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, 2021

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended June 30, 2021, together with comparative unaudited figures for the six months ended June 30, 2020.

FINANCIAL SUMMARY

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Revenue	**86,193**	38,859
Gross profit	**47,511**	17,136
Loss before taxation	**(69,566)**	(121,796)
Loss for the period and attributable to equity shareholders of the Company	**(70,065)**	(121,796)
Loss per share — Basic and diluted (in RMB)	**(0.03)**	(0.07)

For the six months ended June 30, 2021, the Group recorded revenue of RMB86.2 million, representing an increase of 121.8% compared to RMB38.9 million for the six months ended June 30, 2020. All of our revenue were generated from sales of VitaFlow®, which has been commercialized in China since August 2019.

The Group recorded loss of RMB70.1 million for the six months ended June 30, 2021 as compared to RMB121.8 million for the six months ended June 30, 2020. Such decrease was primarily due to (i) the significant increase in revenue as a result of the progress the Group has made in commercializing VitaFlow®; (ii) the significant increase in gross profit due to the effective cost control in line with the revenue growth; and (iii) the decrease in finance costs and other operating costs as certain cost items recorded in the six months ended June 30, 2020 were one-off and non-recurring in nature.

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.

BUSINESS REVIEW

Overview

We are a medical device company in China focusing on the research, development and commercialization of innovative transcatheter and surgical solutions for structural heart diseases. Our mission is to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases.

Since the world's first TAVI procedure performed in 2002, the interventional therapy for valvular heart diseases has achieved significant progress globally. To date, TAVI procedures have benefited over 600,000 patients, who are mainly concentrated in developed countries, and the market penetration rate of TAVI in developing countries remains low, presenting significant growth potential. In China, although the TAVI procedure was developed relatively late, various new technologies for structural heart diseases have sprung up in recent years, along with an increasing number of qualified surgeons and hospitals, indicating that China has ushered in a rapid development stage of treatment of structural heart diseases. The global TMV market is still at a very early stage and its overall market size is expected to reach three to four times of that of the TAVI market. Going forward, with the increasing health awareness of people, accelerated aging population, enlarged reimbursement coverage of government medical insurance and greater affordability of patients, the demand for treatment of structural heart diseases will be further released and the scope of clinical applications will be further expanded.

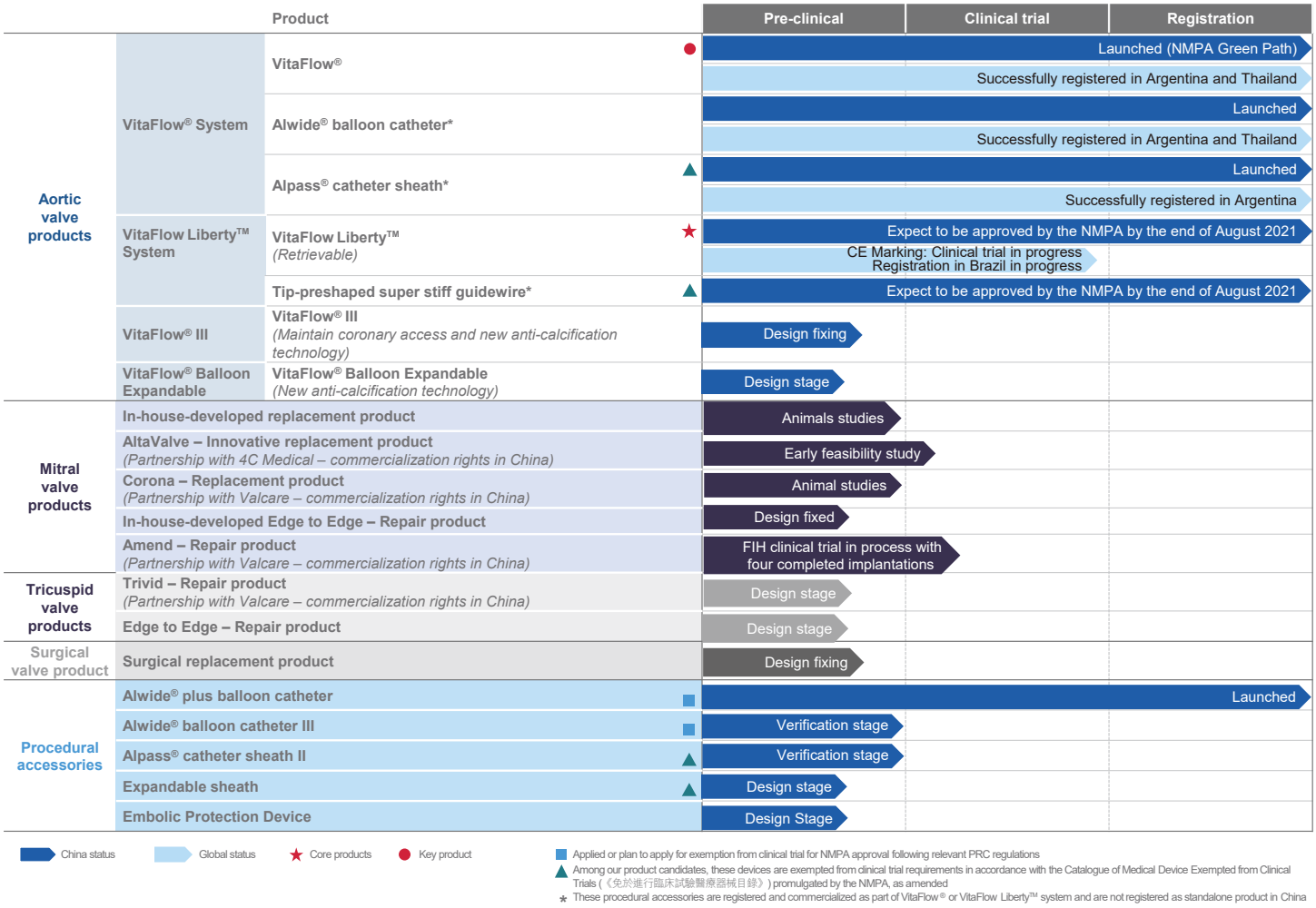
In the first half of 2021, the Group achieved sustained and rapid growth in revenue, mainly due to the rapid growth in sales volume of our first-generation TAVI product, VitaFlow®. Relying on its unique product design and excellent clinical performance, and thanks to the continuous efforts of our marketing and sales team, our hospital coverage has been further expanded, and we have taken a leading market position in certain provinces and cities and many core hospitals in China, leading to a significant increase in its market share. Meanwhile, the Group has formulated a strategic R&D roadmap covering various products including TAVI products, TMV products, TTV products, surgical valve products and surgical accessories. Major R&D projects have been carried out in an orderly manner, providing continuous momentum for the Group's rapid and healthy development. In addition, the Group completed its first commercial implantation of VitaFlow® in overseas markets, opening up a new chapter in global presence. With the advancement of overseas clinical registration of products, leveraging on the global visibility of the "MicroPort" brand and the existing sales network of the MicroPort Group, we will continue to extend our overseas business footprints and lay a solid foundation for the realisation of a global business roadmap.

Our Pipeline

We have established a comprehensive and innovative product pipeline covering TAVI products, TMV products, TTV products, surgical valve product and procedural accessory products, and are dedicated to providing total solutions to physicians and patients for the treatment of structural heart diseases.

We have four TAVI products, which are all in-house developed, including one commercialized TAVI products — VitaFlow®, one nearly-commercialized TAVI product — VitaFlow Liberty™, and two R&D stage TAVI products, i.e. the third-generation self-expanding TAVI product and another balloon-expandable TAVI product. We are also strategically positioned in the TMV market with five TMV products, covering both TMV repair and TMV replacement targeting mitral regurgitation, two of which are in-house developed. We also collaborate with our business partners, namely 4C Medical and Valcare, with respect to three TMV products. We have tapped into the TTV market in China, with one in-house developed edge-to-edge TTV repair product and one TTV repair product Trivid in partnership with Valcare. Through our collaboration with 4C Medical and Valcare, we are granted the exclusive distribution rights in China with respect to the three TMV repair/replacement products and one TTV repair products, enabling us to further enrich our product offerings in the significantly untapped TMV and TTV markets in China. We have a surgical valve product currently at the design stage. Furthermore, we have 8 procedural accessory products and are the only medical device company in China that has a comprehensive offering of in-house developed complementary TAVI procedural accessories. Among them, three products are already launched and five products are under R&D. The embolic protection device developed in collaboration with Microport Group is expected to freeze the design soon. We believe these procedural accessories can help lower the challenges in performing TAVI procedures, shorten the learning curve for physicians or reduce the incidence of postoperative complications.

The following chart summarizes our product portfolio as of the date of this announcement.



VitaFlow®

Our self-developed first-generation TAVI product VitaFlow®, was approved by the NMPA in July 2019. VitaFlow® primarily consists of a PAV, a motorized delivery system and certain procedural accessories. The PAV is a self-expanding bio-prosthesis valve that is manufactured by suturing bovine pericardial valve leaflets and double-layer PET skirt onto a self-expanding nitinol frame. The motorized delivery system consists of a catheter and a motorized handle. The procedural accessories comprise our first-generation Alwide® balloon catheter and our first-generation Alpass® catheter sheath, which are 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 an average STS Score of 8.8. Compared with other TAVI products currently commercialized in China, VitaFlow® achieved positive clinical trial results with respect to all-cause mortality rate and postoperative complications including moderate/severe PVL, major stroke and vascular complications. The all-cause mortality rate was 0.9% at discharge, 0.9% at 30 days, 2.7% at six months, 2.7% at 12 months, 4.5% at 24 months and 12.7% at 48 months post-implantation. None of the patients experienced moderate or severe PVL during the 12 months following the TAVI procedure. None of the patients experienced a major stroke during the 24 months following the TAVI procedure. During the 48 months following the TAVI procedure, only 2.0% of the patients experienced major stroke.

We started to commercialize VitaFlow® in China in August 2019. We are also seeking opportunities to market our VitaFlow® overseas, especially in emerging markets that recognize the NMPA marketing approval. In July 2020 and November 2020, VitaFlow® was registered in Argentina and Thailand, respectively. In August 2021, we successfully completed the first commercial overseas implantation in Argentina, marking a key milestone for our overseas expansion.

For the six months ended June 30, 2021, our revenue generated from the sales of VitaFlow® amounted to RMB86.2 million, representing an increase of 121.8% compared to RMB38.9 million for the six months ended June 30, 2020.

VitaFlow Liberty™ — Our Core Product

VitaFlow Liberty™ is our second-generation TAVI product. Similar to VitaFlow®, VitaFlow Liberty™ consists of a PAV, a motorized retrievable delivery system and certain procedural accessory. The PAV adopts the same design with VitaFlow®. Compared with VitaFlow®, the key upgrade lies in the delivery system, where the capsule of VitaFlow Liberty™ includes a distal flare (a flared tip located at the distal part of the delivery system). Through the unique structural innovation for the delivery system, VitaFlow Liberty™ allows for retrieval of the PAV in a stable and accurate method while providing optimized pass performance. A physician may retrieve the PAV for 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. In addition, VitaFlow Liberty™ introduces the innovative design of interior catheter sheaths to reduce the potential vascular damage in TAVI procedure, making it suitable for patients with different blood vessel characteristics. At the same time, the motorized delivery system is equipped with the only commercialized motorized handle worldwide, enabling deployment and retrieval of the PAV are conducted in a stable, accurate and fast manner.

VitaFlow Liberty™ had achieved positive clinical trial results during the Registration Clinical Trial with respect to its safety and efficacy. During the 30-day follow-up period, none of the patients experienced a disabling stroke. We had also observed a significant improvement in patients' cardiac functions, measured by the NYHA Classification. Prior to the TAVI implantation, none of the patients were classified as Class I and only 18.3% of the patients were classified as Class II under the NYHA Classification, which significantly improved to 19.3% and 68.4% at 30-day follow-up evaluation, respectively. We submitted the registration application for VitaFlow Liberty™ to the NMPA in October 2020, which was supported by the Registration Clinical Trial results, and expect to receive the approval from the NMPA by the end of August 2021.

In addition, we are also conducting a pivotal clinical trial for VitaFlow Liberty™ in Europe, being the only China-developed TAVI product that commenced clinical trial in Europe. We plan to submit the application for CE Mark registration in 2021. We are also preparing to register VitaFlow Liberty™ primarily in countries that recognize the NMPA marketing approval or the CE Mark, such as Argentina, Brazil, India, South Korea, Thailand and Russia, among others, provided we successfully obtained marketing approval from the NMPA and/or the CE Mark.

Cautionary Statement required under Rule 18A.08(3) of the Listing Rules: We cannot guarantee that we will ultimately develop or market our Core Product successfully. Shareholders and potential investors of the Company are advised to exercise due care when dealing in the Shares of the Company.

Research and Development

R&D is crucial to our growth. We have built a core R&D team with key technology expertise in areas including, among others, biological material, suturing technique, structure design and processing technique. Our R&D team is divided into three R&D groups, namely the frame group, the valve group and the delivery system group. Each group focuses on the R&D of new technology and materials related to that group that has the potential to be applied to our product portfolio. For the design and development of a pipeline product, we established a project team which consists of members from each R&D group. The project team holds regular meetings to discuss the R&D progress in each group, the latest market trends as well as detailed analysis of similar products manufactured by our competitors. We believe this working mechanism enables each R&D group to closely follow and meet our in-house R&D needs as well as the market trend while separately focus on the R&D of their respective fields. Through this working mechanism, we have been able to develop innovative designs for each of the valve tissue, PET skirt, frame and handle in VitaFlow® and VitaFlow Liberty™. 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 structural heart diseases worldwide.

Intellectual Properties

As of June 30, 2021 we owned 103 patents in China, including 24 invention patents, 72 utility models and seven industry designs. As of the same date, we also had 88 pending patent applications in China, including 77 invention patents and 11 utility models. To facilitate our strategy to enter overseas market, we also owned 70 patents in Japan, Switzerland, Portugal, United Kingdom, Italy, Germany, France, Spain, America, Korea, Australia and Brazil, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our in-house R&D team.

Manufacturing

We commenced commercial manufacturing of VitaFlow® shortly after we received the NMPA marketing approval in July 2019. We had two manufacturing facilities in Shanghai in compliance with the GMP standard, with a total GFA of approximately 3,863.8 sq.m. During the Reporting Period, we also leased a new manufacturing facility in Shanghai with a total GFA of over 15,000 sq.m, which is expected to commence production in 2022, and will significantly enhance our production capacity to meet the fast-growing demand. Chengdu Xintuo Biotechnology Co., Ltd., a wholly-owned subsidiary of our Company, completed the construction and opened for operation in May 2021, which will help to secure the supply of key raw materials and improve profitability of the Group.

Commercialization

We have established a dedicated in-house sales and marketing team with professional medical background, primarily focusing on academic promotions. We also have a training team within the sales and marketing team, which is responsible for introducing our products and technologies at educational symposia.

We actively participate in sponsoring domestic and international medical conferences and industry exhibitions in the cardiac or cardiovascular fields. We believe these activities provide us with great opportunities to introduce our TAVI products to physicians, especially to get them familiarized with our unique designs such as the bovine pericardium leaflets, the double-layer PET skirt and the motorized delivery system and to enhance our brand recognition globally.

We focus on penetrating core TAVI hospitals as the first step of our marketing strategy. As of the date of this announcement, we have penetrated substantially all of the leading hospitals for TAVI procedures, and have successfully gained a leading position in terms of market share in part of them. In order to further expand our presence in these hospitals, we maintain interaction and communication with KOLs from these hospitals from time to time. We invite these KOLs to carry out clinical studies for our pipeline products and post-marketing clinical studies. We also provide certain in-sale services during TAVI implantation using VitaFlow®, such as product unpacking and assembly and providing assistance during the TAVI procedure, in order to familiarize physicians with our products and its innovative features. We believe their views and endorsement are valuable to our market penetration and future product upgrade.

Currently, there are strong demands for qualified hospitals with an experienced TAVI operation team to support the growth of China's TAVI market. Supported by our penetration in core TAVI hospitals and presence at industry leading conferences, we believe we are well-positioned to penetrate eligible hospitals for TAVI procedure that lack TAVI experiences. During the Reporting Period, we initiated a long-term marketing program "VitaFlow® Elite Competition" to train more physicians to independently perform TAVI procedures using VitaFlow®. We organize hospital seminars and training sessions at eligible hospitals for TAVI procedures in China. We also invite experienced TAVI practitioners, especially leading physicians in this area to facilitate the training process, aiming to help increase the number of qualified physicians for TAVI procedures and make dedicated contributions to the accelerated growth of the China market.

As of June 30, 2021, TAVI procedures using VitaFlow® had been performed at over 220 hospitals in China, most of which are Class IIIA Hospitals located at tier-one and tier-two cities. Among these hospitals, we have obtained market leading positions in around 100 hospitals. We also won the exclusive bid of medical reimbursement in Yunnan and Guizhou provinces, which is crucial for us to gain market share advantage in these regions.

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

On May 24, 2021, MP CardioFlow entered into a joint venture agreement with Milford Haven and Pingzhi Partnership in relation to the proposed formation of a joint venture, Shanghai MicroPort Shield Medtech Co., Ltd. (上海微盾醫療科技有限公司) (the "**Joint Venture**"). The total registered share capital of the Joint Venture is RMB50.0 million, of which Milford Haven made a capital contribution of RMB25.0 million, Shanghai CardioFlow made a capital contribution of RMB17.5 million and Pingzhi Partnership made a capital contribution of RMB7.5 million accounting for 50%, 35% and 15% of the total registered share capital of the Joint Venture respectively. Please refer to the announcement of the Company dated May 24, 2021 for details.

Save as disclosed above, the Company had no other significant investments, material acquisitions and/or disposals of subsidiaries, associates and/or joint ventures during the Reporting Period.

Events after the Reporting Period

On February 18, 2021, our Company made an investment of US$819,377 in Valcare. Pursuant to an agreement entered into between Valcare and the Company, the Company made a follow-on investment of US$2,482,514 in Valcare after the Reporting Period. Please refer to the announcement of the Company dated July 22, 2021 for details.

The second generation Alwide® Plus balloon catheter obtained the NMPA approval on July 29, 2021, which will further enrich the procedural accessory portfolio of the Company. Please refer to the announcement of the Company dated August 4, 2021 for details.

In July 2021, by virtue of its advantages in the development of high-end interventional medical devices designed for heart valves, MP CardioFlow was successfully named as one of the third batch of national "Little Giant" enterprises with the features of specialisation, refinement, uniqueness and innovation (國家級專精特新「小巨人」企業), which indicates that the innovation capability as well as the leading technology and industry position of the Company have been widely recognised by the society.

Save as disclosed in this announcement and Note 13 to the interim financial statements, the Company is not aware of any material subsequent events from the end of Reporting Period to the date of this announcement.

Employees and Remuneration

As of June 30, 2021, the Group had 344 employees. The remuneration package of our employees includes, salary, bonus and share option incentives, which are generally determined by their qualifications, industry experience, position and performance. We make contributions to social insurance and housing provident funds as required by the PRC laws and regulations.

Future Development

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

Continue to strengthen our presence in China's TAVI market

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

- **Expand and deepen hospital penetration.** We will continue our focus on increasing penetration into top tier hospitals, in which we believe we can gain a substantial advantage with the portfolio of VitaFlow® and VitaFlow Liberty™ after VitaFlow Liberty™ is launched. We will also recruit more sales and marketing personnel with experience in or knowledge of structural heart diseases and expand our distributor network to further penetrate China's TAVI market.

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

- **Strengthen academic promotion.** In addition to maintaining our KOLs and physician network in the medical specialty of cardiology, we also intend to expand our KOLs and physician network to physicians in cardiothoracic surgery, which we believe potentially also have strong demand for our products. We believe our KOLs and physician coverage in the medical specialty of cardiothoracic surgery will enable us to gain advantages to promote our products in the cardiothoracic surgery department.

- **Conduct long-term postoperative follow-ups and marketing surveillance.** We will continue to conduct postoperative follow-up evaluations for up to five years post-TAVI procedure to further monitor the long-term safety and efficacy of VitaFlow®. We believe we are well-positioned to further enhance our relationship with physicians and boost our brand recognition through these valuable long-term clinical data.

Continue to advance our international strategy

We will continue our efforts in the international markets with a tailored strategy for both VitaFlow® and VitaFlow Liberty™ in various international markets with significant market potential. Leveraging the global awareness of the "MicroPort" brand and MicroPort group's existing sales network, we plan to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy.

Rapidly advance our TMV pipeline and other product candidates

We will continue our focus on the development of other pipeline products to expand our product portfolio, including TMV pipeline products, TTV pipeline products and next-generation procedural accessories and surgical accessories designated to strengthen our position in the transcatheter medical device market. Capitalizing on our market position and extensive know-how in the structural heart disease field, we will further expand our product portfolio through in-house R&D capabilities. We believe we can leverage our experiences and know-how accumulated during the development of the current product portfolio in our future products.

We will also seek opportunities for third-party cooperation with a focus on structural heart disease. Our deep and unique understanding and insights on structural heart diseases will enable us to identify the technologies that we believe are of great clinical potential to tackle aortic valve, mitral valve and tricuspid valve diseases. We will prudently assess investment opportunities to expand our product portfolio through acquisitions, collaborations or in-licensing arrangements with regard to these technologies.

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

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

We plan to improve operational efficiency to achieve long-term growth through the following measures.

- **Manufacturing.** To support our future sales growth, we have leased a new manufacturing facility in Shanghai with a total GFA of approximately 15,000 sq.m., which is currently expected to commence production in 2022. We expect the manufacturing capacity expansion will enable us to achieve economies of scale. In addition, we intend to further improve the automation and manufacturing efficiency through continuous infrastructure upgrade and facility automation.

- **Operation.** We will continue our efforts to pursue lean management and operational excellence strategy. We plan to upgrade our digital supply management system and information management system to achieve real-time monitoring of our supply chain. We are also exploring methods to optimize our inventory management system, which will improve our operational efficiency.

FINANCIAL REVIEW

Revenue

During the Reporting Period, all of our revenue was generated from the sales of our first commercialized product, VitaFlow®. The Group's revenue increased by 121.8% from RMB38.9 million for the six months ended June 30, 2020 to RMB86.2 million for the six months ended June 30, 2021, primarily attributable to the enhanced market recognition of VitaFlow® and an increase in sales volume.

Cost of Sales

During the Reporting Period, our cost of sales was all related to the manufacturing of VitaFlow®. Our cost of sales increased by 78.1% from RMB21.7 million for the six months ended June 30, 2020 to RMB38.7 million for the six months ended June 30, 2021, primarily because of the increase of raw material costs, staff cost and overhead expenses as a result of the increase of sales volume of VitaFlow®.

Gross Profit and Gross Profit Margin

Our gross profit increased by 177.3% from RMB17.1 million for the six months ended June 30, 2020 to RMB47.5 million for the six months ended June 30, 2021, and the gross profit margin increased by 11 percentage points from 44.1% for the six months ended June 30, 2020 to 55.1% for the six months ended June 30, 2021, primarily due to our continuous efforts to reduce raw material purchase price and the cost saving achieved through economies of scale.

Research and Development Costs

Our R&D costs increased by 61.6% from RMB30.3 million for the six months ended June 30, 2020 to RMB49.0 million for the six months ended June 30, 2021, primarily due to (i) an increase of RMB9.6 million in staff costs; and (ii) an increase of RMB7.4 million in material consumption and testing fee. Such increase was primarily due to the increased investments in the on-going and newly kick-off R&D projects.

Distribution Costs

Our distribution costs increased by 118.7% from RMB18.0 million for the six months ended June 30, 2020 to RMB39.5 million for the six months ended June 30, 2021, primarily due to (i) an increase of RMB10.2 million in market development expenses as we continuously increase our sales and marketing activities; (ii) an increase of RMB4.4 million in post-marketing clinical trials; and (iii) an increase of RMB6.1 million in staff cost to support our increasing sales and marketing activities.

Administrative Expenses

Our administrative costs decreased by 32.8% from RMB20.7 million for the six months ended June 30, 2020 to RMB13.9 million for the six months ended June 30, 2021, primarily due to the decrease of RMB5.5 million of the share-based compensation expenses according to the Share Option Scheme.

Other Net Income

For the six months ended June 30, 2021, we recorded RMB8.4 million of other net income, compared to RMB1.4 million for the six months ended June 30, 2020, which consisted of RMB12.5 million of interest income, partially offset by net foreign exchange loss of RMB3.7 million.

Other Operating Costs

Our other operating costs decreased from RMB17.1 million for the six months ended June 30, 2020 to RMB5.3 million for the six months ended June 30, 2021, primarily due to the decrease of listing expenses of RMB9.5 million in relation to the Global Offering and the decrease of RMB2.3 million of other legal and professional fee.

Finance Costs

Our finance costs decreased from RMB53.0 million for the six months ended June 30, 2020 to RMB17.1 million for the six months ended June 30, 2021, primarily due to a decrease of interest on other financial liabilities due to the conversion of series C preferred shares and series D preferred shares into ordinary shares of the Company upon the completion of the Global Offering.

Inventories

Our inventories consist of (i) raw materials used in R&D activities and manufacturing for our product candidates; (ii) work in progress; and (iii) finished goods.

Our inventories decreased from RMB67.8 million as of December 31, 2020 to RMB64.6 million as of June 30, 2021, reflecting (i) an increase in raw material of RMB8.9 million; and (ii) a decrease in work in progress and finished goods of RMB12.1 million.

Current Trade and Other Receivables

Our current 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.

Our current trade and other receivables increased from RMB39.4 million as of December 31, 2020 to RMB55.8 million as of June 30, 2021, primarily due to an increase of RMB19.1 million for trade receivables.

Trade and Other Payables

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

Our trade and other payables decreased from RMB86.1 million as of December 31, 2020 to RMB84.2 million as of June 30, 2021, primarily due to (i) an increase of RMB23.5 million on trade payables; and (ii) a decrease of RMB23.0 million on other payables and accrued charges resulting from the settlement of the listing expenses in relation to the Global Offering.

Derivative Financial Liabilities

Our derivative financial liabilities decreased from RMB74.0 million as of December 31, 2020 to RMB13.0 million as of June 30, 2021, primarily due to the issuance of additional series D preferred shares upon the exercise of the Series D Adjustment (as defined below) in January 2021.

Lease Liabilities

As of June 30, 2021, we recorded lease liabilities of RMB14.1 million, which were primarily in relation to the properties we leased for our office premises, manufacturing and R&D facilities. We recognize lease liabilities with respect to all leases, except for short-term leases and leases of low value assets.

Capital Expenditure

Our capital expenditure amounted to RMB46.3 million during the Reporting Period representing the additions of intangible assets and property, plant and equipment. In particular, our intangible assets primarily represent the capitalized development costs.

Foreign Exchange Exposure

During the Reporting Period, the Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of the Company's primary subsidiaries. As of June 30, 2021, certain portion of the Group's bank balances and cash was denominated in U.S. dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances and cash, other receivables, trade and other payables, and other denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations as of June 30, 2021.

Contingent Liabilities

As of June 30, 2021, we did not have any contingent liabilities.

Capital Management

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

Liquidity and Financial Resources

Our cash and cash equivalents increased from RMB612.5 million as of December 31, 2020 to RMB2,775.8 million as of June 30, 2021, primarily attributable to cash and cash equivalents received in Global Offering on February 4, 2021. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowing as of June 30, 2021 and December 31, 2020 were nil. As of June 30, 2021, the gearing ratio of the Group (calculated as total interest-bearing borrowings and lease liabilities divided by total equity plus other financial liabilities as of the same date) decreased to 0.4%, compared to 1.7% as of December 31, 2020.

Net Current Assets/Liabilities

The Group's net current assets as of June 30, 2021 were RMB2,803.0 million, as compared to net current liabilities of RMB711.7 million as of December 31 2020. Such increase was mainly attributable to (i) cash proceeds from Global Offering on February 4, 2021; and (ii) conversion of all of the preferred shares issued by the Company to ordinary shares upon the completion of the Global Offering.

Charge on Assets

As of June 30, 2021, there was no charge on assets of the Group.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	For the six months ended June 30, 2021 RMB'000 (unaudited)	2020 RMB'000 (unaudited)
Revenue	3	**86,193**	38,859
Cost of sales		**(38,682)**	(21,723)
Gross profit		**47,511**	17,136
Other net income	4	**8,366**	1,357
Research and development costs		**(48,998)**	(30,323)
Distribution costs		**(39,475)**	(18,049)
Administrative expenses		**(13,884)**	(20,660)
Fair value changes in financial instruments		**(655)**	(1,138)
Other operating costs	5(b)	**(5,262)**	(17,102)
Loss from operations		**(52,397)**	(68,779)
Finance costs	5(a)	**(17,057)**	(53,017)
Share of loss of a joint venture		**(112)**	–
Loss before taxation	5	**(69,566)**	(121,796)
Income tax	6	**(499)**	–
Loss for the period and attributable to the equity shareholders of the Company		**(70,065)**	(121,796)
Loss per share	7		
Basic and diluted (RMB)		**(0.03)**	(0.07)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
	(unaudited)	*(unaudited)*
Loss for the period	**(70,065)**	(121,796)
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	**(393)**	2,232
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**10,800**	(4,702)
Other comprehensive income for the period	**10,407**	(2,470)
Total comprehensive income for the period and attributable to the equity shareholders of the Company	**(59,658)**	(124,266)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of June 30, 2021		As of December 31, 2020	
		RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
		(unaudited)	***(unaudited)***	*(audited)*	*(audited)*
Non-current assets					
Property, plant and equipment	8		**92,132**		68,122
Intangible assets	8		**242,427**		234,168
Interest in a joint venture			**33,567**		34,007
Other financial assets			**86,523**		49,508
Other non-current assets			**31,975**		6,408
			486,624		392,213
Current assets					
Inventories		**64,600**		67,769	
Trade and other receivables	9	**55,755**		39,400	
Pledged and time deposits		**325**		325	
Cash and cash equivalents		**2,775,793**		612,474	
		2,896,473		719,968	
Current liabilities					
Trade and other payables	10	**84,211**		86,059	
Contract liabilities		**23**		–	
Lease liabilities		**8,871**		7,202	
Income tax payable		**326**		–	
Derivative financial liabilities	11	**–**		60,371	
Other financial liabilities	11	**–**		1,278,062	
		93,431		1,431,694	
Net current assets/(liabilities)			**2,803,042**		(711,726)
Total assets less current liabilities			**3,289,666**		(319,513)
Non-current liabilities					
Lease liabilities		**5,190**		8,625	
Deferred income		**3,560**		3,390	
Derivative financial liabilities		**12,973**		13,656	
			21,723		25,671
NET ASSETS/(LIABILITIES)			**3,267,943**		(345,184)
CAPITAL AND RESERVES					
Share capital	12(b)		**83**		60
Reserves			**3,267,860**		(345,244)
TOTAL EQUITY/(DEFICIT)			**3,267,943**		(345,184)

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation

The interim financial report has 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 27, 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report 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.

The interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The unaudited 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**").

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

The financial information relating to the financial year ended December 31, 2020 that is included in the interim financial report 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, 2020 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated March 30, 2021.

2. Changes in accounting policies

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

- Amendment to HKFRS 16, *Covid-19-related rent concessions beyond June 30, 2021*
- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest rate benchmark reform — phase 2*

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.

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.

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	**86,193**	38,859

(b) Geographical information

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

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Disaggregate by geographical location of external customers — the PRC (country of domicile)	**86,193**	38,859
	86,193	38,859

4. Other net income

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Government grants (Note)	**72**	2,287
Interest income on bank deposits	**12,531**	505
Net foreign exchange loss	**(3,669)**	(1,435)
Net loss on disposal of property, plant and equipment	**(568)**	–
	8,366	1,357

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

5. Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

(a) Finance costs

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**–**	39
Interest on other financial liabilities (note 11)	**16,609**	52,460
Interest on lease liabilities	**364**	425
Total interest expense on financial liabilities not at fair value through profit or loss	**16,973**	52,924
Others	**84**	93
	17,057	53,017

(b) Other operating costs

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Listing expenses	**5,255**	14,782
Other legal and professional fee	**–**	2,320
Others	**7**	–
	5,262	17,102

(c) Other items

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Amortisation of intangible assets	**7,742**	7,724
Depreciation charge		
— owned property, plant and equipment	**2,478**	1,772
— right-of-use assets	**3,285**	2,827
	13,505	12,323
Less: Capitalised into intangible assets	**(483)**	(629)
	13,022	11,694
Provisions for inventory write-down	**1,270**	3,790

6. Income tax

	For the six months ended June 30,	
	2021	2020
	RMB'000	*RMB'000*
Current tax — PRC Corporate Income Tax ("**CIT**")	**499**	–
	499	–

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 June 30, 2021 arose from the cash deposited in non-resident accounts of the Company's subsidiaries 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 RMB70,065,000 for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB121,796,000) and the weighted average of 2,262,158,000 shares (six months ended June 30, 2020: 1,731,355,000 shares) assumed to be in issue after taking into account the retrospective adjustments on the assumption that the share subdivision as disclosed below had been in effective on January 1, 2020.

On January 15, 2021, pursuant to a resolution of the Shareholders of the Company, it was approved that a share subdivision pursuant to which each issued and unissued share capital was subdivided to twenty shares of the corresponding class with par value US$0.000005 each.

(b) Diluted loss per share

The calculation of diluted loss per share amount for the six months ended June 30, 2021 had not included the share options granted by the Company (see note 12(b)) during the period, as they had an anti-dilutive effect on the basic loss per share amount for the period.

8. Property, plant and equipment and intangible assets

During the six months ended June 30, 2021, the Group acquired items of plant and equipment with a cost of RMB30,608,000 (six months ended June 30, 2020: RMB1,756,000) and capitalised development costs of RMB15,732,000 (six months ended June 30, 2020: RMB9,385,000).

Items of plant and equipment with a net book value of RMB568,000 were disposed of during the six months ended June 30, 2021 (six months ended June 30, 2020: nil), resulting in a loss on disposal of RMB568,000 (six months ended June 30, 2020: nil)

9. Trade and other receivables

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

	As of June 30, 2021	As of December 31, 2020
	RMB'000	*RMB'000*
Within 1 month	**20,870**	4,664
1 to 3 months	**2,898**	–
	23,768	4,664
Value-added tax recoverable	**21,796**	21,807
Deposits and prepayments	**9,929**	9,245
Other debtors	**262**	3,684
	55,755	39,400

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

10. Trade and other payables

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

	As of June 30, 2021	As of December 31, 2020
	RMB'000	*RMB'000*
Within 1 month	**38,255**	15,231
Over 1 month but within 3 months	**361**	224
Over 3 months but within 6 months	**257**	–
Over 6 months but within 1 year	**2**	15
Over 1 year	**123**	73
	38,998	15,543
Accrued payroll	**12,769**	15,074
Other payables and accrued charges	**32,444**	55,442
Financial liabilities measured at amortised cost	**84,211**	86,059

11. Other financial liabilities

The Company issued series C preferred shares and series D preferred shares to several investors in 2019 and 2020, respectively.

The redemption obligation feature attached in the series C preferred shares and series D preferred shares give rise to financial liabilities, which are measured at the highest of those amounts that could be payable, and on a present value basis. The financial liabilities arising from series C preferred shares and series D preferred shares are measured at the transaction price at initial recognition, and subsequently at amortised cost at an effective interest rate of 15%.

Pursuant to the shareholders' agreement in relation to the series D financing, under certain conditions, the Company shall issue additional series D preferred shares to the investors holding the series D preferred shares (the "**Series D Adjustment**"). This is a separate component from the conversion feature and is recognised as derivative financial liabilities, which is measured at fair value through profit or loss.

In January 2021, the Company issued additional series D preferred shares upon the exercise of the Series D Adjustment. The carrying amount of the derivative financial liabilities of US$9,446,000 (equivalent to RMB61,023,000), being the fair value of the Series D Adjustment at the issuance date, were transferred to other financial liabilities.

Upon the completion of the initial public offering of the Company in February 2021, all the preferred shares issued by the Company were automatically converted into ordinary shares of the Company.

The movement of other financial liabilities during the six months ended June 30, 2021 are set out below:

	RMB'000
At January 1, 2021	**1,278,062**
Interest expenses (note 5(a))	**16,609**
Issuance of series D preferred shares upon the exercise of Series D Adjustment	**61,023**
Conversion of preferred shares into ordinary shares (note 12(b)(iii))	**(1,343,061)**
Exchange adjustments	**(12,633)**
At June 30, 2021	**–**

12. Capital, reserves and dividends

(a) Dividends

The Directors did not propose the payment of any dividend during the six months ended June 30, 2021 (six months ended June 30, 2020: nil).

(b) Share capital

As of January 1, 2021, the authorised share capital of the Company was US$50,000 divided into 500,000,000 shares with par value of US$0.0001 each.

On January 15, 2020, a share subdivision was approved by the Shareholders of the Company, pursuant to which, each issued and unissued share capital was subdivided to twenty shares of the corresponding class with par value US$0.000005 each.

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	Note	Ordinary share		Series B preferred share	
		No. of share '000	RMB'000	No. of share '000	RMB'000
Balance at January 1, 2020		63,288	45	24,212	17
Reclassification and re-designation to series D preferred shares		(2,693)	(2)	–	–
Balance at December 31, 2020 and January 1, 2021		60,595	43	24,212	17
Effect of the share subdivision		1,151,293	–	460,036	–
Share issued upon the completion of initial public offering, net of transaction costs	12(b)(i)	205,620	7	–	–
Share issued upon exercise of the over-allotment option, net of transaction costs	12(b)(ii)	30,843	1	–	–
Conversion of preferred shares into ordinary shares	12(b)(iii)	948,659	32	(484,248)	(17)
Share issued under the Share Option Scheme	12(c)	4,242	–	–	–
Balance at June 30, 2021		**2,401,252**	**83**	**–**	**–**

(i) On February 4, 2021, the Company was listed on the Main Board of the Stock Exchange. The Company issued 205,620,000 ordinary shares at the price of HK$12.2 per share and received the net proceeds of HK$2,420 million (equivalent to RMB2,008,580,000), after deducting all capitalised listing expenses. Out of the net proceeds from the Listing, RMB7,000 and RMB2,008,573,000 were credited to the Company's share capital and share premium account, respectively.

(ii) On February 5, 2021, the over-allotment options in connection with the Listing were exercised by the underwriters of the Company, pursuant to which, an aggregate of 30,843,000 additional ordinary shares of the Company were issued at HK$12.2 per share on February 10, 2021 and the Company received the net proceeds of HK$365 million (equivalent to RMB303,156,000), after deducting all capitalised listing expenses. Out of the net proceeds from the exercise of the over-allotment options, RMB1,000 and RMB303,155,000 were credited to the Company's share capital and share premium account, respectively.

(iii) Upon the completion of the Listing, 484,248,000 series B preferred shares were converted into 484,248,000 ordinary shares of the Company. Accordingly, the carrying amount of preferred share capital were all transferred into ordinary share capital.

Meanwhile, 225,000,000 series C preferred shares and 239,411,000 series D preferred shares were converted into 464,411,000 ordinary shares of the Company in aggregated, resulting in an transfer of the carrying amount of other financial liabilities of RMB1,343,061,000 to ordinary share capital of RMB15,000 and share premium of RMB1,343,046,000, respectively.

(c) Share options granted by the Company (equity-settled)

Apart from the outstanding share options carried forward from 2020, during the six months ended June 30, 2021, a total of 8,000,000 share options were granted under the Company's Share Option Scheme (82,715,000 share options were granted during the six months ended June 30, 2020).

The amount payable by each grantee on acceptance of the offer for the option granted is US$1.00. These options granted will vest in instalments over the vesting period from March 31, 2022 to March 31, 2026, and will be exercisable until March 30, 2031. The exercise price is HK$13.72.

During the six months ended June 30, 2021, 4,242,177 share options of the Company were exercised (six months ended June 30, 2020: nil) with a weighted average exercise price of HK$1.24 (equivalent to approximately RMB1.05) (six months ended June 30, 2020: nil).

(d) Share Award Scheme (equity-settled)

Pursuant to a Share Award Scheme approved by the Board in March 2021, the Company may purchase its own shares and grant such shares to certain directors, employees, consultants and advisors of the Group.

Up to June 30, 2021, no shares of Company were repurchased and granted under the Share Award Scheme.

13. Non-adjusting events after the Reporting Period

In July 2021, the Company purchased convertible instruments issued by Valcare amounted to approximately US$2,483,000. The instruments will be automatically converted into the most senior preferred shares of Valcare upon the occurrence of the next equity financing of Valcare.

OTHER INFORMATION

Corporate Governance Practices

Throughout the period from the Listing Date and up to June 30, 2021, the Company had complied with all the applicable code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

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, 2021.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry by the Company, all the Directors confirmed that they had complied with the requirements as set out in the Model Code throughout the period from the Listing Date and up to June 30, 2021.

Company's Compliance with relevant Laws and Regulations

During the Reporting Period and up to the date of this announcement, the Group had complied with the applicable laws, regulations and regulatory requirements of the places where the Group operates in all material respects, including the requirements under the Companies Ordinance, the Listing Rules, the SFO and the CG Code for, among other things, the disclosure of information and corporate governance.

Use of Proceeds from the Global Offering

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

	Amount of net proceeds for the relevant use *HK$ million*	Percentage of total net proceeds *Percentage*	Actual amount of proceeds utilized as of June 30, 2021 *HK$ million*	Amount of proceeds unutilized as of June 30, 2021 *HK$ million*
VitaFlow Liberty™				
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty™	423.9	15.6%	15.5	408.4
— the ongoing sales and marketing activities of VitaFlow Liberty™ in China and overseas	391.3	14.4%	–	391.3
Subtotal	**815.2**	**30.0%**	**15.5**	**799.7**
VitaFlow Liberty™	**92.4**	**3.4%**	**–**	**92.4**
The remaining products				
— fund the research, preclinical, clinical trial and commercialization of VitaFlow® III, and VitaFlow® Balloon Expandable	190.2	7.0%	–	190.2
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	–	312.50
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	–	163.0
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	–	67.9
Subtotal	**733.6**	**27.0%**	**–**	**733.6**
Fund the expansion of our product portfolio through collaboration with global enabler	**407.6**	**15.0%**	**6.2**	**401.4**
Expand our production capacity and strengthen our manufacturing capabilities for VitaFlow® and VitaFlow Liberty™	**396.7**	**14.6%**	**–**	**396.7**
Working capital and general corporate purposes	**271.7**	**10.0%**	**56.4**	**215.3**
Total	**2,717.2**	**100%**	**78.1**	**2,639.1**

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 June 30, 2021, the Company does not anticipate any change to its plan on the use of proceeds as stated in the Prospectus. The Company expects that approximately HK$270 million to HK$560 million, accounting for approximately 9.9% to 20.6% of the net proceeds of the Global Offering, will be utilized by December 31, 2021 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. Please refer to the 2020 annual report of the Company dated April 28, 2021 for details.

Interim Dividends

The Directors do not recommend an interim dividend for the Reporting Period.

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

The Company, or any of its subsidiaries, had not purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Independent Review of Auditor

The interim financial report for the six months ended June 30, 2021 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants.

Audit Committee and Review of Financial Statements

The Company has established the Audit Committee in accordance with the corporate governance requirements of listed companies of the Stock Exchange. The Audit Committee comprises three independent non-executive Directors, namely Ms. Sun Zhixiang, Dr. Ding Jiandong (appointed on August 27, 2021 and Dr. Jiang Hualiang resigned as a member on the same date) and Mr. Jonathan H. Chou (being the chairman of the committee).

The Audit Committee has adopted the terms of reference which are in line with the CG Code. The principal duties of the Audit Committee include review and supervision of the Group's financial reporting system, risk management system and internal control procedures, review of the Group's financial information and review of the relationship with the external auditor of the Company.

The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2021 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

Disclosure of Information

The interim report of the Group for the six months ended June 30, 2021 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.

DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"4C Medical"	4C Medical Technologies, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral and tricuspid valve devices in the United States
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle
"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CE Mark"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules, as amended from time to time
"China", "mainland China", or "PRC"	People's Republic of China, but for the purpose of this announcement and for geographical reference only and except where the context requires otherwise, references in this announcement do not apply to Hong Kong, Macau and Taiwan
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to VitaFlow Liberty™

"Director(s)" or "our Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"FIH"	first-in-human
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market, research and consulting company
"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$" or "Hong Kong Dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"KOL(s)"	doctors that influence their peers' medical practice, including but not limited to prescribing behavior
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange
"Listing Date"	February 4, 2021, on which the Shares are listed on the Stock Exchange and from which dealings in our Shares first commence on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
"MicroPort"	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)

"MicroPort Group"	MicroPort and all of its subsidiaries
"Milford Haven"	Milford Haven Global Limited, a limited liability company incorporated in the British Virgin Islands 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 10 of the Listing Rules
"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
"New York Heart Association Functional Classification" or "NYHA Classification"	a simple way of classifying the extent of heart failure provided by the New York Heart Association. It classifies patients in one of four categories based on their limitations during physical activity, in regards to normal breathing and varying degrees in shortness of breath and/or angina pain
"nitinol"	nickel titanium, a metal alloy of nickel and titanium, where the two elements are present in roughly equal atomic percentages
"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
"Pingzhi Partnership"	Shanghai Pingzhi Enterprise Management Consulting Center (Limited Partnership) (上海屏至企業管理諮詢中心（有限合夥）), a limited partnership established in the PRC
"Prospectus"	the prospectus issued by the Company on January 26, 2021
"PVL"	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or SAVR
"R&D"	research and development

"Registration Clinical Trial"	the registration clinical trial in relation to VitaFlow Liberty™ on 60 patients during 30-day follow-up study after implantation. For details, see "Business — Our Product Portfolio — Aortic Valve Product — VitaFlow® II — Our Core Product" of the Prospectus
"Renminbi" or "RMB"	the lawful currency of the PRC
"Reporting Period"	the six months ended June 30, 2021
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai MicroPort"	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort and one of our controlling shareholders
"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)
"Share Award Scheme"	the share award scheme adopted by our Company on March 30, 2021, the principal terms of which are set out in the announcement of the Company dated March 30, 2021
"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020, as amended from time to time, the principal terms of which are set out in "Appendix IV — Statutory and General Information — D. Share Option Scheme" to the Prospectus
"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

"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TVT"	transcatheter valve therapy, the treatment of structural heart diseases (such as aortic valve disease, mitral valve disease and tricuspid valve disease) through transcatheter approach, which includes TAVI, TMV repair/replacement and TTVR
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US dollar(s)", "US$" or "USD"	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 certain procedural accessory. VitaFlow Liberty™ is our Core Product

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

Shanghai, PRC, August 27, 2021

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