 (six months ended 30 June 2022: RMB20,224,000).

(c) Other items

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Amortisation of intangible assets	**10,831**	14,271
Depreciation charge		
— owned property, plant and equipment	**11,283**	5,176
— right-of-use assets	**13,476**	16,449
	35,590	35,896
Provisions for inventory write-down	**140**	3,320
Impairment loss on other receivables	**857**	—

6 Income Tax

	Six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("**CIT**")	**3,773**	822

Pursuant to the CIT Law of the PRC, 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 30 June 2023 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 RMB179,402,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: RMB122,380,000) and the weighted average of 2,361,548,000 shares (six months ended 30 June 2022: 2,373,873,000 shares).

(b) Diluted loss per share

The calculation of diluted loss per share amount for the period ended 30 June 2023 has not included the potential effects of share options granted by the Company, as they had anti-dilutive effects on the basic loss per share amount for the respective period. Accordingly, diluted loss per share for the period ended 30 June 2023 are the same as basic loss per share of the respective period.

8 Property, Plant and Equipment

During the six months ended 30 June 2023, the Group acquired items of plant and equipment with a cost of RMB5,204,000 (six months ended 30 June 2022: RMB15,991,000).

Items of property, plant and equipment with a net book value of RMB4,487,000 were disposed of during the six months ended 30 June 2023 (six months ended 30 June 2022: nil), resulting in losses on disposal of RMB86,000 (six months ended 30 June 2022: nil).

9 Interests in a Joint Venture and Other Financial Assets

(a) Interests in a joint venture

The following list contains the particulars of a joint venture, which is an unlisted corporate entity whose quoted market price is not available:

Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
Rose Emblem Ltd. ("**Rose Emblem**")	Incorporated	British Virgin Islands	US$10,000,000	51%	—	51%	Investment holding

In September 2018, the Group and Witney Global Limited (the "**Witney**", a third party to the Group), entered into a subscription and shareholders agreement with Rose Emblem, pursuant to which, the Group and Witney subscribed 51% and 49% interests in Rose Emblem. As the approval of the resolutions in relation to the relevant activities of Rose Emblem shall require both approval from the Group and the Witney, the directors of the Company determined that the investment in Rose Emblem is a joint venture, which is accounted for under the equity method.

The principal activity of Rose Emblem is investing in Valcare Inc. ("**Valcare**") via holding its preferred shares. The investment in Valcare is classified as financial assets measured at fair value through profit or loss on Rose Emblem's financial statements. Valcare is based in Israel and engaged in the development of the mitral valve repair devices and is currently facing financing difficulties. The fair value of investment in Valcare of nil was determined by the adjusted net asset approach.

(b) Other financial assets

The Group also held convertible instruments (the "**Convertible Instruments**") issued by Valcare which is unsecured and interest-free. The Convertible Instruments shall be repayable on demand upon the certain liquidation events and will be automatically converted into the most senior preferred shares of Valcare upon the occurrence of the next equity financing of Valcare at a discounted price. As at 30 June 2023, the fair value of Convertible Instruments of nil (2022: RMB12,490,000) was determined by default risk method.

10 Interests in Associates

4C Medical which is considered a material associate of the Group, is accounted for using the equity method. Considering the current market condition, the Group has engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an external valuer to perform valuations assessments for investment in 4C Medical.

Based on the result of impairment test, the recoverable amount calculated based on equity allocation model using latest financing/transaction adjustment method exceeded their carrying amount as at 30 June 2023, no impairment was recognised (2022: nil).

11 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:

	At 30 June 2023	At 31 December 2022
	RMB'000	*RMB'000*
Within 3 months	**107,265**	49,775
Trade receivable, net of loss allowance	**107,265**	49,775
Value-added tax recoverable	**1,046**	2,961
Deposits and prepayments	**19,436**	23,859
Other debtors	**2,054**	5,476
Trade and other receivables, net of loss allowance	**129,801**	82,071

All trade receivables are due within 2 to 6 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.

12 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:

	At 30 June 2023	At 31 December 2022
	RMB'000	*RMB'000*
Within 1 month	**19,285**	14,523
Over 1 month but within 3 months	**5,501**	6,553
Over 3 months but within 6 months	**1,542**	4,766
Over 6 months but within 1 year	**2,969**	17,397
Over 1 year	**7,134**	4,451
Total trade payables	**36,431**	47,690
Accrued payroll	**27,870**	28,431
Other payables and accrued charges	**37,092**	39,488
Financial liabilities measured at amortised cost	**101,393**	115,609

13 Capital, Reserves and Dividends

Dividends

The directors of the Company did not propose the payment of any dividend during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

OTHER INFORMATION

Corporate Governance Practice

Our Company had 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, our Company have complied with the mandatory Code Provisions.

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 ending December 31, 2023.

Purchase, Sale or Redemption of Listed Securities of Our Company

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

Directors' Securities Transactions

Our Company have adopted the Model Code as the basis of its code of conduct regarding Directors' securities transactions.

Specific enquiry has been made of all the Directors and all Directors confirmed that they have complied with the Model Code for transactions in our Company's securities during the Reporting Period.

Use of Net Proceeds from Global Offering

Our 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 (including the full exercise of the over-allotment option). As of June 30, 2023, our 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, 2023** *HK$ million*	**Amount of proceeds unutilized as of June 30, 2023** *HK$ million*	**Percentage of proceeds from the Global Offering expected to be used by December 31, 2023**
VitaFlow Liberty®					
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty®	423.9	15.6%	168.7	255.2	
— the ongoing sales and marketing activities of VitaFlow Liberty® in China and overseas	391.3	14.4%	187.2	204.1	
Subtotal	**815.2**	**30.0%**	**355.9**	**459.3**	**15.0%–15.6%**
VitaFlow®	**92.4**	**3.4%**	**60.9**	**31.5**	**2.3%–2.8%**
The remaining products					
— fund the research, preclinical, clinical trial and commercialization of VitaFlow® III, and VitaFlow® Balloon Expandable	190.2	7.0%	76.9	113.3	
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	87.8	224.7	
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	34.3	128.7	
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	—	67.9	
Subtotal	**733.6**	**27.0%**	**199.0**	**534.6**	**10.0%–10.2%**

	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, 2023 *HK$ million*	Amount of proceeds unutilized as of June 30, 2023 *HK$ million*	Percentage of proceeds from the Global Offering expected to be used by December 31, 2023
Fund the expansion of our product portfolio through collaboration with global enabler	407.6	15.0%	314.1	93.5	11.6%–12.0%
Expand our production capacity and strengthen our manufacturing capabilities for VitaFlow® and VitaFlow Liberty®	396.7	14.6%	91.5	305.2	8.0%–8.9%
Working capital and general corporate purposes	271.7	10.0%	101.7	170.0	4.0%–4.5%
Total	2,717.2	100.0%	1,123.1	1,594.1	50.9%–54.0%

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 interim results announcement, our Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus. Our Company expect that approximately HK$1,383.1 million to HK$1,467.3 million, accounting for approximately 50.9% to 54.0% of the net proceeds of the Global Offering, will be utilized as of December 31, 2023 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 our Company and subject to changes in accordance with our actual business operation.

Interim Dividend

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

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 condensed consolidated financial statements of the Group for the six months ended June 30, 2023 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

Independent Review of Auditor

The interim financial report for the six months ended June 30, 2023 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.

Publication of Interim Results Announcement and Interim Report

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cardioflowmedtech.com).

The interim report of the Group for the six months ended June 30, 2023 containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange and the Company, in accordance with the Listing Rules in due course.

Supplemental information to the 2022 annual report

Reference is made to the 2022 Annual Report. The Company would like to provide the following information in relation to the Share Option Scheme and the Share Award Scheme which should be read in conjunction with the 2022 Annual Report.

Share Option Scheme

As of the date of the 2022 Annual Report, 239,404,991 Shares are available for issue underlying options under the Share Option Scheme, representing approximately 9.93% of the total number of Shares in issue as of the date of the 2022 Annual Report. The Share Option Scheme was terminated and replaced by the Share Scheme on June 27, 2023.

Share Award Scheme

As of the date of the 2022 Annual Report, 238,642,158 Shares are available for issue underlying awards under the Share Award Scheme, representing approximately 9.90% of the total number of Shares in issue as of the date of the 2022 Annual Report. The Company revised the scheme rules of the Share Award Scheme on August 29, 2023, after which the Share Award Scheme will constitute a share scheme that is funded only by existing Shares and no Share will be available for issue under the Share Award Scheme.

In addition, two batches awards granted under the Share Award Scheme were vested on March 30, 2022 and April 30, 2022, and the weighted average closing price of the Shares immediately before the vesting dates was HK$2.54 and HK$2.77, respectively.

The above additional information does not affect other information contained in the 2022 Annual Report. All other information in the 2022 Annual Report remains unchanged.

APPRECIATION

The Board would like to express its sincere gratitude to the Shareholders, management team, employees and business partners of the Company for their support and contribution to the Group.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"2022 Annual Report"	the annual report for the year ended December 31, 2022 of the Company published on April 25, 2023
"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
"AltaValve™"	AltaValve™ human mitral valve replacement medical device product
"Alwide®"	Alwide® balloon catheter
"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 our Company
"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 results announcement and for geographical reference only and except where the context requires otherwise, references in this interim results announcement do not apply to Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
"Code Provision(s)"	the principles and code provisions set out in the CG Code

"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
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"FDA"	U.S. Food and Drug Administration
"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", "our 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
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"IDE"	Investigational device exemptions
"Independent Physicians"	physicians who can perform TAVI with our products independently
"KOL(s)"	doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"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 our Company on January 26, 2021
"PVL"	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or surgical aortic valve replacement
"R&D"	research and development
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2023
"Rose Emblem"	Rose Emblem Ltd.
"Shanghai Shield"	Shanghai MicroPort Shield Medtech Co., Ltd. (上海微盾醫療科技有限公司)
"Share Award Scheme"	the share award scheme adopted by our Company on March 30, 2021, as amended from time to time

"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020 and terminated and replaced by the Share Scheme on June 27, 2023
"Share Scheme"	the share scheme adopted by our Company on June 27, 2023, as amended from time to time
"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, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"TMVr"	transcatheter mitral valve repair, a catheter-based technique to repair the mitral valve in an interventional procedure that does not involve open-chest surgery
"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TTVR"	transcatheter tricuspid valve replacement, 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$" or "US dollars"	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®
"Witney Put Option"	the put option granted to Witney Global Limited
"%"	per cent

By order of the Board
MicroPort CardioFlow Medtech Corporation
Chen Guoming
Chairman

Shanghai, PRC, August 29, 2023

As at the date of this announcement, the executive Directors are Mr. Jeffrey R Lindstrom, Mr. Zhao Liang and Ms. Yan Luying, the non-executive Directors are Mr. Chen Guoming, 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.