MicroPort 心通医疗

MicroPort CardioFlow Medtech Corporation

微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

（於開曼群島註冊成立的有限公司）

Stock Code 股份代碼 : 2160

2021 Interim Report 中期報告

CONTENTS

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
"Chengdu Xintuo"	Chengdu Xintuo Biotechnology Co., Ltd. (成都心拓生物科技有限公司), a wholly-owned subsidiary of our Company
"China", "mainland China", or "PRC"	People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires otherwise, references in this interim report do not apply to Hong Kong, Macau and Taiwan
"CICC Kangrui"	CICC Kangrui I (Ningbo) Equity Investment Limited Partners (Limited Partnership) (中金康瑞壹期（寧波）股權投資基金合夥企業（有限合夥）), a limited partnership established in the PRC and our pre-IPO investor
"Class IIIA Hospitals"	Top-level hospitals in China, as hospitals in China are divided into three classes by Ministry of Health, among which, Class III hospitals are at the highest level, typically having more than 500 beds, providing high-level specialist medical and healthcare services to several regions and performing advanced teaching and research tasks. Class III hospitals are divided into Special, A, B, and C grades
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"Core Product"	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this interim report, 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 were listed on the Stock Exchange and from which dealings in our Shares first commenced on the Main Board
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange. For the avoidance of doubt, the Main Board excludes the GEM of the Stock Exchange
"MicroPort"	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (stock code: 00853)
"MicroPort Group"	MicroPort and all of its subsidiaries
"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)
"Nomination Committee"	the nomination committee of the Board
"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 (surgical aortic valve replacement)
"Qianyi Investment"	Qianyi Investment I L.P., a limited partnership registered in the Cayman Islands and our pre-IPO investor
"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

"Remuneration Committee"	the remuneration committee of the Board
"Shanghai Huahao"	Shanghai Huahao Enterprise Management Limited Partners (Limited Partnership) (上海鏵浩企業管理合夥企業（有限合夥）), a limited partnership established in the PRC and our pre-IPO investor
"Shanghai MicroPort"	Shanghai MicroPort Limited, a company incorporated in the British Virgin Islands 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, as amended from time to time, the principal terms of which are set out in the announcement of the Company dated March 30, 2021
"Share Option Scheme"	the share option scheme adopted by our Company on March 13, 2020, 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
"TTVR"	transcatheter tricuspid valve repair, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"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

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Chen Guoming
Ms. Yan Luying
Mr. Wu Guojia

Non-Executive Directors

Dr. Luo Qiyi *(Chairman of the Board)*
Mr. Zhang Junjie
Ms. Wu Xia

Independent Non-Executive Directors

Mr. Jonathan H. Chou
Ms. Sun Zhixiang
Dr. Ding Jiandong *(appointed on August 27, 2021)*
Dr. Jiang Hualiang *(resigned on August 27, 2021)*

JOINT COMPANY SECRETARIES

Ms. Li Xiangmei
Ms. Chan Lok Yee

AUTHORIZED REPRESENTATIVES

Dr. Luo Qiyi
Ms. Chan Lok Yee

AUDIT COMMITTEE

Mr. Jonathan H. Chou *(Chairman)*
Ms. Sun Zhixiang
Dr. Ding Jiandong *(appointed on August 27, 2021)*
Dr. Jiang Hualiang *(resigned on August 27, 2021)*

REMUNERATION COMMITTEE

Ms. Sun Zhixiang *(Chairwoman)*
Dr. Luo Qiyi
Mr. Jonathan H. Chou

NOMINATION COMMITTEE

Dr. Luo Qiyi *(Chairman)*
Ms. Sun Zhixiang
Dr. Ding Jiandong *(appointed on August 27, 2021)*
Dr. Jiang Hualiang *(resigned on August 27, 2021)*

REGISTERED OFFICE

Tricor Services (Cayman Islands) Limited
P.O. Box 10008
Willow House, Cricket Square
Grand Cayman, KY1-1001
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1601 Zhangdong Road
Zhangjiang Hi-Tech Park
Pudong New District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F, Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

COMPANY'S WEBSITE

www.cardioflowmedtech.com

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Hong Kong

PRINCIPAL BANK

Shanghai Pudong Development Bank,
Zhangjiang Innovation Sub-branch
56 Boyun Road
Pudong New District
Shanghai, PRC

LEGAL CONSULTANT

Kirkland & Ellis
26/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

AUDITOR

KPMG
Certified public accountants and Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

PRESIDENT'S STATEMENT

Mr. Chen Guoming
President

In recent years, China has achieved major breakthroughs in heart valve interventions, and with new technologies emerge one after another, treatment of structural heart diseases in China has entered the fast lane of development, however, the penetration rate remained relatively lower than that of overseas developed countries. In the first half of 2021, the number of TAVI procedures in China's market maintained rapid growth. With the trainings and promotions of TAVI procedures and the further increase in the number of qualified physicians and hospitals, more and more patients can be benefitted. In the global market, under the uncertainties brought by the pandemic, the TAVI market has steadily expanded, while the TMV market was still in a relatively early stage.

Adhering to the philosophy of "Focus, Innovation and Globalization", it is our utmost mission to save lives and improve the quality of survival of patients, focus on providing trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases. In the first half of 2021, leveraging on the outstanding clinical performance of VitaFlow®, unique product design, reasonable pricing, strong in-house marketing team and external distributor team, as well as the brand synergy of MicroPort, our controlling shareholder, the number of hospitals adopting VitaFlow® and its sales volume have both continued to record rapid increase. The revenue recorded for the first half of 2021 amounted to RMB86.2 million, representing an increase of 121.8% as compared to the first half of 2020, and its market shares achieved rapid growth. The Company was successfully listed on the Stock Exchange on February 4, 2021, which provided sufficient financial support for the rapid and quality development of the Group and opened up a broader room of development for us..

With regards to China's market, as of June 30, 2021, TAVI procedures using VitaFlow® had been performed at over 220 hospitals in China. Among these hospitals, we have obtained market leading positions in around 100 hospitals. We won the bid of medical reimbursement in Guizhou and Yunnan provinces, which brought absolute leading advantages for the Company in local markets. During the Reporting Period, we initiated physician education through academic seminars and training classes to continuously enhance doctors' recognition of VitaFlow® products, thus the number of doctors that can operate VitaFlow® independently during TAVI procedures achieved a rapid growth. In respect of overseas markets, after obtaining the registration permit in Argentina and Thailand, VitaFlow® continued to achieve commercial overseas implantation, marking a new step for the Group's expansion into overseas markets. Meanwhile, it is expected that the CE application for VitaFlow Liberty™ in Europe will be submitted by the end of 2021. We will continue to promote market access in various overseas regions and leverage the existing sales network and team resources of MicroPort Group to improve the global business layout.

In terms of our products, the second generation balloon catheter Alwide® Plus obtained the NMPA approval in July 2021, while the second generation transcatheter aortic heart valve system VitaFlow Liberty™ and the first generation tip-preshaped super stiff guidewire Angelguide® have obtained the NMPA approval for registration in August 2021, marking a key step for the Company in improving the product pipeline of TAVI, which will help drive the rapid development of our TAVI business. At the same time, we actively seek for strategic partners and establish value-added relationship with them, including a follow-on investment in Valcare, an innovative enterprise engaging in transcatheter valve technology, so as to carry out co-development, cooperation and licensing of mitral valve and tricuspid valve products in China and overseas markets. Through the combination of endogenous growth and extensional acquisitions, we continue to expand and shore up the product portfolio of the Group covering the total solutions for structural heart disease.

In terms of production and operation, the supply chain team and quality team have commenced in-depth cooperation, which achieved significant progress in reducing costs and increasing efficiency, resulting in a huge increase in the gross profit margin of our products. In May 2021, Chengdu Xintuo was officially opened, and it completed the construction of its plant and commenced the trial production of bovine pericardium in China, which will help to further improve our profit margin and ensure the stable supply of key materials. In addition, the Company has also been actively investing in capacity construction, so as to meet the growth of demand in the future.

The Group's innovation capability, advanced technology and industry position have been widely recognized by the society and the Group has been awarded the first prize of Shanghai Science and Technology Progress Award (上海市科學技術進步獎) in 2020, the title 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) and the first prize of 2021 Shanghai Key Product Quality Research Achievement Award.

In the second half of 2021, we will continue to deepen market penetration, accelerate R&D progress, focus on cost reduction and efficiency enhancement and strengthen corporate governance, so as to strive to become a global leading provider of treatment solutions for structural heart diseases. Our goal is to bring the world's most cutting-edge treatment products and technologies for structural heart disease to every country and benefit every patient.

The Directors, senior management and all staff of the Company will continue to pursue excellence in quality with integrity and diligence. On behalf of all members of the Company, I would like to express my gratitude to all Shareholders, suppliers, distributors, doctors and partners for their continuous support over the years.

Mr. Chen Guoming
President

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	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)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of	
	June 30, 2021	December 31, 2020
	RMB'000	RMB'000
	(unaudited)	(audited)
Non-current assets	**486,624**	392,213
Current assets	**2,896,473**	719,968
Total assets	**3,383,097**	1,112,181
Non-current liabilities	**21,723**	25,671
Current liabilities	**93,431**	1,431,694
Total liabilities	**115,154**	1,457,365
Total equity/(deficit)	**3,267,943**	(345,184)

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 procedural 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 continuously achieved commercial implantations after VitaFlow® obtained the registration permits in Argentina and Thailand, 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.

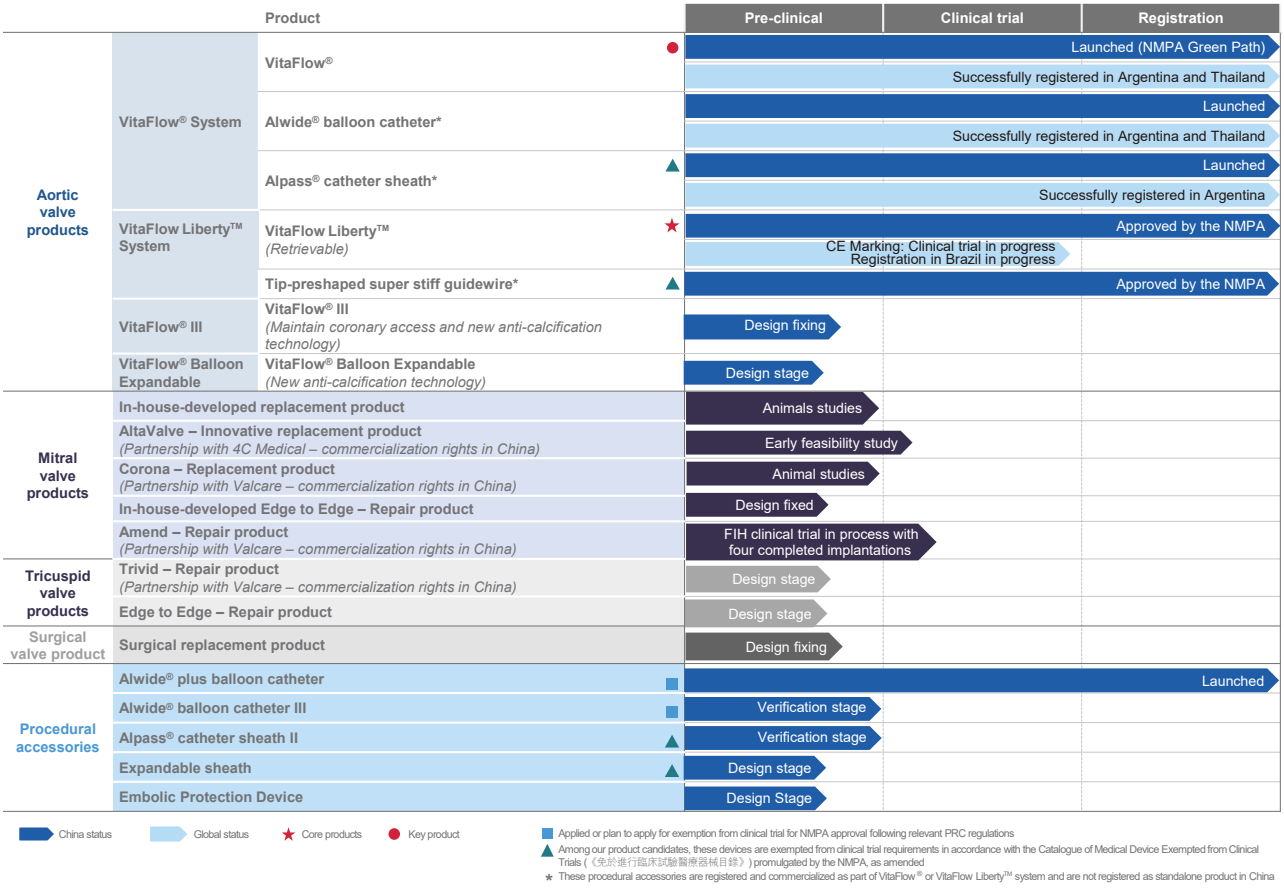
Our Pipeline

We have established a comprehensive and innovative product pipeline covering TAVI products, TMV products, TTV products, surgical valve products and procedural accessories, 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 approved 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 eight 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 interim report.



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 2021, VitaFlow® continued to achieve overseas commercial implantation, marking a new step for the Group's expansion into overseas markets.

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 unique and innovative structure of the delivery system, that guarantees retrieval of the PAV and provides optimized pass performance, which help to pass the anatomical abnormalities. It 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. 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.

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 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 received the approval from the NMPA on August 30, 2021.

Our first-generation tip-preshaped super stiff guidewire Angelguide® was also certified together with VitaFlow Liberty™. The tip-preshaped super stiff guidewire features high guidewire rail support and smooth transition in order to reduce the risks of vascular damage and enhance the accuracy of deployment.

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 commercialize 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 completed the construction and opened for operation in May 2021, which helps to secure the supply of key raw materials and improves 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 report, we have penetrated substantially all 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 product 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 procedures 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 further enriches 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, our Company 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.

The second generation TAVI product, VitaFlow Liberty™, and the first-generation tip-preshaped super stiff guidewire Angelguide® obtained the NMPA approval on August 30, 2021. Please refer to the announcement of the Company dated August 31, 2021 for details.

Save as disclosed in this interim report and Note 15 of the Notes to the Unaudited Interim Financial Report, the Company is not aware of any material subsequent events from the end of Reporting Period to the date of this interim report.

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 in 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 reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long 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 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.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ANY OF ITS ASSOCIATED CORPORATIONS

As of June 30, 2021, the interests and short positions of the Directors and chief executives of our Company and their associates in any of the Shares, underlying Shares and debentures of our Company or its associated corporation (within the meaning of Part XV of the SFO), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the underlying Shares of the Company

Name of Directors/ Chief Executive	Nature of interest	Number of underlying Shares in respect of the options granted under the Share Option Scheme	Approximate percentage of shareholding interest
Dr. Luo Qiyi	Beneficial owner	6,000,000	0.25%
Mr. Chen Guoming	Beneficial owner	5,000,000	0.21%
Ms. Yan Luying	Beneficial owner	4,000,000	0.17%
Mr. Wu Guojia	Beneficial owner	4,000,000	0.17%

Save as disclosed above, as of June 30, 2021, none of the Directors or chief executives of the Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations.

Substantial shareholders' interests and short positions in Shares and underlying Shares

As of June 30, 2021, so far as the Directors are aware, the following persons (other than the Directors or chief executives of the Company or their associates) had interests or short positions in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximate percentage of shareholding interest
Shanghai MicroPort[(1)]	Beneficial Interest	1,078,650,680	44.92%
Shanghai Huahao[(2)]	Beneficial Interest	191,681,040	7.98%
CICC Kangrui[(3)]	Beneficial Interest	181,592,220	7.56%
Qianyi Investment[(4)]	Beneficial Interest	150,000,000	6.25%

Notes:

(1) Shanghai MicroPort was wholly owned by MicroPort. Therefore, MicroPort was deemed to be interested in the Shares that Shanghai MicroPort was interested in under the SFO.

(2) Each of Tianjin Huajie Enterprise Management Advisors Partners, L.P. (as the general partner of Shanghai Huahao), Huajie (Tianjin) Medical Investment Partnership (Limited Partnership) (as sole limited partner of Shanghai Huahao), Tianjin Huajie Enterprise Management Advisors Partners, L.P. (as general partner of Huajie (Tianjin) Medical Investment Partnership (Limited Partnership)), Tianjin Huaqing Enterprise Management Advisors Co., Ltd. (as the general partner of Tianjin Huajie Enterprise Management Advisors Partners, L.P.), Shanghai Weihong Investment Co., Ltd. (as the largest shareholder holding 51% of the equity interests in Tianjin Huaqing Enterprise Management Advisors Co.,Ltd.), Huagan (Shanghai) Business Consulting Co., Ltd. (as the sole shareholder of Shanghai Weihong Investment Co., Ltd.), CR INVESTMENT (HK) LIMITED (as the sole shareholder of Huagan (Shanghai) Business Consulting Co., Ltd.), CR Investments Corporation (as the sole shareholder of CR INVESTMENT (HK) LIMITED), China Renaissance Holdings Limited (a company listed on the Stock Exchange with stock code 1911, as the sole shareholder of CR Investments Corporation) was deemed to be interested in the Shares that Shanghai Huahao was interested in under the SFO.

(3) CICC Kangzhi (Ningbo) Equity Investment Management Co., Ltd. (中金康智（寧波）股權投資管理有限公司), "**CICC Kangzhi**") was the general partner of CICC Kangrui. As confirmed by CICC Kangrui, CICC Kangzhi was controlled by CICC Capital Management Co., Ltd. (中金資本運營有限公司), which is a wholly-owned subsidiary of China International Capital Corporation Limited (中國國際金融股份有限公司). Therefore, each of CICC Kangzhi, CICC Capital Management Co., Ltd. (中金資本運營有限公司) and China International Capital Corporation Limited (中國國際金融股份有限公司) was deemed to be interested in the Shares that CICC Kangrui was interested in under the SFO.

(4) Qianyi Investment was owned by Five Bulls International Holding Group and Vstar SWHY Investment Fund Limited Partnership as to 50% and 33.33% respectively. Each of Qianyi Investment Limited (as the general partner of Qianyi Investment) and its sole shareholder Mr. Wang Zheng, Five Bulls International Holding Group and its sole shareholder Mr. Han Xiao, Vstar SWHY Investment Fund Limited Partnership, Vstar SWHY Partners Limited (as the general parter of Vstar SWHY Investment Fund Limited Partnership), Vstar Chuang Zhi Investment Limited (as the sole shareholder of Vstar SWHY Partners Limited), and Mr. Zhuo Fumin (as the sole shareholder of Vstar Chuang Zhi Investment Limited) was deemed to be interested in the Shares that Qianyi Investment was interested in under the SFO.

Save as disclosed above, as of June 30, 2021, no person, other than the Directors or chief executives of the Company whose interests are set out in the section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares and Debentures of the Company and any of its Associated Corporations" above, had any interests or short positions in the Shares or underlying Shares as recorded in the register required to be kept under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the period from the Listing Date and up to June 30, 2021, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code. 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.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by ordinary resolution of the shareholders of MicroPort in the extraordinary general meeting of MicroPort dated March 13, 2020. The terms of the Share Option Scheme are governed by Chapter 17 of the Listing Rules. For the summary of the principal terms of the Share Option Scheme, please refer to the Prospectus and the annual report of the Company dated April 28, 2021.

On March 31, 2021, the Company has resolved to grant share options to eligible participants, who are employees of the Company and its subsidiaries, to subscribe for up to an aggregate of 8,000,000 ordinary shares of the Company of US$0.000005 each in the capital of the Company. The status of the share options granted up to June 30, 2021 is as follows:

Name	Position	Number of Shares underlying the granted options as of December 31, 2020	Exercised during the Reporting Period	Expired during the Reporting Period	Cancelled during the Reporting Period	Exercise Price	Number of Shares underlying the granted options as of June 30, 2021	Date of grant	Vesting period	Exercise period	Share Price of the Company immediately before the date of grant of share options	Share Price of the Company Immediately before the exercise date of share options
Directors and senior management of our Company												
Dr. Luo Qiyi	Non-executive Director and Chairman of our Board	6,000,000	—	—	—	US$0.16	6,000,000	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	N/A
Mr. Chen Guoming	Executive Director and President	5,000,000	—	—	—	US$0.16	5,000,000	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	N/A
Ms. Yan Luying	Executive Director and Vice President	4,000,000	—	—	—	US$0.16	4,000,000	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	N/A
Mr. Wu Guojia	Executive Director and Vice President	4,000,000	—	—	—	US$0.16	4,000,000	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	N/A
Subtotal:		19,000,000	—	—	—		19,000,000					
Director of MicroPort												
Dr. Chang Zhaohua	Chairman and Chief Executive Officer	6,000,000	—	—	—	US$0.16	6,000,000	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	N/A
Employees of the Group and MicroPort												
		46,908,940	4,242,177	—	3,481,844	US$0.16	39,184,919	March 31, 2020	March 31, 2020– March 31, 2025	March 31, 2021– March 30, 2030	N/A	HK$14.80[Note 1]
		—	—	—	—	HK$13.72	8,000,000	March 31, 2021	March 31, 2021– March 31, 2026	March 31, 2022– March 30, 2031	HK$14.08	N/A
Total		71,908,940	4,242,177	—	3,481,844		72,184,919					

Note: (1) The share price of the Company disclosed is the weighted average closing price of the Shares immediately before the exercise dates of share options during the period.

SHARE AWARD SCHEME

The Board approved and adopted the Share Award Scheme on March 30, 2021 to recognize the contributions of directors, employees, consultants and advisors of the Group.

Pursuant to the Share Award Scheme, the Board may, from time to time and at its absolute discretion, select any director, employee, consultant or advisor of the Group for participation in the Scheme as a selected participant and determine the award shares for each of them during the duration of the Share Award Scheme. The Board shall cause to be paid the purchase price for the awarded shares and the related expenses to the trustee of the Share Award Scheme, who will purchase the awarded shares on the Stock Exchange at the prevailing market price. When the selected participant has satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the Shares forming the subject of the award, the trustee shall transfer the relevant award shares to the selected participant(s) or his/her nominee(s). The Board shall not make any further award of awarded shares which will result in the nominal value of the Share awarded by the Board under the Share Award Scheme exceeding 10% of issued share capital of the Company from time to time. The maximum number of Shares which may be awarded to a selected participant of the Group shall not exceed 1% of the issued share capital of the Company from time to time. For further details of the Share Award Scheme, please refer to the announcement of the Company dated March 30, 2021.

The trustee of the Share Award Scheme did not purchase any Shares during the six months ended June 30, 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company had adopted and applied the principles and code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules. During the period from the Listing Date and up to June 30, 2021, the Company has complied with the mandatory code provisions in the Corporate Governance Code.

INTERIM DIVIDEND

The Directors did not recommend the payment of an interim dividend to the Shareholders for the six months ended June 30, 2021.

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 (appointed on August 27, 2021 and Dr. Jiang Hualiang resigned as a member on the same day), respectively. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended June 30, 2021 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

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, whose unmodified review report is included in the interim report.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B of the Listing Rules, the changes in the information of the Directors since December 31, 2020 are set out below:

On August 27, 2021, Dr. Jiang Hualiang resigned as an independent non-executive Director, a member of the Audit Committee and the Nomination Committee of the Company.

On August 27, 2021, Dr. Ding Jiandong was appointed as an independent non-executive Director, a member of the Audit Committee and the Nomination Committee of the Company.

Mr. Zhang Junjie is serving as a non-executive director of Chemclin Diagnostics Co., Ltd. (科美診斷技術股份有限公司), which was listed on the Shanghai Stock Exchange on April 9, 2021 (stock code: 688468), and Suzhou Nanomicro Technology Company Limited (蘇州納微科技股份有限公司), which was listed on the Shanghai Stock Exchange on June 23, 2021 (stock code: 688690).

USE OF NET PROCEEDS FROM 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	Percentage of total net proceeds	Actual amount of proceeds utilized as of June 30, 2021	Amount of proceeds unutilized as of June 30, 2021
	HK$ million	Percentage	HK$ million	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®	**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%	—	312.5
— 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**

	Amount of net proceeds for the relevant use	Percentage of total net proceeds	Actual amount of proceeds utilized as of June 30, 2021	Amount of proceeds unutilized as of June 30, 2021
	HK$ million	Percentage	HK$ million	HK$ million
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**	**100.0%**	**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.

Review report to the board of directors of MicroPort CardioFlow Medtech Corporation
(Incorporated in Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial report set out on pages 32 to 52 which comprises the consolidated statement of financial position of MicroPort CardioFlow Medtech Corporation (the "Company") as of 30 June 2021 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting,* issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2021 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 August 2021

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the six months ended 30 June 2021 (unaudited)
(Expressed in Renminbi)

	Note	Six months ended 30 June 2021 RMB'000	2020 RMB'000
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)

The notes on pages 39 to 52 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 12(a).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2021 (unaudited)
(Expressed in Renminbi)

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
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)

The notes on pages 39 to 52 form part of this interim financial report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

at 30 June 2021 (unaudited)
(Expressed in Renminbi)

	Note	30 June 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000	RMB'000
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)

	Note	30 June 2021		31 December 2020	
		RMB'000	**RMB'000**	RMB'000	RMB'000
CAPITAL AND RESERVES					
Share capital	12(b)		**83**		60
Reserves			**3,267,860**		(345,244)
TOTAL EQUITY/(DEFICIT)			**3,267,943**		(345,184)

Approved and authorised for issue by the board of directors on 27 August 2021.

Luo Qiyi
Chairman

Chen Guoming
Director

The notes on pages 39 to 52 form part of this interim financial report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the six months ended 30 June 2021 (unaudited)
(Expressed in Renminbi)

	Note	Ordinary share capital RMB'000	Preferred share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total equity/(deficit) RMB'000
Balance at 1 January 2020		45	17	693,544	(6,227)	(311,818)	(243,717)	131,844
Changes in equity for the six months ended 30 June 2020:								
Loss for the period		—	—	—	—	—	(121,796)	(121,796)
Other comprehensive income		—	—	—	(2,470)	—	—	(2,470)
Total comprehensive income		—	—	—	(2,470)	—	(121,796)	(124,266)
Transfer to series D preferred share		(2)	—	(211,707)	—	—	—	(211,709)
Equity-settled share-based transactions		—	—	—	—	11,422	—	11,422
Balance at 30 June 2020 and 1 July 2020		43	17	481,837	(8,697)	(300,396)	(365,513)	(192,709)
Changes in equity for the six months ended 31 December 2020								
Loss for the period		—	—	—	—	—	(276,291)	(276,291)
Other comprehensive income		—	—	—	91,400	—	—	91,400
Total comprehensive income		—	—	—	91,400	—	(276,291)	(184,891)
Equity-settled share-based transactions		—	—	—	—	32,416	—	32,416
Balance at 31 December 2020		43	17	481,837	82,703	(267,980)	(641,804)	(345,184)

The notes on pages 39 to 52 form part of this interim financial report.

	Note	Ordinary share capital RMB'000	Preferred share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total (deficit)/equity RMB'000
Balance at 1 January 2021		43	17	481,837	82,703	(267,980)	(641,804)	(345,184)
Changes in equity for the six months ended 30 June 2021:								
Loss for the period		–	–	–	–	–	(70,065)	(70,065)
Other comprehensive income		–	–	–	10,407	–	–	10,407
Total comprehensive income		–	–	–	10,407	–	(70,065)	(59,658)
Share issued upon the completion of initial public offering, net of transaction costs	12(b)	7	–	2,008,573	–	–	–	2,008,580
Share issued upon exercise of the over-allotment option, net of transaction costs	12(b)	1	–	303,155	–	–	–	303,156
Conversion of preferred shares into ordinary shares	12(b)	32	(17)	1,343,046	–	–	–	1,343,061
Share issued under the share option scheme	12(c)	–	–	9,392	–	(5,020)	–	4,372
Equity-settled share-based transactions		–	–	–	–	13,421	195	13,616
Balance at 30 June 2021		83	–	4,146,003	93,110	(259,579)	(711,674)	3,267,943

The notes on pages 39 to 52 form part of this interim financial report.

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the six months ended 30 June 2021 (unaudited)
(Expressed in Renminbi)

		Six months ended 30 June	
		2021	2020
		RMB'000	RMB'000
Operating activities			
Cash used in operations		**(44,161)**	(63,996)
Tax paid		**(173)**	—
Net cash used in operating activities		**(44,334)**	(63,996)
Investing activities			
Payments for the purchase of property, plant and equipment		**(15,282)**	(785)
Payments for intangible assets		**(15,517)**	(9,189)
Interest received		**—**	185
Payments for the acquisition of other financial assets		**(37,143)**	—
Net cash used in investing activities		**(67,942)**	(9,789)
Financing activities			
Lease deposits paid		**(31,123)**	—
Lease rentals paid		**(2,128)**	(2,998)
Net proceeds from initial public offering	12(b)	**2,008,580**	—
Net proceeds from exercise of the over-allotment options	12(b)	**303,156**	—
Repayments of interest-bearing borrowings		**—**	(20,000)
Proceeds from issuance of series D preferred shares		**—**	705,713
Other cash flows arising from financing activities		**4,372**	(1,631)
Net cash generated from financing activities		**2,282,857**	681,084
Net increase in cash and cash equivalents		**2,170,581**	607,299
Cash and cash equivalents at the beginning of the period		**612,474**	109,263
Effect of foreign exchange rate changes		**(7,262)**	5,173
Cash and cash equivalents at the end of the period		**2,775,793**	721,735

The notes on pages 39 to 52 form part of this interim financial report.

1 Basis of preparation

The interim financial report has 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 approved for issue on 27 August 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 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 MicroPort CardioFlow Medtech Corporation (the "Company") and its subsidiaries (together, the "Group") since the 2020 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

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. KPMG's independent review report to the Board of Directors of the Company is included on page 31.

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

	Six months ended 30 June	
	2021 RMB'000	2020 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.

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Disaggregate by geographical location of external customers		
— the People's Republic of China (the "PRC") (country of domicile)	**86,193**	38,859
	86,193	38,859

4 Other net income

	Six months ended 30 June	
	2021 RMB'000	2020 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 R&D projects.

5 Loss before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2021 RMB'000	2020 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

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

(c) Other items

	Six months ended 30 June	
	2021 RMB'000	2020 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

	Six months ended 30 June	
	2021 RMB'000	2020 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 30 June 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 30 June 2021 (six months ended 30 June 2020: RMB121,796,000) and the weighted average of 2,262,158,000 shares (six months ended 30 June 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 1 January 2020.

On 15 January 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 30 June 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 30 June 2021, the Group acquired items of plant and equipment with a cost of RMB30,608,000 (six months ended 30 June 2020: RMB1,756,000) and capitalised development costs of RMB15,732,000 (six months ended 30 June 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 30 June 2021 (six months ended 30 June 2020: nil), resulting in a loss on disposal of RMB568,000 (six months ended 30 June 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:

	30 June 2021 RMB'000	31 December 2020 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:

	30 June 2021 RMB'000	31 December 2020 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.

11 Other financial liabilities (continued)

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 30 June 2021 are set out below:

	RMB'000
At 1 January 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 30 June 2021	**—**

12 Capital, reserves and dividends

(a) Dividends

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

(b) Share capital

As of 1 January 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 15 January 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.

12 Capital, reserves and dividends (continued)

(b) Share capital (continued)

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 1 January 2020		**63,288**	**45**	**24,212**	**17**
Reclassification and re-designation to series D preferred shares		**(2,693)**	**(2)**	**—**	**—**
Balance at 31 December 2020 and 1 January 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 30 June 2021		**2,401,252**	**83**	**—**	**—**

(i) On 4 February 2021, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Listing"). 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.

12 Capital, reserves and dividends (continued)

(b) Share capital (continued)

(ii) On 5 February 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 10 February 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 aggregate, 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 30 June 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 six months ended 30 June 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 31 March 2022 to 31 March 2026, and will be exercisable until 30 March 2031. The exercise price is HK$13.72.

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

(d) Share award scheme (equity-settled)

Pursuant to a share award scheme approved by the board of directors of the Company in March 2021, the Company may purchase its own shares and grant such shares to certain directors, employees, consultants and advisors of the Group.

Up to 30 June 2021, no shares of Company were repurchased and granted under the share award scheme.

13 Fair value measurement of financial instruments

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

— Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged an external valuer to perform valuations for the financial instruments, including unlisted equity securities and a put option written to Witney Global Limited (the "Witney Put Option"). At the end of the reporting date, an analysis of changes in fair value measurement is prepared by the finance department with reference to the relevant valuation reports from the external valuer and is reviewed and approved by the chief financial officer.

	Fair value at 30 June 2021	Fair value measurements as at 30 June 2021 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted debt and equity securities	86,523	—	37,593	48,930
Financial liabilities:				
— Witney Put Option	(12,973)	—	—	(12,973)

13 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets:				
Unlisted equity securities	49,508	—	—	49,508
Financial liabilities:				
Derivative financial instruments				
— Series D Adjustment	(60,371)	—	—	(60,371)
— Witney Put Option	(13,656)	—	—	(13,656)

During the six months ended 30 June 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of the other financial assets in Level 2 is determined by the recent transaction price.

(iii) Information about Level 3 fair value measurements

	30 June 2021	
	Valuation techniques	Significant unobservable inputs
Unlisted equity securities	Equity allocation model	Expected probability of event of 50% and expected volatility of 35%, taking into account the historical volatility of the comparable companies (Note a)
Witney Put Option	Black-Scholes model	Expected probability of event of 50% and expected volatility of 38%, taking into account the historical volatility of the comparable companies (Note b)

13 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

Note a As at 30 June 2021, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 5% would have increase/decrease the Group's loss by RMB493,000/RMB493,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB44,000/RMB183,000.

Note b As at 30 June 2021, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 5% would have decreased/increased the Group's loss by RMB1,297,000/RMB1,297,000 and an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by RMB1,184,000/RMB1,193,000.

The movements during the six months ended 30 June 2021 in the balance of these Level 3 fair value measurements are as follows:

	Financial assets RMB'000	**Financial liabilities RMB'000**
At 1 January 2021	**49,508**	**(74,027)**
Exchange adjustments	**(491)**	**599**
Exercise of Series D Adjustment (note 11)	**—**	**61,023**
Changes in fair value recognised in profit or loss during the period	**(87)**	**(568)**
At 30 June 2021	**48,930**	**(12,973)**

(b) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2021 and 31 December 2020.

14 Commitments

Capital commitments in respect of property, plant and equipment and intangible assets outstanding at 30 June 2021 not provided for in the interim financial statements are as follows:

	30 June 2021 RMB'000	31 December 2020 RMB'000
Contracted for	**58,279**	21,324
Authorised but not contracted for	**137,830**	168,228
	196,109	189,552

14 Commitments (continued)

In addition, the Group were committed at 30 June 2021 to enter into a new lease of 5 years with Shanghai Weichuang Investment Management Co., Ltd. ("SHW Investment"), with lease period commenced in August 2021, the lease payment under which amounted to RMB31,123,000 per annum. The Group also paid RMB31,123,000 to SHW Investment as the lease deposits in May 2021.

15 Non-adjusting events after the reporting period

In July 2021, the Company purchased convertible instruments issued by Valcare Inc. ("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.

16 Material related party transactions

(a) Key management personnel remuneration

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Salaries and other benefits	**1,340**	1,767
Discretionary bonuses	**854**	860
Equity-settled share-based payment expenses	**2,877**	1,337
	5,071	3,964

(b) Financing arrangement with related parties

The Group entered into lease contracts in respect of certain leasehold properties from Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort Medical") for its operation. As at 30 June 2020, the Company recorded lease liabilities of RMB7,678,000 due to Shanghai MicroPort Medical (31 December 2020: RMB8,617,000). For the six months ended 30 June 2021, the finance cost arising from the above lease arrangements charged to the consolidated profit or loss is RMB193,000 (six months ended 30 June 2020: RMB299,000).

(c) Cash deposited in a related party

As at 30 June 2021, the Group has deposited cash amounted to RMB80,000,000 in Shanghai HuaRui Bank Co., Ltd. ("SHRB"), an associate of the ultimate controlling party of the Group, with interest rate of 0.35% per annum during the six months ended 30 June 2021.

16 Material related party transactions (continued)

(d) Other transactions with related parties

Particulars of the Group's other transactions with related parties during the six months ended 30 June 2021 are as follows:

Name of party	Relationship
MicroPort Scientific Corporation	Ultimate controlling party of the Group
Shanghai MicroPort Medical	Fellow subsidiary of the Group
AccuPath Medtech (Jiaxing) Co., Ltd. ("AccuPath")	Associate of the ultimate controlling party of the Group
Innovational Holding LLC ("MPI")	Fellow subsidiary of the Group
Shanghai SafeWay Medicare Co., Ltd. ("SafeWay")	Fellow subsidiary of the Group
MicroPort Medical B.V. ("MPMBV")	Fellow subsidiary of the Group
MicroPort Sorin CRM Co., Ltd. ("MP Sorin")	Fellow subsidiary of the Group

	Six months ended 30 June	
	2021 RMB'000	2020 RMB'000
Purchase of goods from Shanghai MicroPort Medical	**603**	—
Purchase of goods from AccuPath	**1,262**	401
Purchase of goods from MPI	**4**	5
Purchase of goods from MP Sorin	**252**	—
Service fee charged by Shanghai MicroPort Medical	**1,625**	1,780
Service fee charged by SafeWay	**522**	17
Service fee charged by MPMBV	**19**	12
Short-term lease contracts entered into with Shanghai MicroPort Medical	**38**	49

MicroPort
心通医疗