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, 2024

The Board is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended June 30, 2024, together with comparative figures for the corresponding period in 2023.

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,	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Revenue	**223,138**	176,442
Gross profit	**158,224**	116,623
Loss before taxation	**(54,063)**	(175,629)
Loss for the period	**(57,753)**	(179,402)
Loss per share — Basic and diluted *(in RMB)*	**(0.02)**	(0.08)

For the six months ended June 30, 2024, the Group recorded revenue of RMB223.1 million, representing an increase of 26.5% compared to RMB176.4 million for the six months ended June 30, 2023, primarily attributable to the increased sales from our TAVI products and procedural accessories in the PRC owing to the increased hospital penetration in the PRC. Meanwhile, the increase of our overseas revenue was contributed by the continued advancement of the VitaFlow Liberty® and the Alwide® Plus in terms of global commercialization during the Reporting Period. In addition, the AnchorMan® LAA Access System and AnchorMan® LAAC System independently developed by our subsidiary, MP CardioAdvent, were officially commercialized in the PRC during the Reporting Period, contributing incremental revenue to the Group as well.

The Group's gross profit increased by 35.7% from RMB116.6 million for the six months ended June 30, 2023 to RMB158.2 million for the six months ended June 30, 2024. The gross profit margin increased by 4.8 percentage points from 66.1% for the six months ended June 30, 2023 to 70.9% for the six months ended June 30, 2024, which were primarily attributable to our effective costs reduction and expenditures control measures and the economies of scale we achieved in line with our business growth.

The Group recorded loss for the period of RMB57.8 million for the six months ended June 30, 2024 as compared to RMB179.4 million for the six months ended June 30, 2023. Such significant decrease was primarily due to (1) revenue increased by 26.5%, driving a reduction in production costs and an increase in gross profit margins; and (2) the Group's endeavors in coordinating internal and external resources, leveraging intensive effect, and enhancing operational efficiency, driving the business to achieve healthy and sustainable growth.

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.

During the Reporting Period, the Group's TAVI products made significant progress in global commercialization based on their excellent clinical results and high recognition from physicians and patients in real-world applications. In China, new access to 50 additional hospitals brought the Company's coverage to more than 600 hospitals, and the implantation volume increased by more than 10% comparing with the corresponding period of last year. In overseas, VitaFlow Liberty® obtained CE mark and achieved commercial implantation, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, and laying a solid foundation for the rapid growth of our overseas revenue. We continue to increase the presences of VitaFlow Liberty® in the international academic circle of structural heart diseases through participation in international conferences. By the end of the Reporting Period, our TAVI products have entered nearly 100 hospitals in Argentina, Colombia, Thailand, Russia, Chile and Switzerland.

On January 1, 2024, we acquired 51% equity interest in MP CardioAdvent. The self-developed AnchorMan® LAAC System of MP CardioAdvent was approved by the NMPA on January 5, 2024, making it the only approved semi-closed type LAAC product in China so far. The acquisition marks the official expansion of the Group's business into stroke prevention in patients with nonvalvular atrial fibrillation, a market segment with high growth potential in the field of structural heart diseases, which will further expand the revenue sources of the Group, and enhance its competitiveness. As of the date of this announcement, the Group has completed its first batch commercial implantations of AnchorMan® LAAC System.

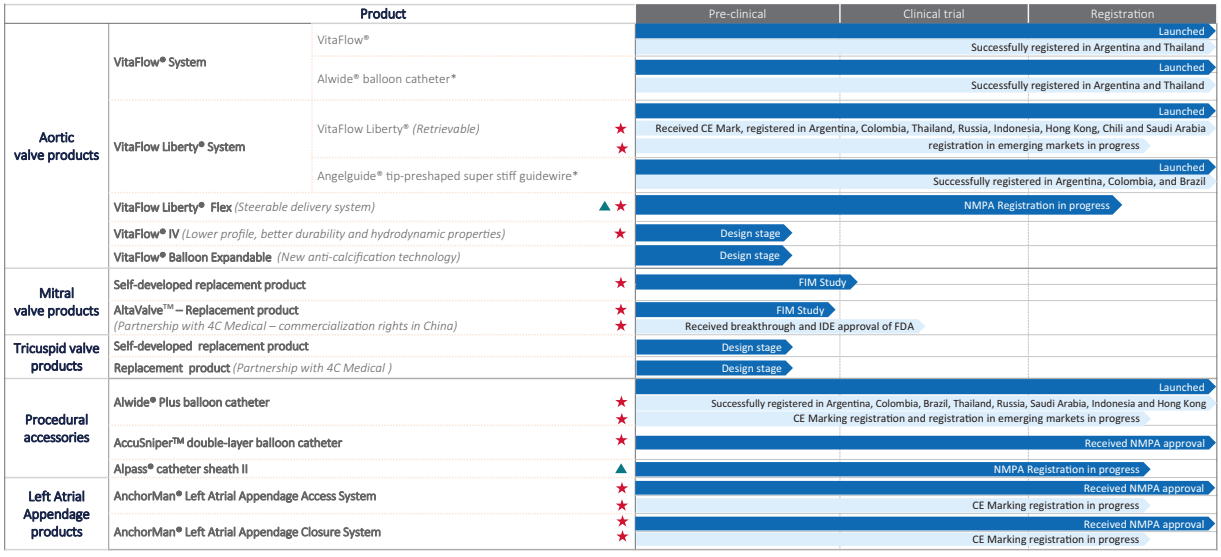
Our global registrations are also progressing steadily during the Reporting Period: as of the date of this announcement, in addition to the CE mark, VitaFlow Liberty® received registration approvals in Hong Kong, Saudi Arabia, Belarus and Malaysia; the registrations of VitaFlow Liberty® and Alwide® Plus have also reached milestone achievements in emerging markets such as Brazil, South Korea, Iran and Kazakhstan. The CE registration of Alwide® Plus, AnchorMan® LAAC System and AnchorMan® LAA Access System also entered key approval process. With the successive registrations of our products in overseas markets, we will further 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 pain points of the existing TAVI products, and have designed and planned to launch VitaFlow Liberty® Flex, our third-generation TAVI product which is equipped with a newly upgraded steerable delivery system, in order to further enhance the immediate and long-term therapeutic effects of TAVI procedures. The product has entered the critical stage of the NMPA registration. In respect of mitral valve therapy, the Group's self-developed TMVR product completed multiple human applications, successfully completed the postoperative follow-ups of relevant patients for up to two years with an inspiring result.

In addition to in-house development, we have been actively seeking opportunities to collaborate with advanced products and technologies, both domestic and overseas, in the field of structural heart disease in order to expand our product portfolio. During the Reporting Period, AltaValve™, a TMVR product in collaboration with our business partners, was granted two breakthrough device designations by the FDA for the treatment of (a) moderate-to-severe or severe MR, and (b) moderate-to-severe or severe MR with moderate/severe mitral annular calcification, which fully demonstrates the innovative results and leading position of the AltaValve™ system in the field of mitral regurgitation interventional therapy. As of the date of this announcement, the FDA has approved the Investigational Device Exemption (IDE) application of AltaValve™ to conduct a new pivotal study.

Our Pipeline

As of the date of this announcement, our in-house developed product portfolio consists of six registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAA Access System, and various TAVI products, TMV products, TTV products, LAA products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, 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 end of the Reporting Period:



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 STS Score of 8.8%. The 5-year follow-up results of the clinical trial 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%; during the Reporting Period, the 8-year follow-up results of the clinical trial were released, in which the all-cause mortality rate at 8-year follow-up was 39.1%, and the cardiac mortality rate is only 22.1%. Compared with other commercially available TAVI products in China, VitaFlow® performed better in terms of all-cause mortality rate and postoperative complications (including moderate/severe PVL, major stroke and vascular complications). This 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 ensuring excellent navigability, which helps to traverse challenging anatomical structures. 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. As of the date of this announcement, VitaFlow Liberty® was successively registered in Argentina, Colombia, Thailand, Russia, Indonesia, Hong Kong, European Union, Saudi Arabia, Malaysia and Belarus. We are also in the process of registering VitaFlow Liberty® in emerging markets, such as Brazil, South Korea, Kazakhstan, and Iran, and plan to apply for its registration in regions and countries that recognize the CE mark after obtaining it.

VitaFlow Liberty® Flex

VitaFlow Liberty® Flex is our third-generation TAVI product. It 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. VitaFlow Liberty® Flex will provide physicians with excellent ease-of-use and further improve procedure efficiency and release accuracy. We have submitted the registration application for this product.

We may not be able to successfully develop and commercialize VitaFlow Liberty® Flex.

Fourth-Generation TAVI Product

We are developing the fourth-generation product of the VitaFlow series, which will continue the technical features of this series, such as controllable bending, full retrievability, and strong support. At the same time, we are continuously focusing on enhancing safety, effectiveness, and such as providing better choices for physicians in terms of low profile, durability, and hydrodynamics to provide patients with products that are both reliable and affordable. The product is currently in the R&D and design stage.

We may not be able to successfully develop and commercialize the fourth-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 design and dry tissue, and equips with other unique technical features to optimize hemodynamics and maintain valve performance. The product is currently in the R&D and design stage.

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

TMVR Product

We are developing a TMVR product for the treatment of patients with MR, which is featured with large orifice, low subvalvular height and dry tissue technology, and its operation is simple and physician-friendly. We have now completed multiple human applications of the TMVR product and postoperative follow-ups of relevant patients for up to two years and are rapidly advancing the human application and validation of the product in multiple centers, so as to accumulate clinical experience for the subsequent large scale clinical trials of the product.

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 90 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 protections such as patent application, trademark registration, business secret control, etc., while devoting ourselves to technological innovation.

During the Reporting Period, we newly registered five patents and submitted 20 pending patent applications in China. Meanwhile, we added a total of 34 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 185 patents in China, including 46 invention patents, 129 utility models and ten industry designs, and 168 pending patent applications, including 147 invention patents, 20 utility models and one industry design. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 151 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, with four newly registered ones, the total number of our approved trademarks worldwide reached 112.

Supply Chain

Our production plant with a total GFA of approximately 14,000 sq.m. in Shanghai is able to provide an annual production capacity of 25,000 sets of TAVI products and 6,000 sets of LAAC products, providing a solid supply guarantee for the continuous improvement on sales and supporting our Group's rapid development in the future. Our production facilities and equipment follow the GMP of the United States, the European Union and China.

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 agility, and continuously optimize product costs. We have also achieved in-house production of certain key raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality control system, further introduced the concept of Operational Excellence (OPEX), and continued to strengthen the construction of the manufacturing system to realize the continuous improvement on production efficiency.

Commercialization

As of the date of this announcement, we had commercialized our TAVI products in China, Argentina, Colombia, Thailand, Russia, Chili and Switzerland through over 600 domestic hospitals and nearly 100 overseas hospitals. The Independent Physicians of our TAVI products are over 370 in China and nearly 30 overseas. Our LAAC product has enrolled in the online bidding system of almost all the provinces, and completed the first batch commercial applications.

We have a dedicated in-house team (the "**Total Solutions Team**") with professional medical background to promote our medical solutions, which aims to promote the Group's innovative transcatheter and surgical solutions for structural heart diseases, including TAVI and LAAC. 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, it brings 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 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 are 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 strong supplement of 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 witnessed the culminating duel in the National Finals of the third "AP-SHD • China Structural Week • VitaFlow® Classics Competition", as well as the moment of glory of various young-and-middle-aged physicians, which has laid a good foundation for accelerating popularization and penetration of the TAVI procedure. We participated in well-known international academic conferences such as Hangzhou Valves, Annual Meeting of the Asian Society for Cardiovascular and Thoracic Surgery (ASCVTS), 2024 West China Atrial Fibrillation Week, the Oriental Congress of Cardiology and the World Congress of Cardiology (OCC-WCC 2024), Beijing Valves, Chinese Heart Rhythm Society Scientific Sessions (CHRS 2024), 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.

Employees and Remuneration

As of June 30, 2024, our Group had a total of 483 full-time employees (as of June 30, 2023: 579 full-time employees), of which 11.59% were R&D staff and 36.44% 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 and 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 our 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 the 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 are 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.

Strengthen promotion of LAAC products to improve its market share in China

Based on the excellent clinical results of our LAAC products and our years of experience and resources in the field of structural heart disease, we will strengthen the promotion of LAAC products and strive to rapidly increase its market share in China.

Continue to advance our international strategy

VitaFlow Liberty® has received the CE Mark and registration approval in nine overseas countries and territories, and Alwide® Plus, AnchorMan® LAAC System and AnchorMan® LAA Access System have entered the key stages of CE mark registration, which lays a good foundation for 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.

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, and working closely with our international scientific advisory board and KOLs to understand the clinical demands, market trends and technology breakthroughs, we continue our focus on the development of other pipeline products to expand our product portfolio, including TAVI, TMV, TTV, LAAC and next-generation procedural accessories designated to strengthen our leading market position in medical devices for structural heart diseases.

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 and investigation of structural heart diseases, explore opportunities for cooperation and conduct prudent evaluation, in order to expand product portfolios through acquisitions, cooperations or licensing.

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 and design for manufacturability 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. At the same time, we will also apply advanced information technology systems to further enhance and improve the quality and efficiency of our operations and management.

Focus on costs reduction and expenditures control to accelerate the profitability process

With the robustness of the financial statements as our priority, we will further minimize our losses by focusing on our business, increasing revenues, cutting costs and reducing expenses, and strive to achieve breakeven as soon as possible while maintaining a steady growth in revenues.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

On January 1, 2024, MicroPort Sinica and Shanghai Zuoqing (as the sellers), MP CardioFlow (as the purchaser) and MP CardioAdvent entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow conditionally agreed to acquire, and MicroPort Sinica and Shanghai Zuoqing conditionally agreed to sell, 51% equity interest in MP CardioAdvent. Upon completion of the MP CardioAdvent Acquisition, MP CardioFlow will hold 51% equity interest in MP CardioAdvent and MP CardioAdvent will become a subsidiary of the Company. Please refer to the announcement of the Company dated January 1, 2024 for details.

Save as disclosed above, we did not make any significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

Events after the Reporting Period

On July 19, 2024 (after trading hours), MP CardioFlow and Kewei Medical entered into (i) the 2024 Kewei Distribution Framework Agreement, pursuant to which, for a term commencing from July 19, 2024 to December 31, 2025 (both day inclusive), Kewei Medical agreed to grant an exclusive right to MP CardioFlow to distribute the Kewei Products in China; (ii) the Kewei Loan Agreement, pursuant to which, MP CardioFlow, as the lender, agreed to grant Kewei Medical, as the borrower, a loan facility in a principal amount of RMB10.0 million, at an interest rate equivalent to the one-year LPR on the date of the Kewei Loan Agreement for a term of two years from the date of drawdown. For further details, please refer to the Company's announcement dated July 19, 2024.

On August 22, 2024, MP CardioFlow and Shanghai MicroPort Medical entered into the Equity Transfer Agreement, pursuant to which MP CardioFlow has conditionally agreed to acquire, and the Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in the Target Company. For further details, please refer to the Company's announcement dated August 22, 2024.

Save as disclosed above, there are no important events occurred after the end of Reporting Period and up to the date of this announcement.

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 mainly generated from our commercialized products, VitaFlow®, VitaFlow Liberty®, AnchorMan® LAA Access System and AnchorMan® LAAC System.

Our Group's revenue increased by 26.5% from RMB176.4 million for the six months ended June 30, 2023 to RMB223.1 million for the six months ended June 30, 2024, primarily attributable to (i) the increased sales from our TAVI products and procedural accessories in the PRC owing to the increased hospital penetration in the PRC; (ii) our overseas increased revenue contributed by the continued advancement of the VitaFlow Liberty® and the Alwide® Plus in terms of global commercialization during the Reporting Period; and (iii) our incremental revenue from the newly launched products, AnchorMan® LAA Access System and AnchorMan® LAAC System.

Cost of Sales

During the Reporting Period, our cost of sales was mainly related to the manufacturing of VitaFlow®, VitaFlow Liberty®, AnchorMan® LAA Access System and AnchorMan® LAAC System. Our cost of sales increased by 8.5% from RMB59.8 million for the six months ended June 30, 2023 to RMB64.9 million for the six months ended June 30, 2024, primarily due to the increase of raw materials costs, staff costs and manufacturing expenses as a result of the enlarged sales volumes.

Gross Profit and Gross Profit Margin

Our gross profit increased by 35.7% from RMB116.6 million for the six months ended June 30, 2023 to RMB158.2 million for the six months ended June 30, 2024, and the gross profit margin increased by 4.8 percentage points from 66.1% for the six months ended June 30, 2023 to 70.9% for the six months ended June 30, 2024, primarily due to our effective costs reduction and expenditures control measures and the economies of scale we achieved in line with our business growth.

Other Net Income

For the six months ended June 30, 2024, we recorded RMB41.9 million of other net income, compared to RMB43.7 million for the six months ended June 30, 2023, which primarily due to the decrease in interest income arising from time deposits during the Reporting Period.

R&D Costs

Our R&D costs decreased by 24.1% from RMB109.5 million for the six months ended June 30, 2023 to RMB83.1 million for the six months ended June 30, 2024, primarily due to the adjustments in the priority and resource investment of projects based on the prevailing market outlook and the efficiency analysis on input-output in a prudent manner. 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,	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Staff costs	**27,243**	39,243
Cost of materials and consumables used	**11,305**	24,468
Depreciation and amortization	**22,208**	19,821
Third-party contracting costs	**13,564**	20,355
Share-based compensation expenses	**1,585**	1,757
Others	**7,185**	3,850
Total	**83,090**	109,494

Distribution Costs

Our distribution costs was RMB87.2 million for the six months ended June 30, 2024 as compared to RMB86.8 million for the six months ended June 30, 2023, remaining relatively stable, which is primarily due to the enhancement of synergies and interconnections of sales channels while expanding our sales, and the increase in the enhancement of operational efficiency.

Administrative Expenses

Our administrative costs increased by 11.4% from RMB28.5 million for the six months ended June 30, 2023 to RMB31.8 million for the six months ended June 30, 2024, primarily due to the increase in the amortization of shares granted to employees under the Share Scheme.

Fair Value Changes in Financial Instruments

The gain on fair value changes in financial instruments was RMB2.4 million for the six months ended June 30, 2024 (a loss on fair value changes for the six months ended June 30, 2023 of RMB33.0 million), which mainly arose from the fair value changes of the convertible instruments issued by 4C Medical.

Other Operating Costs

Our other operating costs decreased by 23.5% from RMB37.9 million for the six months ended June 30, 2023 to RMB29.0 million for the six months ended June 30, 2024, primarily due to the decrease in donations we made during the Reporting Period.

Finance Costs

Our finance costs decreased by 9.3% from RMB2.2 million for the six months ended June 30, 2023 to RMB2.0 million for the six months ended June 30, 2024, primarily attributable to a decrease in interests of lease liabilities.

Share of Losses of Associates

Our share of losses of associates was RMB23.6 million for the six months ended June 30, 2024 (for the six months ended June 30, 2023: RMB23.5 million), which was primarily attributable to the losses incurred by 4C Medical under the equity method during the Reporting Period.

Share of Losses of a Joint Venture

For the six months ended June 30, 2024, no share of losses of a joint venture was recorded primarily due to the Group has obtained the control of Rose Emblem Ltd. (a former joint venture of the Group) in November 2023.

Inventories

Our inventories decreased by 3.7% from RMB122.9 million as of December 31, 2023 to RMB118.4 million as of June 30, 2024, primarily attributable to the improvement in operational efficiency.

Trade and Other Receivables

Our trade and other receivables primarily consist of (i) trade receivables; (ii) VAT recoverable, representing VAT to be recovered or deducted from future value-added tax payables arising from the Group's revenue; and (iii) deposits and prepayments to suppliers and service providers.

Our trade and other receivables increased by 48.3% from RMB144.8 million as of December 31, 2023 to RMB214.7 million as of June 30, 2024, primarily due to an increase in trade receivables brought by the increased sales volume.

Interests in Associates

Our interest in associates decreased by 15.9% from RMB143.1 million as of December 31, 2023 to RMB120.3 million as of June 30, 2024, primarily due to the loss recognized from 4C Medical under 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; (iii) other payables and accrued charges; and (iv) consideration payables in connection with the acquisition of a subsidiary.

Our trade and other payables increased by 19.0% from RMB152.9 million as of December 31, 2023 to RMB182.0 million as of June 30, 2024, primarily due to the consideration payables in connection with the MP CardioAdvent Acquisition.

Capital Expenditure

Our capital expenditure amounted to RMB5.4 million during the Reporting Period, representing the addition of property, plant and equipment and intangible assets.

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, 2024, 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 denominated in foreign currencies, our Group did not have significant foreign currency exposure from its operations as of June 30, 2024.

Contingent Liabilities

As of June 30, 2024, 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, time deposits and pledged deposits decreased from RMB1,773.7 million as of December 31, 2023 to RMB1,560.4 million as of June 30, 2024, primarily attributable to continuous expansion of the business scale of the Group. Our 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. Our Company believe that we have sufficient funds to satisfy our working capital and capital expenditure requirements for 2024.

Borrowings and Gearing Ratio

Our Group's borrowings as of June 30, 2024 were RMB27.0 million (as of December 31, 2023: nil). As of June 30, 2024, the gearing ratio of our Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity as of the same date) increased to 4.1%, compared to 3.0% as of December 31, 2023, which was mainly due to the borrowings of our subsidiary, MP CardioAdvent.

Net Current Assets

Our Group's net current assets as of June 30, 2024 were RMB1,644.5 million, as compared to net current assets of RMB1,847.8 million as of December 31, 2023. Such decrease was mainly due to a decrease in cash and cash equivalents.

Charge on Assets

As of June 30, 2024, there was no charge on assets of our Group.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the six months ended June 30, 2024
(Expressed in Renminbi "RMB")

	Note	Six months ended June 30, 2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	*3*	**223,138**	176,442
Cost of sales		**(64,914)**	(59,819)
Gross profit		**158,224**	116,623
Other net income	*4*	**41,866**	43,698
Research and development costs		**(83,090)**	(109,494)
Distribution costs		**(87,164)**	(86,813)
Administrative expenses		**(31,756)**	(28,517)
Fair value changes in financial instruments		**2,448**	(32,999)
Other operating costs	*5(b)*	**(29,008)**	(37,918)
Loss from operations		**(28,480)**	(135,420)
Finance costs	*5(a)*	**(2,021)**	(2,229)
Share of loss of associates		**(23,562)**	(23,504)
Share of loss of a joint venture		**—**	(14,476)
Loss before taxation	*5*	**(54,063)**	(175,629)
Income tax	*6*	**(3,690)**	(3,773)
Loss for the period		**(57,753)**	(179,402)
Attributable to:			
Equity shareholders of the Company		**(56,461)**	(179,402)
Non-controlling interests		**(1,292)**	—
Loss per share	*7*		
Basic and diluted *(RMB)*		**(0.02)**	(0.08)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2024
(Expressed in Renminbi "RMB")

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
	(unaudited)	(unaudited)
Loss for the period	**(57,753)**	(179,402)
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	**20,239**	129,999
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(7,951)**	(53,869)
Other comprehensive income for the period	**12,288**	76,130
Total comprehensive income for the period	**(45,465)**	(103,272)
Attributable to:		
Equity shareholders of the company	**(44,173)**	(103,272)
Non-controlling interests	**(1,292)**	—
Total comprehensive income for the period	**(45,465)**	(103,272)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

at June 30, 2024
(Expressed in Renminbi "RMB")

	Note	**At June 30, 2024** ***RMB'000*** **(unaudited)**	At December 31, 2023 *RMB'000* (audited)
Non-current assets			
Property, plant and equipment	*8*	**185,762**	196,973
Intangible assets	*8*	**207,112**	143,881
Interests in associates		**120,342**	143,089
Other financial assets	*9*	**62,522**	24,282
Other non-current assets		**28,165**	27,547
		603,903	535,772
Current assets			
Inventories		**118,438**	122,871
Trade and other receivables	*10*	**214,654**	144,785
Time deposits		**759,004**	708,270
Pledged deposits		**325**	325
Cash and cash equivalents		**801,097**	1,065,085
		1,893,518	2,041,336
Current liabilities			
Trade and other payables	*11*	**181,967**	152,864
Contract liabilities		**16,154**	4,937
Interest-bearing borrowings		**14,250**	—
Lease liabilities		**30,784**	28,568
Income tax payable		**5,910**	7,214
		249,065	193,583
Net current assets		**1,644,453**	1,847,753
Total assets less current liabilities		**2,248,356**	2,383,525

	At June 30, 2024 *RMB'000* (unaudited)	At December 31, 2023 *RMB'000* (audited)
Non-current liabilities		
Interest-bearing borrowings	**12,750**	—
Lease liabilities	**31,309**	41,912
Deferred income	**6,680**	6,750
	50,739	48,662
NET ASSETS	**2,197,617**	2,334,863
CAPITAL AND RESERVES		
Share capital	**83**	83
Reserves	**2,160,548**	2,334,780
Total equity attributable to equity shareholders of the Company	**2,160,631**	2,334,863
Non-controlling interests	**36,986**	—
TOTAL EQUITY	**2,197,617**	2,334,863

NOTES

1 Basis of preparation

These financial statements have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, 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 was authorised for issue on August 28, 2024.

These financial statements have been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 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 Company and the Group since the 2023 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 HKFRSs.

These financial statements are unaudited, but have 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, 2023 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, 2023 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated March 27, 2024.

2 Changes in accounting policies

The HKICPA has issued the following new and amendments to HKFRSs 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:

- Amendments to HKAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("**2020 amendments**")*
- Amendments to HKAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("**2022 amendments**")*
- Amendments to HKFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures — Supplier finance arrangements*

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 prepared or presented in these interim 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,	
	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**223,138**	176,442

(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,	
	2024	2023
	RMB'000	*RMB'000*
PRC	**215,008**	170,148
Other countries	**8,130**	6,294
	223,138	176,442

4 Other net income

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Government grants *(note)*	**3,649**	223
Interest income on bank deposits	**38,763**	41,486
Interest income on other financial assets carried at amortised cost	**617**	802
Net foreign exchange (losses)/gains	**(1,240)**	1,213
Others	**77**	(26)
	41,866	43,698

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 June 30,	
	2024	2023
	RMB'000	*RMB'000*
Interest on lease liabilities	**1,598**	2,104
Interest on interest-bearing borrowings	**335**	—
Total interest expense on financial liabilities not at fair value through profit or loss	**1,933**	2,104
Others	**88**	125
	2,021	2,229

(b) Other operating costs

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Donation expenditure *(note)*	**29,000**	36,880
Others	**8**	1,038
	29,008	37,918

Note: During the six months ended June 30, 2024, the Group made charitable and other donations to the third-party charitable organization amounted to RMB29,000,000 (six months ended June 30, 2023: RMB36,880,000).

(c) Other items

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Amortisation of intangible assets	**14,345**	10,831
Depreciation charge		
— owned property, plant and equipment	**14,694**	11,283
— right-of-use assets	**14,445**	13,476
	43,484	35,590
Provisions for inventory write-down	**1,491**	140
Impairment loss on other receivables	**—**	857

6 Income tax

	Six months ended June 30,	
	2024	2023
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("**CIT**")	**3,690**	3,773

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 MP CardioFlow, 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, 2024 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 RMB56,461,000 for the six months ended June 30, 2024 (six months ended June 30, 2023: RMB179,402,000) and the weighted average of 2,347,841,000 shares (six months ended June 30, 2023: 2,361,548,000 shares).

(b) Diluted loss per share

The calculation of diluted loss per share amount for the period ended June 30, 2024 and 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 periods. Accordingly, diluted loss per share for the period ended June 30, 2024 and 2023 are the same as basic loss per share of the respective period.

8 Property, plant and equipment, and intangible assets

During the six months ended June 30, 2024, the Group acquired items of plant and equipment with a cost of RMB3,450,000 (six months ended June 30, 2023: RMB5,204,000). Items of property, plant and equipment with a net book value of RMB248,000 were disposed of during the six months ended June 30, 2024 (six months ended June 30, 2023: RMB4,487,000), resulting in losses on disposal of RMB45,000 (six months ended June 30, 2023: RMB86,000).

Plant and equipment with a cost of RMB16,866,000 and intangible assets with a cost of RMB77,576,000 were acquired through acquisition of a subsidiary.

9 Other financial assets

As at June 30, 2024, the Group held convertible instruments issued by 4C Medical with carrying amount of RMB62,522,000 (2023: RMB24,282,000). The convertible instruments issue by 4C Medical bears an interest rate of 8.0% per annum which shall be repayable upon maturity or on demand upon occurrence of certain liquidation or merger and acquisition events and will be automatically converted into the preferred shares of 4C Medical upon the occurrence of the next equity financing of 4C Medical at the designated conversion price.

The Group also held convertible instruments issued by Valcare which is unsecured and interest-free. As at June 30, 2024, the fair value of convertible instruments issued by Valcare of nil (2023: nil) was determined by the default risk method.

10 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 June 30, 2024 *RMB'000*	At December 31, 2023 *RMB'000*
Within 3 months	**172,360**	100,997
Over 3 months but within 6 months	**13,271**	—
Over 6 months but within 9 months	**2,109**	—
Trade receivables, net of loss allowance	**187,740**	100,997
Bills receivable	**5,000**	—
Trade and bill receivables, net	**192,740**	100,997
VAT recoverable	**1,757**	57
Interest receivables	**8,705**	31,473
Prepayments	**9,620**	9,916
Deposits and other debtors	**1,832**	2,342
Trade and other receivables, net of loss allowance	**214,654**	144,785

All trade receivables are due within 60 to 180 days 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.

11 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 June 30, 2024 *RMB'000*	At December 31, 2023 *RMB'000*
Within 1 month	**26,496**	37,844
Over 1 month but within 3 months	**1,992**	11,817
Over 3 months but within 6 months	**811**	2,495
Over 6 months but within 1 year	**2,387**	760
Over 1 year	**1,084**	334
Total trade payables	**32,770**	53,250
Accrued payroll	**28,138**	37,669
Other payables and accrued charges	**78,664**	61,945
Consideration payables in connection with the acquisition of a subsidiary	**42,395**	—
Financial liabilities measured at amortised cost	**181,967**	152,864

12 Business combination under common control

On 1 January 2024, the Group entered into an Equity Transfer Agreement with MicroPort Sinica and Shanghai Zuoqing, pursuant to which the Group agreed to acquire 51% equity interests in MP CardioAdvent, at a total cash consideration of RMB141,317,000. The transaction was completed on January 31, 2024.

As the Group and MP CardioAdvent are under the common control of MicroPort® before and after the acquisition and the control is not transitory, the business combination has been accounted for in the consolidated financial statements of the Group as a business combination under common control based on the principles of book value accounting. The difference between the total consideration of RMB141,317,000 and 51% of the book value of MP CardioAdvent's net assets of RMB39,832,000 under the ultimate controlling party MicroPort® amounted to RMB101,485,000 was recognised in the capital reserve.

The following table shows the amount of net identifiable assets and liabilities of MP CardioAdvent as at the date when MP CardioAdvent first came under the control of the Company on January 31, 2024:

	Book value at January 31, 2024 *RMB'000*
Property, plant and equipment	**16,866**
Intangible assets	**77,576**
Inventories	**2,289**
Trade and other receivables	**3,365**
Cash and cash equivalents	**16,863**
Interest-bearing borrowings	**(28,500)**
Trade and other payables	**(4,140)**
Lease liabilities	**(5,617)**
Deferred income	**(600)**
Total identifiable net assets at book value	**78,102**

Pre-acquisition carrying amounts were determined based on the book value under the ultimate controlling party, MicroPort®.

Capital reserves arising from the acquisition has been recognised as follows:

	RMB'000
Total consideration, in cash	141,317
Less: Book value of identifiable net assets	(78,102)
Add: Non-controlling interest	38,270
Capital reserve	101,485

An analysis of the cash flows in respect of the acquisition of MP CardioAdvent is as follows:

	RMB'000
Total consideration, in cash	141,317
Less: Cash and cash equivalents acquired	(16,863)
Consideration payables	(42,395)
Net cash outflow in acquisition	82,059

For the period from the date of acquisition to June 30, 2024, MP CardioAdvent contributed RMB9,099,000 to the Group's revenue and incurred a loss of RMB2,638,000 to the consolidated loss for the period. Had the acquisition occurred on January 1, 2024, management estimated that consolidated revenue would have been RMB223,138,000, and consolidated loss for the six months ended June 30, 2024 would have been RMB59,405,000.

13 Dividends

The directors of the Company did not propose the payment of any dividend during the six months ended June 30, 2024 (six months ended June 30, 2023: 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. 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, 2024.

Purchase, Sale or Redemption of Listed Securities of Our Company

Save for the 34,008,000 Shares of our Company purchased through the trustee of the Share Award Scheme at cash consideration of HK$39,783,230 on the Stock Exchange for the Share Award Scheme, neither our Company nor any of its subsidiaries purchased, sold or redeemed any listed securities (including sale of treasury shares) of our Company during the period for the six months ended June 30, 2024.

Compliance with the Model Code

The Company has 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 the Company's securities during the Reporting Period.

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. The Company was not aware of any incident of non-compliance with the Model Code by the employees 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). On December 29, 2023, the Board has resolved to reallocate of unutilized net proceeds ("**Change of Use of Net Proceeds**"). For further details of the Change of Use of Net Proceeds, please refer to the Company's announcement dated January 1, 2024. The table below sets out the actual use of the net proceeds and the revised allocation of the unutilized net proceeds. As of June 30, 2024, 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 as disclosed in the Prospectus (before Change of Use of Net Proceeds)	Amount of proceeds unutilized as of December 15, 2023[1] *HK$ million*	Use of proceeds after reallocation *HK$ million*	Revised percentage of unutilized net proceeds	Actual amount of proceeds utilized as of January 1, 2024 *HK$ million*	Actual amount of proceeds utilized as of June 30, 2024 *HK$ million*	Amount of proceeds unutilized as of June 30, 2024 *HK$ million*	Percentage of proceeds from the Global Offering expected to be used by December 31, 2024	Expected timeframe for unutilized net proceeds
VitaFlow Liberty®										
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty®	423.9	15.6%	250.2	50.2	3.52%	175.0	187.1	36.8		2025
— the ongoing sales and marketing activities of VitaFlow Liberty® in China and overseas	391.3	14.4%	154.9	104.9	7.36%	252.7	316.1	25.2		2025
Subtotal	**815.2**	**30.0%**	**405.1**	**155.1**	**10.89%**	**427.7**	**503.2**	**62.0**	**19.5%–20.6%**	
VitaFlow®	**92.4**	**3.4%**	**19.2**	**19.2**	**1.35%**	**75.5**	**83.2**	**9.2**	**3.2%–3.4%**	**2024**
The remaining products										
— fund the research, preclinical, clinical trial and commercialization of VitaFlow™ III and VitaFlow® Balloon Expandable	190.2	7.0%	98.5	98.5	6.91%	95.7	111.4	78.8		2025
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	202.8	202.8	14.24%	116.2	139.1	173.4		2025
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	127.1	75.0	5.27%	37.5	41.6	69.3		2025
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	67.9	—	—	—	—	—		
Subtotal	**733.6**	**27.0%**	**496.3**	**376.3**	**26.42%**	**249.4**	**292.1**	**321.5**	**11.8%–12.0%**	
Fund the expansion of our product portfolio through collaboration with global enabler	**407.6**	**15.0%**	**53.2**	**523.2**	**36.73%**	**354.4**	**504.4**	**373.2**	**20.1%–20.3%**	**2025**

	Amount of net proceeds for the relevant use *HK$ million*	Percentage of total net proceeds as disclosed in the Prospectus (before Change of Use of Net Proceeds)	Amount of proceeds unutilized as of December 15, 2023[1] *HK$ million*	Use of proceeds after reallocation *HK$ million*	Revised percentage of unutilized net proceeds	Actual amount of proceeds utilized as of January 1, 2024 *HK$ million*	Actual amount of proceeds utilized as of June 30, 2024 *HK$ million*	Amount of proceeds unutilized as of June 30, 2024 *HK$ million*	Percentage of proceeds from the Global Offering expected to be used by December 31, 2024	Expected timeframe for unutilized net proceeds
Expand our production capacity and strengthen our manufacturing capabilities for VitaFlow® and VitaFlow Liberty®	396.7	14.6%	299.2	299.2	21.00%	99.2	122.7	274.0	5.1%–5.2%	2025
Working capital and general corporate purposes	271.7	10.0%	151.5	51.5	3.62%	127.2	142.2	29.5	5.6%–5.7%	2025
Total	2,717.2	100.0%	1,424.5	1,424.5	100.0%	1,333.4	1,647.8	1,069.4	65.4%–67.2%	

Note:

(1) December 15, 2023, being the latest practicable date for calculating the use of net proceeds from the Global Offering prior to the Change of Use of Net Proceeds.

Before the Change of Use of Net Proceeds, the net proceeds from the Global Offering have been used in a manner consistent with the disclosure in the Prospectus. Going forward, the net proceeds will be applied in the manner as set out in announcement of the Company dated January 1, 2024. As of the date of this announcement, saved as disclosed above, the Company does not anticipate any change to its plan on the use of proceeds. The Company expects that approximately HK$1,777.8 million to HK$1,825.5 million, accounting for approximately 65.4% to 67.2% of the net proceeds of the Global Offering, will be utilized by December 31, 2024 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 Dividend

The Directors did not recommend the payment of an interim dividend to the Shareholders for the six months ended June 30, 2024 (for six months ended June 30, 2023: Nil).

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 our Group for the six months ended June 30, 2024 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, 2024 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

The interim report of the Group for the six months ended June 30, 2024 containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.cardioflowmedtech.com), in accordance with the Listing Rules in due course.

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

"2024 Kewei Distribution Framework Agreement"	the 2024 Kewei distribution framework agreement dated July 19, 2024 between MP CardioFlow and Kewei Medical, pursuant to which, for a term commencing from July 19, 2024 to December 31, 2025 (both day inclusive), Kewei Medical agreed to grant an exclusive right to MP CardioFlow to distribute the Kewei Products in China
"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
"AnchorMan® LAA Access System"	AnchorMan® left atrial appendage access system
"AnchorMan® LAAC System"	AnchorMan® left atrial appendage closure system
"Angelguide®"	our first-generation tip-preshaped super stiff guidewire
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle
"associate(s)"	has the meaning as defined in the Listing Rules
"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 C1 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 and Taiwan
"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
"Code Provision(s)"	the principles and code provisions set out in the CG Code
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors

"Equity Transfer Agreement"	the equity transfer agreement dated January 1, 2024 among MicroPort Sinica, Shanghai Zuoqing, MP CardioAdvent and MP CardioFlow in respect of the MP CardioAdvent Acquisition
"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
"Independent Physicians"	physicians who can perform TAVI with our products independently
"Kewei Loan Agreement"	the Kewei loan agreement dated July 19, 2024 entered into between MP CardioFlow and Kewei Medical, pursuant to which, MP CardioFlow, as the lender, agreed to grant Kewei Medical, as the borrower, a loan facility in a principal amount of RMB10.0 million, at an interest rate equivalent to the one-year LPR on the date of the Kewei Loan Agreement
"Kewei Medical"	Dongguan Kewei Medical Instrument Co., Ltd. (東莞科威醫療器械有限公司), a limited liability company established in the PRC on April 15, 1993

"Kewei Products"	the self-owned products of Kewei Medical, namely Evermend™ ASD (atrial septal defect) occluder, Evermend™ VSD (ventricular septal defect) occluder, Evermend™ PDA (patent ductus arteriosus) occluder and delivery systems for Evermend™ occluders
"KOL(s)"	doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"LAA"	left atrial appendage
"LAAC"	left atrial appendage closure
"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
"MicroPort Sinica"	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), (formerly known as MicroPort Group Co., Ltd. (上海微創投資控股有限公司)), a limited liability company established in the PRC on April 9, 2013 and a wholly-owned subsidiary of MicroPort®
"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 C3 of the Listing Rules

"MP CardioAdvent"	Shanghai MicroPort CardioAdvent Co., Ltd. (上海佐心醫療科技有限公司), a limited liability company established in the PRC on September 10, 2019
"MP CardioAdvent Acquisition"	the acquisition of the equity interest in MP CardioAdvent under the Equity Transfer Agreement
"MP CardioFlow"	Shanghai MicroPort CardioFlow Medtech Co., Ltd. (上海微創心通醫療科技有限公司), a limited liability company established in the PRC on May 21, 2015 and a wholly-owned subsidiary of our Company
"MR"	mitral regurgitation
"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)
"one-year LPR"	one-year loan prime rate, i.e. the one-year loan prime rate announced by the National Interbank Funding Center (全國銀行間同業拆借中心) of the PRC on the 20th day of each month (or the next Business Day in case of holidays)
"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, 2024

"Shanghai MicroPort Medical"	Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械（集團）有限公司), a limited liability company established in the PRC on May 15, 1998 and a wholly owned subsidiary of MicroPort®
"Shanghai Zuoqing"	Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership) (上海佐擎企業管理諮詢服務中心(有限合夥)), a limited partnership established in the PRC on May 12, 2020 and an employee shareholding platform of MP CardioAdvent
"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
"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
"Target Company"	Shanghai Xinyong Medical Technology Co., Ltd. (上海心永醫療科技有限公司), a limited liability company established in the PRC on June 21, 2024, whose establishment is solely for the purpose of being used as a vehicle to acquire and hold the Target Property from Shanghai MicroPort Medical

"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
"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
"VAT"	value-added tax
"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®
"%"	per cent

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

Shanghai, the PRC, August 28, 2024

As of 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.