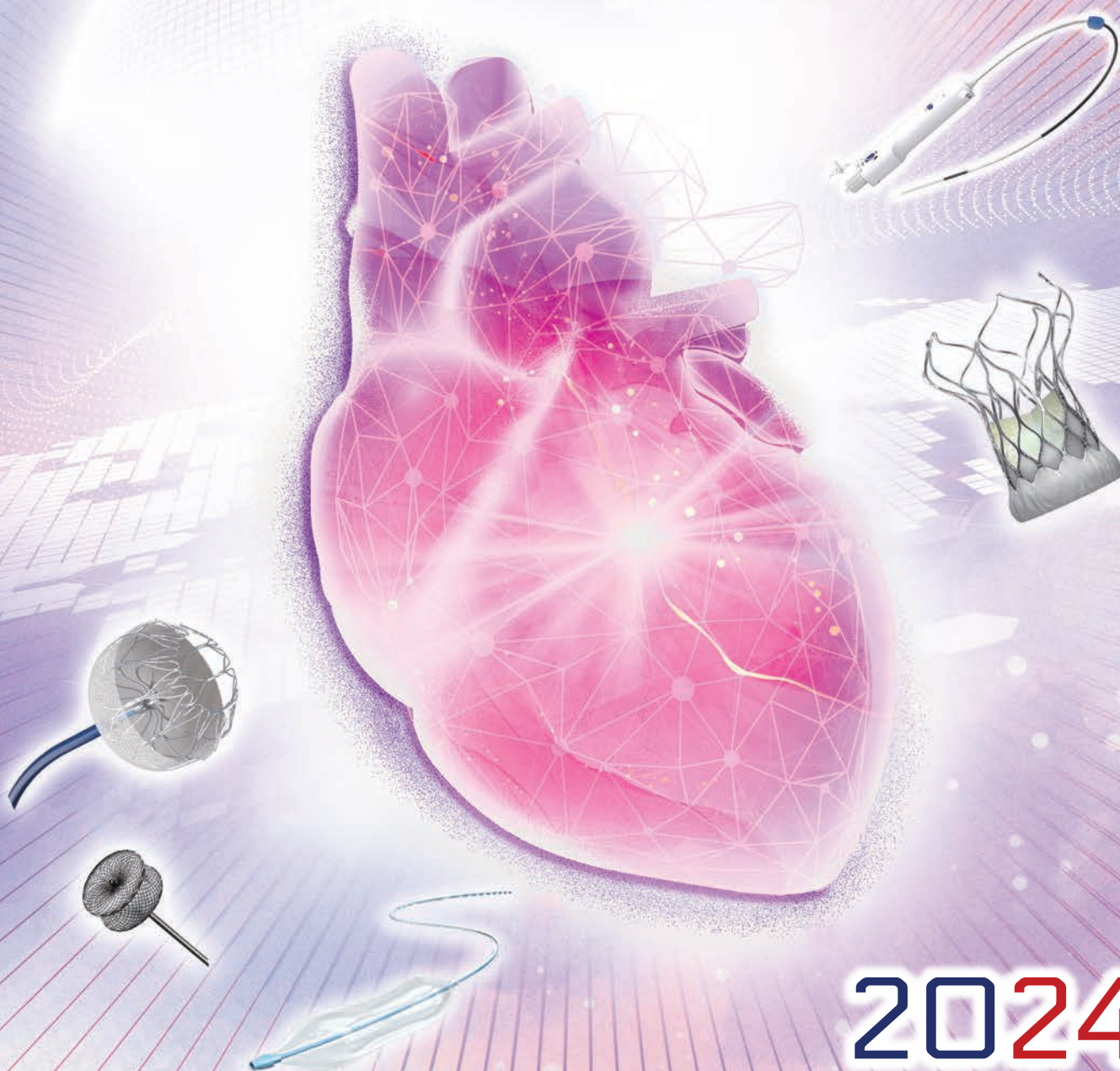




MicroPort CardioFlow Medtech Corporation
微创心通医疗科技有限公司

(Incorporated in the Cayman Islands with limited liability)

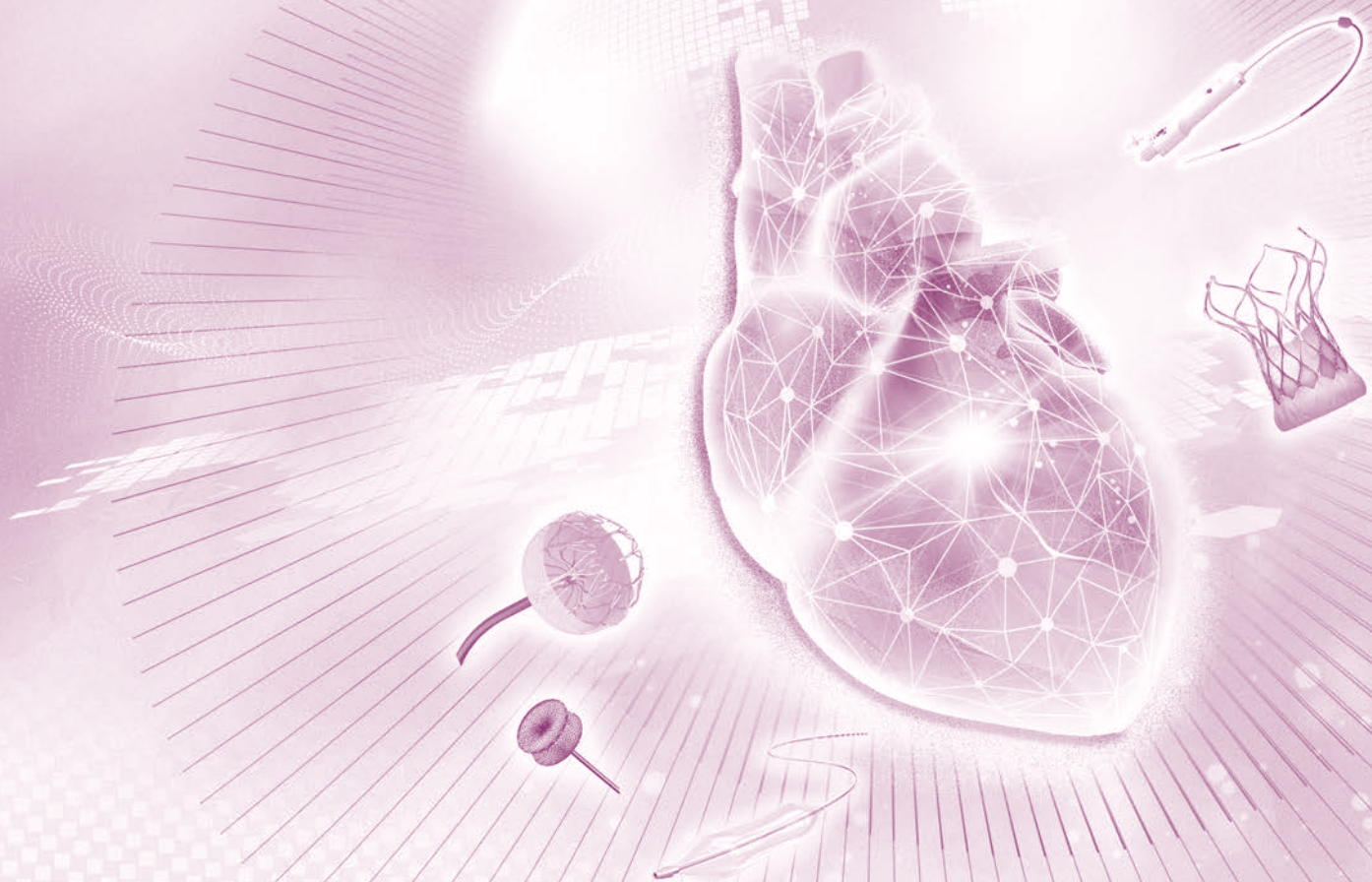
Stock Code : 2160



2024
INTERIM REPORT

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DEFINITIONS AND GLOSSARY OF TECHNICAL TERMS

"2024 Kewei Distribution Framework Agreement"	the 2024 Kewei distribution framework agreement dated July 19, 2024 between MP CardioFlow and Kewei Medical, pursuant to which, for a term commencing from July 19, 2024 to December 31, 2025 (both days inclusive), Kewei Medical agreed to grant an exclusive right to MP CardioFlow to distribute the Kewei Products in China
"4C Medical"	4C Medical Technologies, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral and tricuspid valve devices
"AltaValve™"	AltaValve™ human mitral valve replacement medical device product
"Alwide® Plus"	Alwide® Plus balloon catheter
"AnchorMan® LAA Access System"	AnchorMan® left atrial appendage access system
"AnchorMan® LAAC System"	AnchorMan® left atrial appendage closure system
"Angelguide®"	our first-generation tip-preshaped super stiff guidewire
"aortic valve"	the valve that prevents blood flowing back from aorta to left ventricle
"associate(s)"	has the meaning as defined in the Listing Rules
"Audit Committee"	the audit committee of our Company
"Board"	the board of directors of our Company
"Business Day"	a day on which banks in Hong Kong are generally open for business to the public and which is not (i) a Saturday, Sunday or public holiday in Hong Kong or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"CE Mark"	a certification mark that indicates conformity with health, safety and environmental protection standards for products sold within the European Economic Area
"CG Code" or "Corporate Governance Code"	the Corporate Governance Code contained in Appendix C1 to the Listing Rules, as amended from time to time
"China" or "PRC"	People's Republic of China, but for the purpose of this interim 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

Definitions and Glossary of Technical Terms (Continued)



"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
"Code Provision(s)"	the principles and code provisions set out in the CG Code
"Company" or "our Company"	MicroPort CardioFlow Medtech Corporation (微创心通医疗科技有限公司), a company with limited liability incorporated under the laws of the Cayman Islands on January 10, 2019
"Director(s)"	the director(s) of our Company, including all executive, non-executive and independent non-executive directors
"Equity Transfer Agreement"	the equity transfer agreement dated January 1, 2024 among MicroPort Sinica, Shanghai Zuoqing, MP CardioAdvent and MP CardioFlow in respect of the MP CardioAdvent Acquisition
"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
"HKFRS"	Hong Kong Financial Reporting Standards
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Independent Physicians"	physicians who can conduct TAVI procedures independently with VitaFlow® or VitaFlow Liberty™
"Kewei Loan Agreement"	the Kewei loan agreement dated July 19, 2024 entered into between MP CardioFlow and Kewei Medical, pursuant to which, MP CardioFlow, as the lender, agreed to grant Kewei Medical, as the borrower, a loan facility in a principal amount of RMB10.0 million, at an interest rate equivalent to the one-year LPR on the date of the Kewei Loan Agreement



Definitions and Glossary of Technical Terms (Continued)

“Kewei Medical”	Dongguan Kewei Medical Instrument Co., Ltd. (東莞科威醫療器械有限公司), a limited liability company established in the PRC on April 15, 1993
“Kewei Products”	the self-owned products of Kewei Medical, namely Evermend™ ASD (atrial septal defect) occluder, Evermend™ VSD (ventricular septal defect) occluder, Evermend™ PDA (patent ductus arteriosus) occluder and delivery systems for Evermend™ occluders
“KOL(s)”	doctors that influence their peers’ medical practice, including but not limited to prescribing behavior
“LAA”	left atrial appendage
“LAAC”	left atrial appendage closure
“Latest Practicable Date”	September 20, 2024, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining the information contained herein
“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
“MicroPort Sinica”	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), (formerly known as MicroPort Group Co., Ltd. (上海微創投資控股有限公司)), a limited liability company established in the PRC on April 9, 2013 and a wholly-owned subsidiary of MicroPort®
“mitral valve”	the valve that prevents the blood in left ventricle from flowing back to left atrium



Definitions and Glossary of Technical Terms (Continued)

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended from time to time
“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
“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 our Company
“one-year LPR”	one-year loan prime rate, i.e. the one-year loan prime rate announced by the National Interbank Funding Center (全國銀行間同業拆借中心) of the PRC on the 20th day of each month (or the next Business Day in case of holidays)
“PAV”	prosthetic aortic valve, the artificial valve of our TAVI products
“PET”	polyethylene terephthalate
“Prospectus”	the prospectus issued by our Company on January 26, 2021
“PVL”	paravalvular leakage, a complication associated with the implantation of a prosthetic heart valve through TAVI or surgical aortic valve replacement
“R&D”	research and development
“Remuneration Committee”	the remuneration committee of our Company
“Renminbi” or “RMB”	the lawful currency of the PRC
“Reporting Period”	the six months ended June 30, 2024
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“Shanghai MicroPort”	Shanghai MicroPort Limited, a company incorporated in the BVI with limited liability on January 8, 2019, a wholly-owned subsidiary of MicroPort® and one of our controlling shareholders
“Share Award Scheme”	the share award scheme adopted by our Company on March 30, 2021, as amended from time to time
“Share Option Scheme”	the share option scheme adopted by our Company on March 13, 2020 and terminated and replaced by the Share Scheme on June 27, 2023



Definitions and Glossary of Technical Terms (Continued)

"Share Scheme"	the share scheme adopted by our Company on June 27, 2023
"Share(s)"	ordinary share(s) in the share capital of our Company of US\$0.000005 each
"Shareholder(s)"	holder(s) of our Share(s)
"sq.m."	square meter, a unit of area
"Stock Exchange"	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"STS Score"	Society of Thoracic Surgery risk score or percentage point, a validated risk-prediction model for open surgery, the higher value of which indicates the higher risk of patients to conduct a surgery
"subsidiary(ies)"	has the meaning ascribed to it thereto in section 15 of the Companies Ordinance, Chapter 622 of the Laws of Hong Kong
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"TAVI"	transcatheter aortic heart valve implantation, a catheter-based technique to implant a new aortic valve in a minimally invasive procedure that does not involve open-chest surgery to correct severe aortic stenosis
"TMV"	transcatheter mitral valve, which refers to treatment methods for mitral valve diseases through transcatheter approach
"TMVr"	transcatheter mitral valve replacement
"TMVR"	transcatheter mitral valve replacement, a catheter-based technique to implant a new mitral valve in an interventional procedure that does not involve open-chest surgery
"TTV"	transcatheter tricuspid valve, which refers to treatment methods for tricuspid valve diseases through transcatheter approach
"TTVR"	transcatheter tricuspid valve replacement, a catheter-based technique to implant a new tricuspid valve in an interventional procedure that does not involve open-chest surgery
"TVT"	transcatheter valve therapy, the treatment of valvular heart diseases (such as aortic valve disease, mitral valve disease and tricuspid valve disease) through transcatheter approach, which includes TAVI, TMV and TTV
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

Definitions and Glossary of Technical Terms (Continued)



"US\$" or "US dollars"	United States dollars, the lawful currency of the United States
"Valcare"	Valcare, Inc., a company incorporated under the laws of the State of Delaware and mainly engaged in the R&D of mitral valve and tricuspid valve medical devices
"VitaFlow®"	unless the context indicates otherwise, "VitaFlow®" refers to the VitaFlow® transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and certain procedural accessories
"VitaFlow Liberty®"	unless the context indicates otherwise, "VitaFlow Liberty®" refers to the VitaFlow Liberty® transcatheter aortic valve implantation system, which comprises of a PAV, a motorized delivery system and the tip-preshaped super stiff guidewire Angelguide®
"%"	per cent



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Jeffrey R Lindstrom

Mr. Zhao Liang

Ms. Yan Luying

Non-Executive Directors

Mr. Chen Guoming (*Chairman of the Board*)

Mr. Zhang Junjie

Ms. Wu Xia

Independent Non-Executive Directors

Mr. Jonathan H. Chou

Ms. Sun Zhixiang

Dr. Ding Jiandong

JOINT COMPANY SECRETARIES

Ms. Li Xiangmei (*ACG HKACG*)

Ms. Chan Lok Yee (*ACG HKACG*)

AUTHORIZED REPRESENTATIVES

Mr. Chen Guoming

Ms. Chan Lok Yee (*ACG HKACG*)

AUDIT COMMITTEE

Mr. Jonathan H. Chou (*Chairman*)

Ms. Sun Zhixiang

Dr. Ding Jiandong

REMUNERATION COMMITTEE

Ms. Sun Zhixiang (*Chairwoman*)

Mr. Chen Guoming

Mr. Jonathan H. Chou

NOMINATION COMMITTEE

Mr. Chen Guoming (*Chairman*)

Ms. Sun Zhixiang

Dr. Ding Jiandong

REGISTERED OFFICE

Tricor Services (Cayman Islands) Limited

Third Floor, Century Yard

Cricket Square, P.O. Box 902

Grand Cayman, KY1-1103

Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 1661 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

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

Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance

8th Floor, Prince's Building

10 Chater Road, Central

Hong Kong



PRESIDENT'S STATEMENT



Mr. Jeffrey R Lindstrom
President

Dear Shareholders,

In the first half of 2024, with the increasing aging of the global society and the continuous upgrading of end-users' demand for high-quality medical devices, the long-term demand of TAVI products maintained steady growth. In China, with the joint efforts of all participants in the TAVI industry in academic communications, doctor and patient education, medical insurance coverage and payment support, TAVI has been further popularized and developed, the number of qualified surgery centers has increased, the penetration rate of TAVI has further increased, and the industry has been expanding. The Group has achieved healthy and sustainable business growth through measures such as pooling internal and external resources, leveraging intensive effects and improving operational efficiency.

Domestic commercialization of TAVI has made solid progress, and commercial profits have increased significantly

During the Reporting Period, the Group's TAVI products successfully entered about 50 hospitals in China, reaching a total of more than 600 hospitals. 53 Independent Physicians were cultivated, and the total number reached 360. Benefiting from the improvement of the manpower efficiency of the sales team and the mining of the dollar efficiency, the distribution expenses during the Reporting Period decreased by 10.1 percentage points year-on-year, achieving a substantial increase in commercial profits and entering a healthier growth mode.

Globalization is advancing step by step, commercialization and registration are going hand in hand

During the Reporting Period, VitaFlow Liberty® obtained CE mark and achieved commercial implantation, becoming the first "China Intelligent Manufacturing" TAVI system to enter the European market, laying a solid foundation for the rapid growth of the Group's overseas revenue. As of the end of the Reporting Period, our TAVI products have received registration approval in 12 countries, and have entered nearly 100 hospitals in Argentina, Colombia, Thailand, Russia, Chile and Switzerland, and nearly 30 Independent Physicians were cultivated.



President's Statement (Continued)

VitaFlow Liberty® and Alwide® Plus are also registering in emerging markets such as Brazil, South Korea, Iran and Kazakhstan. In addition, the CE registration of Alwide® Plus and AnchorMan® has also reached the critical stage of review.

The LAA business is budding and poised for take-off

The AnchorMan® LAAC system independently developed by Shanghai CardioAdvent, a subsidiary of the Company, has been approved by the NMPA on January 5, 2024, becoming the only semi-closed type LAAC product approved in China so far, which marks the official expansion of the Group's business into stroke prevention in patients with nonvalvular atrial fibrillation, a segment with high growth potential in the structural heart disease field, which will further expand the Group's revenue sources. As of the end of the Reporting Period, the Group had completed the network deployment of AnchorMan® in almost all provinces and municipalities in China, and achieved the first batch of commercial implantation, which was highly praised by physicians for its excellent clinical performance, and promoted the rapid increase of its implantation volume.

Pipeline products contribute to efficient and healthy development of the Group

While accelerating the pace of commercialization, we continue to orderly and efficiently promote the strategic R&D layout of the trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases, and continue to provide potential energy for the rapid and healthy development of the Group. During the Reporting Period, the 8-year follow-up results of the VitaFlow® premarket clinical trial were released, showing an all-cause mortality of 39.1% and a cardiogenic mortality of only 22.1% in enrolled patients at the 8th year follow-up. Compared to other TAVI products currently commercialized in China, VitaFlow® has a superior performance in terms of all-cause mortality and postoperative complications, including moderate/severe perivalvular leakage, severe stroke, and vascular complications. Excellent clinical data provide strong support for the safety and efficacy of VitaFlow®, and also provide a solid clinical basis for the global expansion of the product. VitaFlow Liberty® Flex, the third generation TAVI product equipped with an upgraded steerable delivery system, has entered the key process of registration with the NMPA. The self-developed TMVR product has completed nearly 20 human applications and successfully completed the longest postoperative follow-up of two years, and the results are exciting.

In the second half of 2024, we will continue to uphold the mission of “providing trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases”, continue to cultivate the vast China market, continue to expand overseas markets, and comprehensively promote the globalization strategy to benefit patients around the world. We will continue to focus on the health of our financial statements, further improve operational efficiency and reduce losses through measures such as focusing on business, expanding revenue and reducing expenses, and strive to achieve profitability as soon as possible while maintaining steady revenue growth.

The Company's directors, senior management and all employees continue to pursue excellence with integrity and diligence. On behalf of the entire Company, I would like to express gratitude all our Shareholders, suppliers, distributors, doctors and partners for their support over the years.



FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENTS OF PROFITS OR LOSS

	For the six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Revenue	223,138	176,442
Gross profit	158,224	116,623
Loss from operations	(28,480)	(135,420)
Loss for the period	(57,753)	(179,402)
Loss per share — Basic and diluted (in RMB)	(0.02)	(0.08)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of	
	June 30, 2024 RMB'000 (unaudited)	December 31, 2023 RMB'000 (audited)
Non-current assets	603,903	535,772
Current assets	1,893,518	2,041,336
Total assets	2,497,421	2,577,108
Non-current liabilities	50,739	48,662
Current liabilities	249,065	193,583
Total liabilities	299,804	242,245
Total equity	2,197,617	2,334,863



MANAGEMENT DISCUSSION AND ANALYSIS


BUSINESS REVIEW

Overview

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

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

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



Management Discussion and Analysis (Continued)

Our global registrations are also progressing steadily during the Reporting Period: as of the date of this interim report, in addition to the CE mark, VitaFlow Liberty® received registration approvals in Hong Kong, Saudi Arabia, Belarus and Malaysia; the registrations of VitaFlow Liberty® and Alwide® Plus have also reached milestone achievements in emerging markets such as Brazil, South Korea, Iran and Kazakhstan. The CE registration of Alwide® Plus, AnchorMan® LAAC System and AnchorMan® LAA Access System also entered key approval process. With the successive registrations of our products in overseas markets, we will further expand our business coverage and accelerate global business development by continuously leveraging on the global visibility of the MicroPort® brand and the existing sales network of the MicroPort® Group.

While accelerating the pace of commercialization, we have continued to carry out the strategic R&D roadmap to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases in an orderly and efficient manner, providing continuous momentum for the Group's rapid and healthy development. We pay close attention to the technical bottlenecks and clinical pain points of the existing TAVI products, and have designed and planned to launch VitaFlow Liberty® Flex, our third-generation TAVI product which is equipped with a newly upgraded steerable delivery system, in order to further enhance the immediate and long-term therapeutic effects of TAVI procedures. The product has entered the critical stage of the NMPA registration. In respect of mitral valve therapy, the Group's self-developed TMVR product completed multiple human applications, successfully completed the postoperative follow-ups of relevant patients for up to two years with an inspiring result.

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

Management Discussion and Analysis (Continued)

Our Pipeline

As of the date of this interim report, our in-house developed product portfolio consists of six registered products — VitaFlow®, VitaFlow Liberty® (including procedural accessories as supporting supply), Alwide® Plus, AccuSniper™, AnchorMan® LAAC System and AnchorMan® LAA Access System, and various TAVI products, TMV products, TTV products, LAA products and procedural accessories at different development stages. In addition to our in-house developed product portfolio, we also collaborated with our business partner, namely 4C Medical, with respect to certain TMV and TTV products, for which we own the exclusive commercial rights in China. The following chart summarizes our product portfolio comprised of the products that we developed in house and in collaboration with our business partners as of the end of the Reporting Period:

Product			Pre-clinical	Clinical trial	Registration
Aortic valve products	VitaFlow® System	VitaFlow®			Launched
				Successfully registered in Argentina and Thailand	
		Alwide® balloon catheter*			Launched
	VitaFlow Liberty® System			Successfully registered in Argentina and Thailand	
		VitaFlow Liberty® (Retrievable)	★	Received CE Mark, registered in Argentina, Colombia, Thailand, Russia, Indonesia, Hong Kong, Chili and Saudi Arabia	Launched
		Angelguide® tip-preshaped super stiff guidewire*	★	registration in emerging markets in progress	
	VitaFlow Liberty® Flex (Steerable delivery system)	▲ ★		Successfully registered in Argentina, Colombia, and Brazil	Launched
	VitaFlow® IV (Lower profile, better durability and hydrodynamic properties)	★	NMPA Registration in progress		
VitaFlow® Balloon Expandable (New anti-calcification technology)		Design stage			
Mitral valve products	Self-developed replacement product	★	Design stage		
	AltaValve™ – Replacement product (Partnership with 4C Medical – commercialization rights in China)	★		FIM Study	
Tricuspid valve products	Self-developed replacement product	★	Received breakthrough and IDE approval of FDA		
	Replacement product (Partnership with 4C Medical)	★	Design stage		
Procedural accessories	Alwide® Plus balloon catheter	★			Launched
	AccuSniper™ double-layer balloon catheter	★		Successfully registered in Argentina, Colombia, Brazil, Thailand, Russia, Saudi Arabia, Indonesia and Hong Kong	
	Alpass® catheter sheath II	★		CE Marking registration and registration in emerging markets in progress	
Left Atrial Appendage products	AnchorMan® Left Atrial Appendage Access System	▲		Received NMPA approval	
	AnchorMan® Left Atrial Appendage Closure System	★		NMPA Registration in progress	
		★		CE Marking registration in progress	

China status

Global status

Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials promulgated by the NMPA, as amended

Major Progress during the Reporting Period

These procedural accessories are registered and commercialized offered as part of VitaFlow® or VitaFlow Liberty® system and are not registered as standalone product in China

China status Global status


★ Major Progress during the Reporting Period

▲ Among our product candidates, these devices are exempted from clinical trial requirements in accordance with the Catalogue of Medical Device Exempted from Clinical Trials promulgated by the NMPA, as amended

* These procedural accessories are registered and commercialized offered as part of VitaFlow® or VitaFlow Liberty® system and are not registered as standalone product in China

VitaFlow®

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



Management Discussion and Analysis (Continued)


We conducted a prospective, multi-center and single-arm pivotal clinical trial in China with VitaFlow®, which enrolled 110 patients with STS Score of 8.8%. The 5-year follow-up results of the clinical trial were released in July 2022, in which the all-cause mortality rate at 5-year follow-up was 18.2%, and the incidence of major stroke cases was only 2.1%; during the Reporting Period, the 8-year follow-up results of the clinical trial were released, in which the all-cause mortality rate at 8-year follow-up was 39.1%, and the cardiac mortality rate is only 22.1%. Compared with other commercially available TAVI products in China, VitaFlow® performed better in terms of all-cause mortality rate and postoperative complications (including moderate/severe PVL, major stroke and vascular complications). This excellent clinical data provides strong support for the safety and efficacy of VitaFlow®, as well as a solid clinical basis for the global expansion of the product.

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

VitaFlow Liberty®

VitaFlow Liberty® is our self-developed second-generation TAVI product, which consists of a PAV, a motorized delivery system and a tip-preshaped super stiff guidewire Angelguide®, where the PAV adopts the same design with VitaFlow®. Compared with VitaFlow®, the key upgrade for VitaFlow Liberty® lies in the unique and innovative structure of the delivery system that enables retrieval of the PAV while ensuring excellent navigability, which helps to traverse challenging anatomical structures. The system is equipped with the only commercialized motorized handle worldwide, enabling deployment and retrieval of the PAV being conducted in a stable, accurate and fast manner. A physician may retrieve the PAV up to three times if it is not placed accurately at the designated position during deployment of the PAV, provided that the deployment does not exceed 75% of the maximal deployment range. The retrieval function helps increase the accuracy of positioning the PAV, thereby further improving the overall success rate of the TAVI procedure. In addition, Angelguide® features high guidewire rail support and smooth transition to reduce the risk of vascular damage and enhance the accuracy of deployment. VitaFlow Liberty® has won the German Red Dot Award: Product Design and the Italy A' Design Award for its innovative design concept and outstanding product performance, showing the international recognition of our innovative product design and the CardioFlow brand and laying a solid foundation for the internationalization of VitaFlow Liberty®.

VitaFlow Liberty® obtained the NMPA approval for registration in August 2021 and started to commercialize in China in September 2021. As of the date of this interim report, VitaFlow Liberty® was successively registered in Argentina, Colombia, Thailand, Russia, Indonesia, Hong Kong, European Union, Saudi Arabia, Malaysia and Belarus. We are also in the process of registering VitaFlow Liberty® in emerging markets, such as Brazil, South Korea, Kazakhstan, and Iran, and plan to apply for its registration in regions and countries that recognize the CE mark after obtaining it.



Management Discussion and Analysis (Continued)

VitaFlow Liberty® Flex

VitaFlow Liberty® Flex is our third-generation TAVI product. It inherits all the advantages of VitaFlow Liberty®. Its delivery system will feature with steerable function designed to help physicians increase the accuracy of positioning, and the profile will be further reduced. VitaFlow Liberty® Flex will provide physicians with excellent ease-of-use and further improve procedure efficiency and release accuracy. We have submitted the registration application for this product to the NMPA.

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

Fourth-Generation TAVI Product

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

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

TAVI Balloon Expandable Product


We are designing a TAVI product for the treatment of aortic stenosis with balloon dilatation that adopts a short stent design and dry tissue, and equips with other unique technical features to optimize hemodynamics and maintain valve performance. The product is currently in the R&D and design stage.

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

TMVR Product

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

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



Management Discussion and Analysis (Continued)

R&D

R&D is crucial to our growth. We have been practicing our mission “to provide trustworthy and universal access to state-of-the-art total solutions to treat structural heart diseases” by deeply rooting ourselves in the field of structural heart disease with higher standards and better practices and committing ourselves to innovation and R&D of the world-leading structural heart disease technologies, to create a technological innovation system integrating production, education and research, bring high-quality products and services to the global market, and provide the most powerful driving force for the Group’s sustainable development.

We have a core R&D team with key technology expertise in areas including, among others, biological material, structure design and processing technique. The team, currently comprising of approximately 90 staff, focuses on the R&D of new technologies and materials that have the potential to be applied to our product portfolio. We have established several cross-functional project teams encompassing project management, R&D, process, procurement, quality, registration, clinical trial and medical technology, to work toward the whole process of developing new products through professional work of each function and cooperation of all parties. We also have an international scientific advisory board, consisting of global leading scientists and physicians in the cardiovascular field, who share their abundant experiences and insights on the latest technology breakthroughs and the latest trends in the treatment of valvular heart diseases worldwide.


Intellectual Properties

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

During the Reporting Period, we newly registered five patents and submitted 20 pending patent applications in China. Meanwhile, we added a total of 34 patents in South Korea, Japan, Australia, America and Europe. As of the end of the Reporting Period, we owned 185 patents in China, including 46 invention patents, 129 utility models and ten industry designs, and 168 pending patent applications, including 147 invention patents, 20 utility models and one industry design. To drive our internationalization strategy, as of the end of the Reporting Period, we also owned 151 patents in Japan, Switzerland, Portugal, the United Kingdom, Italy, Germany, France, Spain, America, South Korea, Australia, Brazil and India, among others. All of the patents that we owned or applied for are related to technologies of our products or product candidates and are self-developed by our R&D team. As of the end of the Reporting Period, with four newly registered ones, the total number of our approved trademarks worldwide reached 112.

Supply Chain

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



Management Discussion and Analysis (Continued)


Through close communication and collaboration with global suppliers based on the concept of win-win cooperation, we accelerate the diversified supplier development and the local sourcing of raw materials while maintaining a stable supply of raw materials to enhance supply chain resilience and agility, and continuously optimize product costs. We have also achieved in-house production of certain key raw materials, which not only significantly reduced costs but also broke the foreign monopoly on these critical raw materials, thereby eliminating the potential risks associated with exclusive supply. In addition, we have established an advanced quality control system, further introduced the concept of Operational Excellence (OPEX), and continued to strengthen the construction of the manufacturing system to realize the continuous improvement on production efficiency.

Commercialization

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

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

We carry out logistics, dispatch, warehousing and other works with the help of platform providers, and sell our products to hospitals through distributors and ultimately use them to treat our patients. We select distributors with extensive experience and resources in selling medical devices across China for cooperation, who are provided with professional training and assessed strictly to build all-round capabilities in market development, solution promotion, device sales and perioperative support, making them a strong supplement of our Total Solutions team.



Management Discussion and Analysis (Continued)

In order to strengthen the marketing of our products and our brand building, we actively participated in medical conferences and industry exhibitions in the global cardiac and cardiovascular field, continuing to enhance the Group's global visibility and reputation. During the Reporting Period, we witnessed the culminating duel in the National Finals of the third "AP-SHD • China Structural Week • VitaFlow® Classics Competition", as well as the moment of glory of various young-and-middle-aged physicians, which has laid a good foundation for accelerating popularization and penetration of the TAVI procedure. We participated in well-known international academic conferences such as Hangzhou Valves, Annual Meeting of the Asian Society for Cardiovascular and Thoracic Surgery (ASCVTS), 2024 West China Atrial Fibrillation Week, the Oriental Congress of Cardiology and the World Congress of Cardiology (OCC-WCC 2024), Beijing Valves, Chinese Heart Rhythm Society Scientific Sessions (CHRS 2024), and EuroPCR, shared the latest clinical information of our TAVI products, as well as related device features and procedure skills via introduction of international senior experts in the field of interventional therapy for valvular heart disease, held discussions on typical cases and conducted live case broadcasting, which further increased the influence of the CardioFlow brand in the international academic community.

Employees and Remuneration

As of June 30, 2024, our Group had a total of 483 full-time employees (as of June 30, 2023: 579 full-time employees), of which 11.59% were R&D staff and 36.44% were marketing and sales staff. We enter into employment contracts with employees in accordance with applicable laws and regulations, and provide them with competitive remuneration package, including wage, allowance, bonus, benefits and long-term incentives.

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


Future Development

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

Continue to strengthen our presence in China TAVI market

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

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



Management Discussion and Analysis (Continued)

- **Enhance patient discovery and referral.** We believe that with the deepening of the clinical application of TAVI products, the improvement of physicians' familiarity with devices and their procedure skills, and the expansion of the accessibility of TAVI treatment, there are still mass unmet diagnosis and treatment needs of patients in China (especially in low-tier cities). We will continue to carry out routine patient screening, diagnosis and referral, and carry out the whole-process health management of patients from the very beginning, so as to help more TAVI patients receive timely and reliable treatment.
- **Build academic brand to achieve professional education and promotion.** We fully explore the highlights of differentiated products, develop targeted training programs by discipline, and increase our influence among young-and-middle-aged physicians through academic competition. We have built the KOLs and physician network in the professional field of structural heart diseases and maintained frequent communications with several leading medical associations in these fields to fully build a bright academic brand and achieve professional physician education and product promotion.
- **Conduct long-term postoperative follow-ups and efficacy evaluation.** We continue to conduct follow-up evaluations after TAVI procedures to further monitor the long-term safety and efficacy of VitaFlow® and VitaFlow Liberty®. We believe that we are well-positioned to further boost our product and brand recognition through these valuable long-term clinical data and provide inspiration for the R&D of the next generation of our products.

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


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

Continue to advance our international strategy

VitaFlow Liberty® has received the CE Mark and registration approval in nine overseas countries and territories, and Alwide® Plus, AnchorMan® LAAC System and AnchorMan® LAA Access System have entered the key stages of CE mark registration, which lays a good foundation for our international strategy. We will continue to collaborate with global enablers, including medical device companies, research institutes, hospitals and distributors, to advance our international strategy.

We have selected European and other emerging markets, especially countries that recognize CE mark or the NMPA approval, as key overseas markets to promote the registration and commercialization of VitaFlow Liberty®, and leverage on the global recognition of the MicroPort® brand and the existing sales network of the MicroPort® Group to advance the overseas coverage of our products.

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



Management Discussion and Analysis (Continued)

Rapidly advance the R&D of new products

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

Seek external cooperation to expand product portfolio

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

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

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


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

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

Significant Investments, Material Acquisitions and Disposals during the Reporting Period

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

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



Management Discussion and Analysis (Continued)

Events after the Reporting Period

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

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

Save as disclosed above, there are no important events occurred after the end of Reporting Period and up to the Latest Practicable Date.

FINANCIAL REVIEW

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and the notes included elsewhere in this interim report.

Revenue

During the Reporting Period, our revenue was mainly generated from our commercialized products, VitaFlow®, VitaFlow Liberty®, AnchorMan® LAA Access System and AnchorMan® LAAC System.

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

Cost of Sales

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

Management Discussion and Analysis (Continued)

Gross Profit and Gross Profit Margin

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

Other Net Income

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


R&D Costs

Our R&D costs decreased by 24.1% from RMB109.5 million for the six months ended June 30, 2023 to RMB83.1 million for the six months ended June 30, 2024, primarily due to the adjustments in the priority and resource investment of projects based on the prevailing market outlook and the efficiency analysis on input-output in a prudent manner. The following table provided information regarding the breakdown of the R&D costs of our Company for the periods indicated:

	For the six months ended June 30,	
	2024 RMB'000 (unaudited)	2023 RMB'000 (unaudited)
Staff costs	27,243	39,243
Cost of materials and consumables used	11,305	24,468
Depreciation and amortization	22,208	19,821
Third-party contracting costs	13,564	20,355
Share-based compensation expenses	1,585	1,757
Others	7,185	3,850
Total	83,090	109,494

Distribution Costs

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



Management Discussion and Analysis (Continued)

Administrative Expenses

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

Fair Value Changes in Financial Instruments

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

Other Operating Costs

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

Finance Costs

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

Share of Losses of Associates


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

Share of Losses of a Joint Venture

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

Inventories

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



Management Discussion and Analysis (Continued)

Trade and Other Receivables

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

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

Interests in Associates

Our interest in associates decreased by 15.9% from RMB143.1 million as of December 31, 2023 to RMB120.3 million as of June 30, 2024, primarily due to the loss recognized from 4C Medical under equity method.

Trade and Other Payables

Our trade and other payables primarily consist of (i) trade payables due to third party suppliers and related parties; (ii) accrued payroll; (iii) other payables and accrued charges; and (iv) consideration payables in connection with the acquisition of a subsidiary.

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

Capital Expenditure


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

Foreign Exchange Exposure

During the Reporting Period, our Group mainly operated in China and a majority of its transactions were settled in RMB, the functional currency of our Company's primary subsidiaries. As of June 30, 2024, a portion of our Group's bank balances was denominated in US dollars. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. Except for certain bank balances, trade and other receivables, trade and other payables, and other denominated in foreign currencies, our Group did not have significant foreign currency exposure from its operations as of June 30, 2024.

Contingent Liabilities

As of June 30, 2024, we did not have any contingent liabilities.



Management Discussion and Analysis (Continued)

Capital Management

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

Liquidity and Financial Resources

Our cash and cash equivalents, time deposits and pledged deposits decreased from RMB1,773.7 million as of December 31, 2023 to RMB1,560.4 million as of June 30, 2024, primarily attributable to continuous expansion of the business scale of the Group. Our Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserve of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. Our Company believes that we have sufficient funds to satisfy our working capital and capital expenditure requirements for 2024.

Borrowings and Gearing Ratio

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

Net Current Assets

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

Charge on Assets

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



CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of June 30, 2024, 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 our Company pursuant to Section 352 of the SFO, or as otherwise notified to our Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the underlying Shares of our Company

Name of Director/ Chief Executive	Capacity/ Nature of interest	Number of Shares/ underlying Shares held	Approximately percentage of shareholding interest
Mr. Chen Guoming	Beneficial owner	8,905,892	0.37%
Mr. Jeffrey R Lindstrom	Beneficial owner	6,000,000	0.25%
Mr. Zhao Liang	Beneficial owner	10,458,260	0.43%
Ms. Yan Luying	Beneficial owner	7,243,914	0.30%
Dr. Ding Jiandong	Beneficial owner	479,683	0.02%
Mr. Jonathan H. Chou	Beneficial owner	449,683	0.02%
Ms. Sun Zhixiang	Beneficial owner	449,683	0.02%

Notes:

- (1) All the above Shares are held in long position.
- (2) The calculation is based on the total number of 2,412,592,839 Shares in issue as at June 30, 2024.

Save as disclosed above, as of June 30, 2024, none of the Directors or chief executives of our Company or their associates had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of our Company or any of its associated corporations.

Corporate Governance and Other Information (Continued)

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

As of June 30, 2024, so far as the Directors are aware, the following persons (other than the Directors or chief executives of our Company or their associates) had interests or short positions in the Shares or underlying Shares of our Company as recorded in the register required to be kept by our Company pursuant to Section 336 of the SFO:

Name of Substantial Shareholders	Nature of interest	Number of Shares	Approximately percentage of shareholding interest
Shanghai MicroPort ⁽¹⁾	Beneficial Interest	1,112,855,680	46.13%
CICC Kangrui ⁽²⁾	Beneficial Interest	181,592,220	7.53%

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) 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.
- (3) All the above Shares are held in long position.
- (4) The calculation is based on the total number of 2,412,592,839 Shares in issue as at June 30, 2024.

Save as disclosed above, as of June 30, 2024, no person, other than the Directors or chief executives of our 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 our 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 OUR COMPANY

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

COMPLIANCE WITH THE MODEL CODE

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

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

The Company's employees, who are likely to be in possession of inside information of the Company, have also been subject to the Model Code. The Company was not aware of any incident of non-compliance with the Model Code by the employees during the Reporting Period.

SHARE INCENTIVE SCHEMES

Share Scheme

The Share Scheme was adopted by ordinary resolution passed by shareholders of the Company on June 27, 2023 (the "**Adoption Date of Share Scheme**") in compliance with the amendments of Chapter 17 of the Listing Rules that came into on January 1, 2023 to replace the Share Option Scheme. The terms of the Share Scheme are governed by Chapter 17 of the Listing Rules. A summary of the principal terms of the Share Scheme is set out below:

(a) Purpose


The purpose of the Share Scheme is to provide incentive to the eligible participants in order to promote the development and success of the business of our Group. The Share Scheme will give the eligible participants an opportunity to have a personal stake in our Company and will help motivate the eligible participants in optimizing their performance and efficiency and attract and retain the eligible participants whose contributions are important to the long-term growth of our Group.

(b) The Eligible Participants

The eligible participants are the employee participants, the related entity participants and the service provider participants.

In determining the basis of eligibility for employee participants, the factors in assessing whether any person is eligible to participate in the Share Scheme include:

- (i) the performance of the employee participant;
- (ii) the skill, knowledge, experience, expertise and other personal qualities of the employee participant;
- (iii) the time commitment, responsibilities or employment conditions of the employee participant according to the prevailing market practice and industry standard;



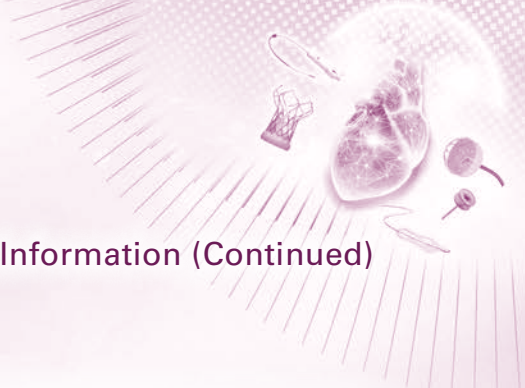
Corporate Governance and Other Information (Continued)

- (iv) the length of employment with our Group; and
- (v) the contribution or potential contribution of the employee participant to the development and growth of our Group.

In determining the basis of eligibility for related entity participants, the Board would take into account, among others:

- (i) the experience of the related entity participant on the Group's businesses;
- (ii) his/her expertise and skill, the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the related entity participant has established with the Group;
- (iii) the positive impacts brought by, or expected from, the related entity participant on the Group's business development in terms of an increase in turnover or profits and/or an addition of expertise to the Group;
- (iv) whether the related entity participant has assisted the Group in tapping into new markets and/or increased its market share;
- (v) the amount of support, assistance, guidance, advice, efforts and contributions the related entity participant has exerted and given towards the success of the Group in research, product development or commercialization, and/or the amount of other potential support, assistance, guidance, advice, efforts and contributions the related entity participant is likely to be able to give or make towards the success of the Group in the future; and
- (vi) the materiality and nature of the business relation of the holding companies, fellow subsidiaries or associated companies with the Group and the related entity participant's contribution in such holding companies, fellow subsidiaries or associated companies which may benefit the core business of the Group through a collaborative relationship.


A service provider participant refers to a person who provides services to any member of the Group on a continuing and recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, and fall into (1) consultants and advisers or (2) suppliers, contractors, distributors and agents, provided that placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions, and auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity shall be excluded. The Board shall use its absolute discretion to decide eligible service provider participants.



Corporate Governance and Other Information (Continued)

(c) Exercise Price and Issue Price and Exercise of Awards

- (i) The exercise price shall, subject to any adjustment made pursuant to the terms of the Share Scheme, be determined by the Board at its absolute discretion, provided that it shall be not less than the highest of:
 - (a) the closing price of the shares as shown in the daily quotations sheet of the Stock Exchange on the offer date, which must be a Business Day;
 - (b) the average of the closing prices of the shares as shown in the daily quotations sheets of the Stock Exchange for the five (5) consecutive days on which the shares are traded on the Stock Exchange immediately preceding the offer date; and
 - (c) the nominal value of the share on the offer date.
- (ii) The issue price shall be such price determined by the Board in its absolute discretion and notified to the grantee in the offer letter. For the avoidance of doubt, the Board may determine the issue price to be nil.
- (iii) Where an award is to be granted under the Share Scheme, the date of the meeting of the Board (or its authorized committee for the administration of the Share Scheme) or the remuneration committee thereof (as the case may be) at which the grant was proposed shall be taken to be the offer date for the relevant award, and the provisions as set above shall apply mutatis mutandis.
- (iv) Subject to the terms of the Share Scheme, an award shall be exercisable in whole or in part by the grantee (or, in the case of death of the grantee, by the grantee's personal representative) giving notice in writing to the Company stating that the award is thereby exercised and the number of award shares in respect of which it is so exercised.
 - (a) Each of such notice must be accompanied by a remittance for the full amount of the exercise price or the issue price (as applicable) for the award shares in respect of which the notice is given.
 - (b) Within twenty-one (21) days (or such longer period if the Company in its sole discretion considers it appropriate due to applicable legal or regulatory restrictions) after receipt of the notice and the remittance, the Company shall, at its discretion, arrange for the exercised award shares to be satisfied in the following methods:
 - (1) allot and issue the relevant number of Shares to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) credited as fully paid and instruct the share registrar to issue to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) a share certificate for the shares so allotted and issued;
 - (2) arrange for the exercised award shares to be transferred to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) credited as fully paid and issue to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) a share certificate in respect of the shares so transferred;



Corporate Governance and Other Information (Continued)

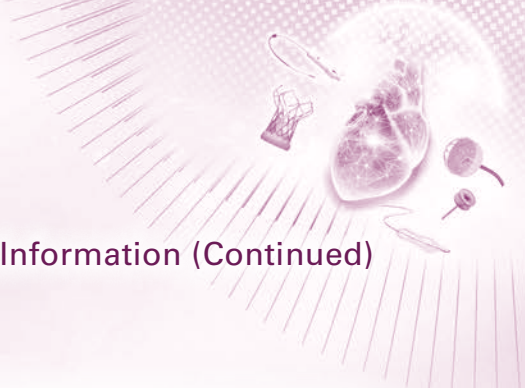
- (3) pay to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) by remittance to the bank account designated and provided by the grantee (or the grantee's personal representative), the actual selling price from on-market sale of the exercised award shares through the facilities of the Stock Exchange at prevailing market prices; and
- (4) arrange for exercised award shares to be issued or designated as vested shares held for the economic benefit of the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative), following which, the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) shall be entitled to future dividends paid or payable on the exercised award shares and the grantee (or the grantee's personal representative) will have a one-time option to request the Company to cause payment to the grantee (or the grantee's estate in the event of an exercise by the grantee's personal representative) by remittance to the bank account designated and provided by the grantee, the difference in the prevailing market prices of the exercised award shares between the vesting date and the date that the grantee notifies the Company of exercising the one-time option.

(d) Vesting Period

Save for the circumstances prescribed below, an award must be held by the grantee for a period that is not shorter than the minimum period before the award can be exercised.

The Board may at its absolute discretion grant awards to employee participants only with a vesting period shorter than the minimum period in the following circumstances:

- (i) grants of "make-whole" awards to new joiners to replace the share options or award shares they forfeited when leaving the previous employers;
- (ii) grants to an employee participant whose employment is terminated due to death or occurrence of any out of control event;
- (iii) grants that are made in batches during a year for administrative and compliance reasons, which include awards that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch;
- (iv) grants of awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of twelve (12) months; or
- (v) grants with performance-based vesting conditions in lieu of time-based vesting criteria.



Corporate Governance and Other Information (Continued)

(e) Scheme Limits and Additional Approvals

The Scheme Mandate Limit

- (i) The total number of Shares which may be issued in respect of all awards which may be granted at any time under the Share Scheme together with options and awards which may be granted under any other schemes of our Company shall not exceed such number of Shares as equals 10% of the Shares in issue as at the Adoption Date of Share Scheme (the “**Scheme Mandate Limit**”) (i.e. 241,106,331). Awards lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilized for the purpose of calculating the Scheme Mandate Limit.


As of the date of this interim report, 213,998,549 Shares are available for issue underlying options under the Share Scheme, representing approximately 8.87% of the total number of Shares in issue as of the same date.

The Service Provider Participant Sublimit

- (ii) Subject to paragraph (i) above, the total number of awards which may be issued in respect of all awards which may be granted at any time under the Share Scheme together with options and awards which may be granted under any other share schemes for the time being of our Company to service provider participants shall not exceed such number of Shares as equals to 1% of the Shares in issue as at the Adoption Date of Share Scheme (the “**Service Provider Participant Sublimit**”) within the Scheme Mandate Limit. Awards lapsed in accordance with the terms of the Share Scheme (and other schemes of the Company) will not be regarded as utilized for the purpose of calculating the Service Provider Participant Sublimit. The number of options and awards available for grant under the Service Provider Participant Sublimit at both the beginning and the end of the Reporting Period was 24,110,633 as no options or awards were granted or to be granted to any service providers during the Reporting Period.

Refreshment

- (iii) (a) our Company may seek approval of the Shareholders in a general meeting of our Company to refresh the Scheme Mandate Limit and/or the Service Provider Participant Sublimit under the Share Scheme on or after the third anniversary of the date of the Shareholders’ approval for the last refreshment or the Adoption Date of Share Scheme. The total number of Shares which may be issued upon exercise of all (1) the awards under the Share Scheme and (2) the options and awards to be granted under any other schemes of our Company as “refreshed” must not exceed 10% of the Shares in issue as at the date of approval of the refreshment. For the purpose of seeking approval of the Shareholders under this paragraph, our Company must send a circular to the Shareholders containing the information required under the Listing Rules; and
- (b) any refreshment within any three-year period shall be subject to independent Shareholders’ approval.



Corporate Governance and Other Information (Continued)

Grant in excess of the Scheme Mandate Limit

- (iv) Our Company may seek separate approval of the Shareholders in a general meeting of our Company for granting awards exceeding the Scheme Mandate Limit provided that the awards in excess of the Scheme Mandate Limit are granted only to eligible participants specifically identified by our Company before such approval is sought. For the purpose of seeking approval of the Shareholders under this paragraph, our Company must send a circular to the Shareholders containing a generic description of the specified eligible participants who may be granted such awards, the number and terms of the awards to be granted, the purpose of granting awards to the specified eligible participants with an explanation as to how the terms of the awards serve such purpose, and such other information as required under the Listing Rules. The number and terms (including the exercise price or the issue price) of the awards to be granted to such eligible participant must be fixed before Shareholders' approval. For the grant of share options, the date of Board meeting for proposing such grant should be taken as the date of grant for the purpose of calculating the exercise price.

(f) Grant of Awards to a Director, Chief Executive or Substantial Shareholder of the Company or Any Their Respective Associate

- (i) Any grant of an award to a Director, a chief executive of the Company or substantial shareholder (as defined under the Listing Rules), or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who or whose associate is the proposed grantee of the award).
- (ii)
 - (a) Where any grant of an award to an independent non-executive Director or a substantial shareholder (as defined in the Listing Rules), or any of their respective associates, would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 0.1% of the shares in issue, or
 - (b) Where any grant of share awards (i.e., excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the shares issued and to be issued in respect of all awards granted (excluding any awards lapsed in accordance with the terms of the relevant schemes) to such person in the twelve (12) month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue at the date of such grant, such grant of award must be approved by the shareholders in a general meeting of the Company.
- (iii) The Company must send a circular to the shareholders. The circular must contain such information required by the Listing Rules.




Corporate Governance and Other Information (Continued)

- (iv) The grantee, his/her associates and all the core connected persons must abstain from voting in favour of the proposed grant at such general meeting. Parties that are required to abstain from voting in favour of the proposed grant at the general meeting of the Company pursuant to the Listing Rules may vote against the resolution at the general meeting of the Company, provided that their intention to do so has been stated in the relevant circular to the shareholders.
- (v) Any vote taken at the general meeting of the Company to approve the grant of such award must be taken on a poll and comply with the requirements under the Listing Rules.
- (vi) Any change in the terms of awards granted to an eligible participant who is a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company, or any of their respective associates must be approved by the shareholders in the manner as set out in the Listing Rules if the initial grant of the award requires such approval (except where the changes take effect automatically under the existing terms of the Share Scheme).

(g) Maximum Entitlement of Each Eligible Participant

Where any grant of an award to an eligible participant would result in the Shares issued and to be issued in respect of all options and awards granted to such eligible participant (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) in the twelve (12)-month period up to and including the date of such grant representing in aggregate exceeding 1% of the Shares in issue, such grant must be separately approved by the Shareholders in a general meeting of the Company with such eligible participant and the person's close associates (or associates if the eligible participant is a connected person) abstaining from voting.

The Company must send a circular to the Shareholders and the circular must disclose the identity of the eligible participant, the number and terms of the awards to be granted (and awards previously granted to such eligible participant during the twelve (12)-month period), the purpose of granting the awards to the eligible participant, an explanation as to how the terms of the awards serve such purpose and such information as may be required by the Stock Exchange from time to time. The number and terms (including the exercise price or issue price) of the award to be granted to such eligible participant must be fixed before the general meeting of the Company. For the grant of share options, the date of the meeting of the Board for proposing such grant should be taken as the offer date for the purpose of calculating the exercise price.



Corporate Governance and Other Information (Continued)

(h) Performance Targets and Clawback Mechanism

Save as determined by the Board and provided in the offer letter of the grant of an award, the Share Scheme does not stipulate any performance target a grantee is required to achieve before the relevant award can be exercised nor any clawback mechanism for the Company to recover or withhold any awards granted to any eligible participants.

The Board believes that this will provide the Board with more flexibility in setting out the terms and conditions of the awards under particular circumstances of each grant and facilitate the Board to offer suitable incentives to attract and retain quality personnel that are valuable to the development of the Group.

(i) Time of Exercise of Options

Subject to the terms of the Share Scheme, an award may be exercised in whole or in part at any time during the period stipulated in the offer, provided that such period shall not go beyond the day immediately prior to the tenth anniversary of the offer date with respect of the relevant award.

The Board may at its discretion specify any condition in the offer letter at the grant of the relevant award which must be satisfied before an award may be exercised. Save as determined by the Board and provided in the offer of the grant of the relevant award, there is no performance target which must be achieved before an award can be exercised under the terms of the Share Scheme nor any clawback mechanism for the Company to recover or withhold any awards granted to any eligible participant.

(j) Remaining Life of the Scheme

The Share Scheme shall be valid and effective until the Business Day on which falls on the date immediately prior to the tenth anniversary of the Adoption Date of Share Scheme (the “**Termination Date**”), after which period no further awards will be granted but the provisions of the Share Scheme shall remain in force to the extent necessary to give effect to the exercise of any awards granted on or prior to the Termination Date or otherwise as may be required in accordance with the provisions of the Share Scheme.

Subject to the early termination, the remaining life of the Share Scheme is approximately eight years and nine months as of the date of this interim report.

Corporate Governance and Other Information (Continued)

(k) Outstanding Options Granted as of June 30, 2024

As of the beginning of the Reporting Period, 228,222,354 options or awards were available for grant under the Share Scheme. During the Reporting Period, the number of Shares underlying the options granted under the Share Scheme by the Company was 14,323,805. As of June 30, 2024, the aggregate number of Shares underlying the options and awards available for grant under the Share Scheme was 213,998,549. The status of the share options under the Share Scheme granted as of June 30, 2024 is as follows:

Name	Position	Number of Shares underlying the granted options under the Share Scheme as of December 31, 2023	Granted options under the Share Scheme during the Reporting Period	Exercised options under the Share Scheme during the Reporting Period	Lapsed options under the Share Scheme during the Reporting Period	Cancelled options under the Share Scheme during the Reporting Period	Exercise price	Number of Shares underlying the outstanding granted options under the Share Scheme as of June 30, 2024	Date of grant	Vesting period	Exercise period	Closing price of the Company immediately before the date of grant of share options under the Share Scheme	Weighted average share price of the Company immediately before the exercise date of share options under the Share Scheme ⁽¹⁾	Fair value of options granted under the Share Scheme during the Reporting Period at the date of grant ⁽²⁾ (RMB'000)
EMPLOYEE PARTICIPANTS														
Directors and chief executive of our Company														
Mr. Chen Guoming	Non-executive Director and Chairman of the Board	1,209,992	—	—	—	—	HK\$2.054	1,209,992	July 11, 2023	July 11, 2023– July 11, 2026	July 11, 2024– July 10, 2033	HK\$2.00	N/A	N/A
Mr. Jeffrey R Lindstrom	Executive Director and President	4,000,000	—	—	—	—	HK\$1.91	4,000,000	August 30, 2023	August 30, 2023– August 30, 2028	August 30, 2024– August 29, 2033	HK\$1.91	N/A	N/A
Mr. Zhao Liang	Executive Director and First Vice President	1,624,933	—	—	—	—	HK\$2.054	1,624,933	July 11, 2023	July 11, 2023– July 11, 2026	July 11, 2024– July 10, 2033	HK\$2.00	N/A	N/A
		—	1,876,016	—	—	—	HK\$1.002	1,876,016	April 8, 2024	August 8, 2029	August 8, 2029 – August 7, 2034	HK\$0.90	N/A	862
Ms. Yan Luying	Executive Director and Vice President	391,499	—	—	—	—	HK\$2.054	391,499	July 11, 2023	July 11, 2023– July 11, 2026	July 11, 2024– July 10, 2033	HK\$2.00	N/A	N/A
		—	872,428	—	—	—	HK\$1.002	872,428	April 8, 2024	August 8, 2029	August 8, 2029 – August 7, 2034	HK\$0.90	N/A	401
Subtotal		7,226,424	2,748,444	—	—	—		9,974,868						1,263

Corporate Governance and Other Information (Continued)

Name	Position	Number of Shares underlying the outstanding granted options under the Share Scheme as of December 31, 2023	Granted options under the Share Scheme during the Reporting Period	Exercised options under the Share Scheme during the Reporting Period	Lapsed options under the Share Scheme during the Reporting Period	Cancelled options under the Share Scheme during the Reporting Period	Exercise price	Number of Shares underlying the outstanding granted options under the Share Scheme as of June 30, 2024	Date of grant	Vesting period	Exercise period	Closing price of the Company immediately before the date of grant of share options under the Share Scheme	Weighted average share price of the Company immediately before the exercise date of share options under the Share Scheme ⁽¹⁾	Fair value of options granted under the Share Scheme during the Reporting Period at the date of grant ⁽²⁾ (RMB'000)
Other employee participants of our Company														
—	—	5,057,553	—	—	—	611,717	HK\$2.054	4,210,937	July 11, 2023	July 11, 2023– July 11, 2026	July 11, 2024– July 10, 2033	HK\$2.00	N/A	N/A
—	—	600,000	—	—	—	600,000	HK\$2.054	—	July 11, 2023	July 11, 2024– July 11, 2028	July 11, 2024– July 10, 2033	HK\$2.00	N/A	N/A
—	—	—	4,060,136	—	—	—	HK\$1.002	4,060,136	April 8, 2024	August 8, 2029	August 8, 2029 – August 7, 2034	HK\$0.90	N/A	1,865
—	—	—	4,950,000	—	100,000	—	HK\$1.002	4,850,000	April 8, 2024	April 8, 2024 – April 8, 2029	April 8, 2025 – April 7, 2034	HK\$0.90	N/A	1,781
—	—	—	2,565,225	—	—	—	HK\$1.002	2,565,225	April 8, 2024	April 8, 2024 – April 8, 2028	April 8, 2026 – April 7, 2034	HK\$0.90	N/A	869
Subtotal		12,883,977	11,575,361	—	100,000	1,211,717		15,686,298						4,515
Total		12,649,078	14,323,805	—	100,000	1,211,717		25,661,166						5,778

Notes:

- (1) The fair value was determined using the binomial lattice model. The measurement date is the date on which the share options were granted.
- (2) The vesting of above options is not subject to any performance targets. The purpose of the Share Scheme is to provide incentive to eligible participants in order to promote the development and success of the business of the Group. The options granted under the Share Scheme will give the grantees an opportunity to have a personal stake in the Company and will help motivate such grantees in optimizing their performance and efficiency. The number of options to be granted are based on the work performance and potential of the grantees and no additional performance target is imposed before the options are vested to the grantees. In view of the above, the Remuneration Committee considered the grant of options aligned with the purpose of the Share Scheme.

Save as disclosed above, none of the grantees for options and awards granted and to be granted under the Share Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with options or awards granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with options or awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No options or awards were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

SHARE OPTION SCHEME

The Share Option Scheme was adopted by ordinary resolution of the shareholders of MicroPort® (“**MicroPort Shareholders**”) in the extraordinary general meeting of MicroPort® dated March 13, 2020 (“**Adoption Date of Share Option Scheme**”) and amended on March 17, 2022. The terms of the Share Option Scheme are governed by Chapter 17 of the Listing Rules. The Share Option Scheme was terminated by ordinary resolution passed by Shareholders on June 27, 2023 and replaced by the Share Scheme adopted on the same date. Options granted under the Share Option Scheme prior to its termination shall remain valid in accordance with its terms.

A summary of the principal terms of the Share Option Scheme is set out below:

(a) Purpose

The purpose of the Share Option Scheme is to provide incentive or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Group and for such other purposes as our Board may approve from time to time.


(b) Grant of Options

Each offer of an option (the “**Offer**”) shall be in writing made to an eligible person by letter in such form as our Board may from time to time determine at its discretion (the “**Offer Letter**”). The Offer Letter shall state, among others, the period during which the option may be exercised (the “**Option Period**”), which period is to be determined and notified by our Board but shall expire in any event not later than the last day of the 10-year period after the date of grant of the option. Our Board may specify in the Offer Letter any conditions which must be satisfied before the option may be exercised, including without limitation such performance targets (if any) and minimum periods for which an option must be held before it can be exercised and any other terms in relation to the exercise of the option, including without limitation such percentages of the options that can be exercised during a certain period of time, as our Board may determine from time to time. Our Board shall specify in the Offer Letter a date by which the grantee must accept the Offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier.

(c) Eligible Participants

Eligible persons include:

- (i) any employee (whether full-time or part-time) of our Group;
- (ii) any director (including executive, non-executive and independent non-executive directors) of our Group; and
- (iii) any director (including executive, non-executive and independent non-executive directors) or employee (whether full-time or part-time) of MicroPort® who, in the sole and absolute direction of our Board, has contributed or will contribute to the development of our Group.



Corporate Governance and Other Information (Continued)

The basis of eligibility of any of the above classes of eligible persons to the grant of any options shall be determined by our Board from time to time on the basis of their contribution to the development and growth of our Group.

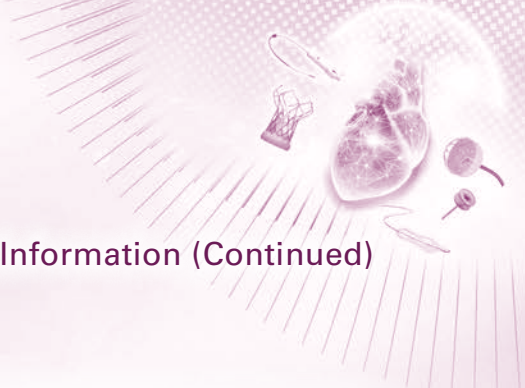
(d) Maximum Number of Shares Available for Issue under the Share Option Scheme

At the time of adoption of the Share Option Scheme or any new subsidiary share option scheme (the “**New Scheme**”), the aggregate number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, the New Scheme and all schemes existing at such time (the “**Existing Scheme(s)**”) of our Group must not in aggregate exceed 10% of the total number of Shares in issue as of the date of the Shareholders’ approval or the date of the MicroPort® shareholders’ approval, whichever is later, of the increase of the original scheme mandate limit (the “**Scheme Mandate Limit**”). For the purposes of calculating the Scheme Mandate Limit, the Shares which are the subject matter of any options that have already lapsed in accordance with the terms of the relevant Existing Scheme(s) shall not be counted. The Scheme Mandate Limit may be refreshed by both ordinary resolution of the MicroPort Shareholders and special resolution of our Shareholders of our Company in their respective general meeting, provided that:

- (i) the Scheme Mandate Limit so refreshed shall not exceed 10% of the total number of Shares in issue as of the date of the MicroPort® Shareholders’ approval or the date of the Shareholders’ approval, whichever is later, of the refreshing of the Scheme Mandate Limit;
- (ii) options previously granted under the Share Option Scheme and any other share option scheme(s) of our Company (including options outstanding, cancelled or lapsed in accordance with the relevant scheme rules or exercised options) shall not be counted for the purpose of calculating the limit as refreshed; and
- (iii) a circular regarding the proposed refreshing of the Scheme Mandate Limit has been despatched to the MicroPort® Shareholders and Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.

Our Company may seek separate approvals from the MicroPort® Shareholders and our Shareholders in their respective general meeting for granting options which will result in the Scheme Mandate Limit being exceeded, provided that:

- (i) the grant is to eligible persons specifically identified by our Company before the approval is sought; and
- (ii) a circular regarding the grant has been despatched to the MicroPort® Shareholders and our Shareholders (if applicable) in a manner complying with, and containing the matters specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must contain the name of each specified participant who may be granted such options, the number and terms of the options to be granted to each participant, and the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose, and other information required to comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time.



Corporate Governance and Other Information (Continued)

As the Share Option Scheme was terminated and replaced by the Share Scheme on June 27, 2023, no more options will be granted under the Share Option Scheme. As of the date of this interim report, 64,493,151 Shares underlying the outstanding options already granted under the Share Option Scheme are available for issue, representing approximately 2.67% of the total number of Shares in issue as of the same date.

(e) Maximum Entitlement of each Eligible Person

No option shall be granted to any eligible person if, at the relevant time of grant, the number of Shares issued and to be issued upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the eligible person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of Shares in issue at such time, unless: (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolution of the Shareholders in general meeting, at which the eligible person and his close associates (or his associates if the eligible person is a connected person) abstained from voting; (b) a circular regarding the grant has been despatched to the Shareholders in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose identity of the participant, the number and terms of the options to be granted (and those previously granted to such participant in the 12-month period), the purpose of granting options to the participant and an explanation as to how the terms of the options serve such purpose; and (c) the number and terms (including the subscription price) of such options are fixed before the general meeting of the Company at which the same are approved.

(f) Subscription Price and Consideration for the Option

The price at which each Share subject to an option may be subscribed for on the exercise of that option shall be a price solely determined by the Board and notified to an eligible person and shall be at least the highest of: (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of such option(s) (the "**Offer Date**"), which must be a business day; (b) the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (c) the nominal value of the Shares. No consideration is required upon acceptance of the grant of options.

(g) Remaining Life of the Scheme

The Share Option Scheme is valid and effective for a period commencing on the date of the Adoption Date of the Share Option Scheme and ending on June 27, 2023 (the "**Termination Date of the Share Option Scheme**"). No further options shall be granted under the Share Option Scheme upon the Termination Date of the Share Option Scheme but the provisions of the Share Option Scheme shall in all other respects remain in full force and effect to the extent necessary to give effect to the exercise any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Share Option Scheme and options granted prior thereto but not yet exercised shall continue to be valid and exercisable in accordance with the Share Option Scheme.

Corporate Governance and Other Information (Continued)

(h) Outstanding Options Granted as of June 30, 2024

As of December 31, 2023, the number of options available for grant under the Share Option Scheme was nil as the Share Option Scheme was terminated on June 27, 2023 and no further options will be granted under the Share Option Scheme thereafter. As of June 30, 2024, the aggregate number of outstanding options granted under the Share Option Scheme is 64,493,151, representing approximately 2.67% of the total issued share capital of our Company as of June 30, 2024. The status of the share options granted up to June 30, 2024 is as follows:

Name	Position	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2023	Granted options under the Share Option Scheme during the Reporting Period	Exercised options under the Share Option Scheme during the Reporting Period	Lapsed options under the Share Option Scheme during the Reporting Period	Cancelled options under the Share Option Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding options under the Share Option Scheme as of June 30, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Option Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Option Scheme ⁽¹⁾	Fair value of options granted under the Share Option Scheme during the Reporting Period at the date of grant ⁽²⁾ (RMB'000)
EMPLOYEE PARTICIPANTS														
Directors and chief executive of our Company														
Mr. Chen Guoming	Non-executive Director and Chairman of our Board	5,000,000	—	—	—	—	US\$0.16	5,000,000	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2023–March 30, 2030	N/A	N/A	N/A
		1,209,992	—	—	—	—	HK\$3.754	1,209,992	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK\$3.65	N/A	N/A
		332,654	—	—	—	—	HK\$2.63	332,654	March 30, 2022	March 30, 2022–March 30, 2027	March 30, 2027–March 29, 2032	HK\$2.54	N/A	N/A
		410,300	—	—	—	—	HK\$2.534	410,300	March 30, 2023	March 30, 2028–March 29, 2033	March 30, 2028–March 29, 2033	HK\$2.57	N/A	N/A
Mr. Jeffrey R Lindstrom	Executive Director and President	2,000,000	—	—	—	—	HK\$3.754	2,000,000	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK\$3.65	N/A	N/A
Mr. Zhao Liang	Executive Director and First Vice President	2,000,000	—	—	—	—	HK\$6.406	2,000,000	October 4, 2021	October 4, 2021–October 4, 2026	October 4, 2022–October 3, 2031	HK\$6.24	N/A	N/A
		1,624,933	—	—	—	—	HK\$3.754	1,624,933	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK\$3.65	N/A	N/A
		117,039	—	—	—	—	HK\$2.63	117,039	March 30, 2022	March 30, 2022–March 30, 2027	March 30, 2027–March 29, 2032	HK\$2.54	N/A	N/A
		700,000	—	—	—	—	HK\$2.802	700,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK\$2.9	N/A	N/A
		750,000	—	—	—	—	HK\$2.534	750,000	March 30, 2023	March 30, 2023–March 30, 2028	March 30, 2024–March 29, 2033	HK\$2.57	N/A	N/A
		355,146	—	—	—	—	HK\$2.534	355,146	March 30, 2023	March 30, 2028–March 29, 2033	March 30, 2028–March 29, 2033	HK\$2.57	N/A	N/A

Corporate Governance and Other Information (Continued)

Name	Position	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2023	Granted options under the Share Option Scheme during the Reporting Period	Exercised options under the Share Option Scheme during the Reporting Period	Lapsed options under the Share Option Scheme during the Reporting Period	Cancelled options under the Share Option Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding options under the Share Option Scheme as of June 30, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Option Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Option Scheme ⁽¹⁾	Fair value of options granted under the Share Option Scheme during the Reporting Period at the date of grant ⁽²⁾ (RMB'000)
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, 2023–March 30, 2030	N/A	N/A	N/A
		391,499	—	—	—	—	HK\$3.754	391,499	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK\$3.65	N/A	N/A
		318,924	—	—	—	—	HK\$2.63	318,924	March 30, 2022	March 30, 2027	March 30, 2027–March 29, 2032	HK\$2.54	N/A	N/A
		257,213	—	—	—	—	HK\$2.534	257,213	March 30, 2023	March 30, 2028	March 30, 2028–March 29, 2033	HK\$2.57	N/A	N/A
Mr. Jonathan H. Chou	Independent non-executive Director	449,683	—	—	—	—	HK\$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK\$2.57	N/A	N/A
Dr. Ding Jiaodong	Independent non-executive Director	449,683	—	—	—	—	HK\$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK\$2.57	N/A	N/A
Ms. Sun Zhixiang	Independent non-executive Director	449,683	—	—	—	—	HK\$2.534	449,683	March 30, 2023	March 30, 2023–March 30, 2027	March 30, 2025–March 29, 2033	HK\$2.57	N/A	N/A
Subtotal		20,816,749	—	—	—	—		20,816,749						
Other Employee Participants in our Group		11,837,184	—	110,827	—	255,252	US\$0.16	11,471,105	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2021–March 30, 2030	N/A	HK\$2.42	N/A
		3,340,000	—	—	—	260,000	HK\$13.72	3,080,000	March 31, 2021	March 31, 2021–March 31, 2026	March 31, 2022–March 30, 2031	HK\$14.08	N/A	N/A
		800,000	—	—	—	200,000	HK\$6.406	600,000	October 4, 2021	October 4, 2021–October 4, 2026	October 4, 2021–October 3, 2031	HK\$6.24	N/A	N/A
		7,217,654	—	—	—	836,717	HK\$3.754	6,380,937	January 19, 2022	January 19, 2022–January 19, 2027	January 19, 2023–January 18, 2032	HK\$3.65	N/A	N/A
		1,759,000	—	—	—	49,000	HK\$2.802	1,710,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK\$2.9	N/A	N/A
		6,708,008	—	—	—	1,435,848	HK\$2.534	5,272,160	March 30, 2023	March 30, 2023–March 30, 2028	March 30, 2024–March 29, 2033	HK\$2.57	N/A	N/A
Subtotal		31,661,846	—	110,827	—	3,036,817		28,514,202						

Corporate Governance and Other Information (Continued)

Name	Position	Number of Shares underlying the outstanding options under the Share Option Scheme as of December 31, 2023	Granted options under the Share Option Scheme during the Reporting Period	Exercised options under the Share Option Scheme during the Reporting Period	Lapsed options under the Share Option Scheme during the Reporting Period	Cancelled options under the Share Option Scheme during the Reporting Period	Exercise Price	Number of Shares underlying the outstanding options under the Share Option Scheme as of June 30, 2024	Date of grant	Vesting period	Exercise period	Closing Price of the Company immediately before the date of grant of share options under the Share Option Scheme	Weighted Average Share price of the Company immediately before the exercise date of share options under the Share Option Scheme ⁽¹⁾	Fair value of options granted under the Share Option Scheme during the Reporting Period at the date of grant ⁽²⁾ (RMB'000)
Related Entity Participants														
Dr. Chang Zhaohua	Director of MicroPort®	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	N/A
Other employees of MicroPort®		8,666,000	—	3,800	—	—	US\$0.16	8,662,200	March 31, 2020	March 31, 2020–March 31, 2025	March 31, 2021–March 30, 2030	N/A	N/A	N/A
		300,000	—	—	—	—	HK\$2.802	300,000	June 22, 2022	June 22, 2022–June 22, 2027	June 22, 2023–June 21, 2032	HK\$2.9	N/A	N/A
Subtotal		15,166,000	—	3,800	—	—		15,162,200						
Total		67,644,595	—	114,627	—	3,036,817		64,493,151						

Notes:

- (1) The fair value was determined using the binomial lattice model. The measurement date is the date on which the share options were granted.
- (2) The vesting of above options is not subject to any performance targets.

Save as disclosed above, none of the grantees for options granted and to be granted under the Share Option Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with options granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with options granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No options were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

SHARE AWARD SCHEME

The Share Award Scheme was adopted by the Company on March 30, 2021 and amended on August 29, 2023. Currently, as no new Shares will be issued under the Share Award Scheme, the Share Award Scheme will constitute a share scheme that is funded by existing Shares as referred to under Rule 17.01(1)(b) of the Listing Rules and shall be subject to the applicable requirements under Rule 17.12 of the Listing Rules. A summary of the principal terms of the Share Award Scheme is set out below:

(a) Purposes

The purpose of the Share Award Scheme is to recognize certain directors, employees, consultants and advisors of the Group in order to incentivize them to retain with the Group, and to motivate them to strive for the future development and expansion of the Group.

(b) Eligible Participants

The directors, employees, consultants and advisors of the Group.

(c) Scheme Limit and Total Number of Shares Available for Issue under the Share Award Scheme


The Board shall not make any further award of award Shares which will result in the nominal value of the Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time (i.e. 241,259,283 Shares as of the date of this interim report). The Company revised the scheme rules of the Share Award Scheme on August 29, 2023, after which the Share Award Scheme will constitute a share scheme that is funded only by existing Shares and no Shares are available for issue under the Share Award Scheme as of the date of this interim report.

(d) Maximum Entitlement of Each Participant

The maximum number of Shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time, save and except with the approval from the Shareholders.

(e) Remaining Life of the Share Award Scheme

Unless terminated earlier by the Board in accordance with the rules of the Share Award Scheme, the Share Award Scheme is valid and effective for a term of 10 years commencing on the adoption date (i.e. March 30, 2021).



Corporate Governance and Other Information (Continued)

The Share Award Scheme shall terminate on the earlier of (i) the 10th anniversary date of the adoption date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any selected participant. Upon termination, all award Shares and the related income shall become vested on the selected participant so referable on such date of termination. Net sale proceeds (after making appropriate deductions) of the returned Shares and such non-cash income together with the residual cash and such other funds remaining in the trust shall be remitted to the Company forthwith after the sale.

Subject to the early termination, the remaining life of the Share Award Scheme is approximately six years and seven months as of the date of this interim report.

(f) Vesting and Lapse

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 vesting date shall be on any Business Day at the end of March of any year, but in any event not later than 12 months after the date of final approval by the Board of the amount for the purchase of Shares pursuant to the Share Award Scheme.

An award lapses when, (i) the relevant selected participant ceases to be an employee of the Group, or (ii) the subsidiary of the Company by which a selected participant is employed ceases to be a subsidiary of the Company (or of a member of the Group), or (iii) an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the award shall automatically lapse forthwith and the award Shares shall not vest on the relevant vesting date but shall become Returned Shares for the purposes of the Share Award Scheme.

(g) Subscription Price and Consideration of the Award Shares

The price at which each Award Share may be subscribed for shall be a price solely determined by the Remuneration Committee.

Corporate Governance and Other Information (Continued)

Prior to the year 2024, the Company had granted 2,416,647 share awards pursuant to the Share Award Scheme to then Directors and senior management of the Group, details of which are set out below:

Name	Position	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2021	Granted awards under the Share Award Scheme	Vested awards under the Share Award Scheme	Lapsed awards under the Share Award Scheme	Cancelled awards under the Share Award Scheme	Subscription Price	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2023	Date of grant	Vesting date	Closing price of the Shares immediately before the date of grant	Weighted average closing price of the Shares immediately before the vesting date	Fair value of awards under the Share Award Scheme at the date of grant ⁽¹⁾ (RMB'000)
Directors and chief executive of our Company													
Mr. Chen Guoming	Non-executive Director and Chairman of our Board	—	332,654	332,654	—	—	HK\$2.63	—	March 30, 2022	March 30, 2022	HK\$2.54	HK\$2.54	711
		—	410,300	410,300	—	—	HK\$2.534	—	March 30, 2023	March 30, 2023	HK\$2.57	HK\$2.57	875
Ms. Yan Luying	Executive Director and Vice President	—	318,924	318,924	—	—	HK\$2.63	—	March 30, 2022	March 30, 2022	HK\$2.54	HK\$2.54	681
		—	257,213	257,213	—	—	HK\$2.534	—	March 30, 2023	March 30, 2023	HK\$2.57	HK\$2.57	549
Mr. Zhao Liang	Executive Director and First Vice President	—	117,039	117,039	—	—	HK\$2.63	—	March 30, 2022	March 30, 2022	HK\$2.54	HK\$2.54	250
		—	355,146	355,146	—	—	HK\$2.534	—	March 30, 2023	March 30, 2023	HK\$2.57	HK\$2.57	757
Subtotal		—	1,791,276	1,791,276	—	—							3,823
Other grantees in aggregate													
		—	228,620	228,620	—	—	HK\$2.63	—	March 30, 2022	March 30, 2022	HK\$2.54	HK\$2.54	488
		—	6,344	6,344	—	—	HK\$2.62	—	January 19, 2022	April 30, 2022	HK\$3.65	HK\$2.77	19
		—	7,034	7,034	—	—	HK\$3.27	—	February 15, 2022	April 30, 2022	HK\$3.21	HK\$2.77	22
		—	11,067	11,067	—	—	HK\$2.08	—	March 15, 2022	April 30, 2022	HK\$2.17	HK\$2.77	34
		—	8,742	8,742	—	—	HK\$2.64	—	April 19, 2022	April 30, 2022	HK\$2.78	HK\$2.77	27
			363,564	363,564	—	—	HK\$2.534		March 30, 2023	March 30, 2023	HK\$2.57	HK\$2.57	775
Subtotal			625,371	625,371									1,365
Total			2,416,647	2,416,647									5,188

Note:

- (1) The fair value of the Awarded Shares was calculated based on market prices of the Company's Shares as at the respective grant dates.

Corporate Governance and Other Information (Continued)

During the Reporting Period, the Company had granted 3,254,407 share awards pursuant to the Share Award Scheme to Directors and senior management of the Group, representing 0.13% of the issued share capital of the Company, details of which are set out below:

Name	Position	Number of Shares underlying the unvested share awards under the Share Award Scheme as of December 31, 2023	Granted awards under the Share Award Scheme during the Reporting Period	Vested awards under the Share Award Scheme during the Reporting Period	Lapsed awards under the Share Award Scheme during the Reporting Period	Cancelled awards under the Share Award Scheme during the Reporting Period	Subscription Price	Number of Shares underlying the unvested share awards under the Share Award Scheme as of June 30, 2024	Date of grant	Vesting date	Closing price of the Shares immediately before the date of grant	Weighted average closing price of the Shares immediately before the vesting date	Fair value of awards under the Share Award Scheme at the date of grant ⁽¹⁾ (RMB'000)
Directors and chief executive of our Company													
Ms. Yan Luying	Executive Director and Vice President	—	436,214	436,214	—	—	HK\$0.90	—	April 8, 2024	April 8, 2024	HK\$0.90	HK\$0.90	765
Mr. Zhao Liang	Executive Director and First Vice President	—	938,008	938,008	—	—	HK\$0.90	—	April 8, 2024	April 8, 2024	HK\$0.90	HK\$0.90	366
Subtotal		—	1,374,222	1,374,222	—	—	HK\$0.90	—					1,121
Other grantees in aggregate		—	1,880,185	1,880,185	—	—	HK\$0.90	—	April 8, 2024	April 8, 2024	HK\$0.90	HK\$0.90	1,533
Total		—	3,254,407	3,254,407	—	—		—					2,654

Notes:

- (1) The fair value of the Awarded Shares was calculated based on market prices of the Company's shares as at the respective grant dates.
- (2) The vesting of above awards is not subject to any performance targets.



Corporate Governance and Other Information (Continued)

Save as disclosed above, none of the grantees for awards granted and to be granted under the Share Award Scheme during the Reporting Period (i) are the Directors, chief executive or substantial Shareholders of the Company, or their respective associates; (ii) are awarded with awards granted and to be granted in excess of the 1% individual limit; and (iii) are related entity participants or service providers with awards granted and to be granted in any 12-month period exceeding 0.1% of the Shares in issue. No awards were granted or to be granted to any related entity participants, service providers or other employees during the Reporting Period.

The number of Shares that may be issued in respect of options and awards granted under all share incentive schemes of the Company during the Reporting Period divided by weighted average number of Shares in issue for the Reporting Period is 0.59%.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company strives to achieve high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of Shareholders and to enhance corporate value and accountability.

The Company has adopted the Code Provisions of the CG Code as the basis of the Company's corporate governance practices during the Reporting Period, and has complied with all applicable Code Provisions as set out in the CG Code during the Reporting Period and up to the Latest Practicable Date.

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


Full details of the Company's corporate governance practices will be set out in the forthcoming Company's annual report for the year ending December 31, 2024.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

At the annual general meeting of the Company dated June 26, 2024, a special resolution was passed to approve the adoption of the sixth amended and restated memorandum and articles of association of our Company (the "**New Articles of Association**") for the purposes of (i) bringing the existing articles of association of the Company in line with the amendments to the Listing Rules which mandates the electronic dissemination of corporate communications by listed issuers to their securities holders which came into effect from December 31, 2023; and (ii) making other consequential and house-keeping amendments. The New Articles of Association are available on the websites of the Company and the Stock Exchange.

INTERIM DIVIDEND

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



Corporate Governance and Other Information (Continued)

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Jonathan H. Chou (chairman), Ms. Sun Zhixiang and Dr. Ding Jiandong, respectively. The Audit Committee has adopted the terms of reference which are in line with the CG Code. The Audit Committee has reviewed this interim report including the unaudited interim results of our Group for the six months ended June 30, 2024 and considered that the results complied with relevant accounting standards, rules and regulations and appropriate disclosure have been duly made.

INDEPENDENT REVIEW OF AUDITOR

The interim financial report for the six months ended June 30, 2024 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Public Accountants, whose unmodified review report is included in this interim report.

CHANGES IN DIRECTORS’ INFORMATION

There is no changes in Directors’ information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

Corporate Governance and Other Information (Continued)

USE OF NET PROCEEDS FROM GLOBAL OFFERING

Our Company's Shares were listed on the Stock Exchange on February 4, 2021. The net proceeds from the Global Offering amounted to approximately HK\$2,717.2 million (including the full exercise of the over-allotment option). On December 29, 2023, the Board has resolved to reallocate of unutilized net proceeds ("Change of Use of Net Proceeds"). The table below sets out the actual use of the net proceeds and the revised allocation of the unutilized net proceeds. As of June 30, 2024, our Company had used the net proceeds from the Global Offering for the following purposes:

	Amount of net proceeds for the relevant use HK\$ million	Percentage of total net proceeds as disclosed in the Prospectus (before Change of Use of Net Proceeds)	Amount of proceeds unutilized as of December 15, 2023 ⁽¹⁾ HK\$ million	Use of proceeds after reallocation HK\$ million	Revised percentage of unutilized net proceeds	Actual amount of proceeds utilized as of January 1, 2024 HK\$ million	Actual amount of proceeds utilized as of June 30, 2024 HK\$ million	Amount of proceeds unutilized as of June 30, 2024 HK\$ million	Percentage of proceeds from the Global Offering expected to be used by December 31, 2024	Expected timeframe for unutilized net proceeds
VitaFlow Liberty®										
— the ongoing R&D activities, clinical trial and product registration of VitaFlow Liberty®	423.9	15.6%	250.2	50.2	3.52%	175.0	187.1	36.8		2025
— the ongoing sales and marketing activities of VitaFlow Liberty® in China and overseas	391.3	14.4%	154.9	104.9	7.36%	252.7	316.1	25.2		2025
Subtotal	815.2	30.0%	405.1	155.1	10.89%	427.7	503.2	62.0	19.5%–20.6%	
VitaFlow®	92.4	3.4%	19.2	19.2	1.35%	75.5	83.2	9.2	3.2%–3.4%	2024
The remaining products										
— fund the research, preclinical, clinical trial and commercialization of VitaFlow™ III and VitaFlow® Balloon Expandable	190.2	7.0%	98.5	98.5	6.91%	95.7	111.4	78.8		2025
— the ongoing and planned R&D of our TMV product candidates	312.5	11.5%	202.8	202.8	14.24%	116.2	139.1	173.4		2025
— the ongoing and planned R&D of our TTVR product candidates, surgical valves and procedural accessories	163.0	6.0%	127.1	75.0	5.27%	37.5	41.6	69.3		2025
— fund the planned commercialization activities after receiving the relevant regulatory approvals	67.9	2.5%	67.9	—	—	—	—	—		
Subtotal	733.6	27.0%	496.3	376.3	26.42%	249.4	292.1	321.5	11.8%–12.0%	
Fund the expansion of our product portfolio through collaboration with global enabler	407.6	15.0%	53.2	523.2	36.73%	354.4	504.4	373.2	20.1%–20.3%	2025

Corporate Governance and Other Information (Continued)

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

Note:

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

Before the Change of Use of Net Proceeds, the net proceeds from the Global Offering have been used in a manner consistent with the disclosure in the Prospectus. Going forward, the net proceeds will be applied in the manner as set out in announcement of the Company dated January 1, 2024. As of the date of this interim report, saved as disclosed above, the Company does not anticipate any change to its plan on the use of proceeds. The Company expects that approximately HK\$1,777.8 million to HK\$1,825.5 million, accounting for approximately 65.4% to 67.2% of the net proceeds of the Global Offering, will be utilized by December 31, 2024 and plans to utilize the balance of net proceeds of the Global Offering by the end of 2025. The expected timeline for utilizing the net proceeds from the Global Offering is based on the best estimation of future market conditions made by the Company and subject to changes in accordance with our actual business operation.

Supplemental information to the 2023 Annual Report

Reference is made to the annual report for the year ended December 31, 2023 of the Company published on April 26, 2024 ("**2023 Annual Report**"). The Company would like to provide the following information in relation to a loss of RMB81.3 million arising from impairment on 4C Medical (the "**Impairment**") and the Share Scheme which should be read in conjunction with the 2023 Annual Report.



Corporate Governance and Other Information (Continued)

Impairment

Further to the information disclosed in the 2023 Annual Report, at the end of February 2024, 4C Medical was engaged in negotiations about a new financing round (the “**Financing**”) which appeared highly possible to conclude successfully in March 2024, and term sheets had been signed with several potential investors, establishing key terms including a mutually agreed valuation of 4C Medical. Based on these agreed terms and the positive progress of the Financing, the Board reasonably believed that the recoverable amount of investment in 4C Medical (the “**Recoverable Amount**”) would exceed its carrying amount, thereby indicating no need for impairment loss at that time. However, before the time of the publication of the 2023 annual results announcement, a final agreement on certain critical terms of the share purchase agreement had not been reached between the potential investors and 4C Medical, and the Financing did not proceed as anticipated. In response to these developments, the Company reassessed the situation. After considering the estimated recoverable amount with reference to a valuation report completed by the Company’s external valuer in late-March 2024, the determination was made to recognize the Impairment which was disclosed in the note 14 to the consolidated financial statement in the 2023 Annual Report.

Share Scheme

The number of options and awards that were available for grant under the service provider limit of the Share Scheme was (i) nil as of January 1, 2023; and (ii) 24,110,633 as of December 31, 2023, equal to 1% of the Shares in issue as at the adoption date of the Share Scheme.



AUDITOR'S INDEPENDENT REVIEW REPORT TO THE BOARD OF DIRECTORS



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 55 to 80 which comprises the consolidated statement of financial position of MicroPort CardioFlow Medtech Corporation (the "Company") as of 30 June 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement 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 2024 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

28 August 2024

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

for the six months ended June 30, 2024 (unaudited)

(Expressed in Renminbi “RMB”)

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

The notes on pages 62 to 80 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 13(a).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended June 30, 2024 (unaudited)

(Expressed in Renminbi “RMB”)

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Loss for the period	(57,753)	(179,402)
Other comprehensive income for the period, net of nil tax		
Items that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	20,239	129,999
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	(7,951)	(53,869)
Other comprehensive income for the period	12,288	76,130
Total comprehensive income for the period	(45,465)	(103,272)
Attributable to:		
Equity shareholders of the Company	(44,173)	(103,272)
Non-controlling interests	(1,292)	—
Total comprehensive income for the period	(45,465)	(103,272)

The notes on pages 62 to 80 form part of this interim financial report.



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

at June 30, 2024 (unaudited)
(Expressed in Renminbi “RMB”)

	Note	At 30 June 2024		At 31 December 2023	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	8		185,762		196,973
Intangible assets	8		207,112		143,881
Interests in associates			120,342		143,089
Other financial assets	9		62,522		24,282
Other non-current assets			28,165		27,547
			603,903		535,772
Current assets					
Inventories		118,438		122,871	
Trade and other receivables	10	214,654		144,785	
Time deposits	11	759,004		708,270	
Pledged deposits		325		325	
Cash and cash equivalents	11	801,097		1,065,085	
		1,893,518		2,041,336	
Current liabilities					
Trade and other payables	12	181,967		152,864	
Contract liabilities		16,154		4,937	
Interest-bearing borrowings		14,250		—	
Lease liabilities		30,784		28,568	
Income tax payable		5,910		7,214	
		249,065		193,583	
Net current assets			1,644,453		1,847,753
Total assets less current liabilities			2,248,356		2,383,525

The notes on pages 62 to 80 form part of this interim financial report.

Consolidated Statements of Financial Position (Continued)

at June 30, 2024 (unaudited)

(Expressed in Renminbi “RMB”)

	Note	At 30 June 2024		At 31 December 2023	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Interest-bearing borrowings		12,750		—	
Lease liabilities		31,309		41,912	
Deferred income		6,680		6,750	
			50,739		48,662
NET ASSETS			2,197,617		2,334,863
CAPITAL AND RESERVES	13				
Share capital			83		83
Reserves			2,160,548		2,334,780
Total equity attributable to equity shareholders of the Company			2,160,631		2,334,863
Non-controlling interests			36,986		—
TOTAL EQUITY			2,197,617		2,334,863

Approved and authorised for issue by the board of directors on 28 August 2024.

Chen Guoming
Chairman

Jeffrey R Lindstrom
President

The notes on pages 62 to 80 form part of this interim financial report.



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

for the six months ended 30 June 2024 (unaudited)

(Expressed in Renminbi “RMB”)

	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2023		83	4,164,154	262,948	(394,690)	(1,278,780)	2,753,715
Changes in equity for the six months ended 30 June 2023:							
Loss for the period		—	—	—	—	(179,402)	(179,402)
Other comprehensive income		—	—	76,130	—	—	76,130
Total comprehensive income		—	—	76,130	—	(179,402)	(103,272)
Share issued under the share option scheme	13(c)(i)	—	3,975	—	(2,082)	—	1,893
Equity-settled share-based transactions	13(c)(i)	—	—	—	1,957	1,624	3,581
Share granted under the share award scheme	13(c)(iii)	—	—	—	2,956	—	2,956
Balance at 30 June 2023		83	4,168,129	339,078	(391,859)	(1,456,558)	2,658,873

The notes on pages 62 to 80 form part of this interim financial report.

Consolidated Statements of Changes in Equity (Continued)

for the six months ended 30 June 2024 (unaudited)

(Expressed in Renminbi “RMB”)

	Note	Attributable to equity shareholders of the Company					Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Accumulated losses RMB'000		
Balance at 1 January 2024		83	4,171,331	299,826	(388,045)	(1,748,332)	—	2,334,863
Changes in equity for the six months ended 30 June 2024:								
Loss for the period		—	—	—	—	(56,461)	(1,292)	(57,753)
Other comprehensive income		—	—	12,288	—	—	—	12,288
Total comprehensive income		—	—	12,288	—	(56,461)	(1,292)	(45,465)
Share issued under the share option scheme	13(c)(i)	—	267	—	(138)	—	—	129
Equity-settled share-based transactions	13(c)(i)	—	—	—	3,559	1,231	8	4,798
Share granted under the share award scheme	13(c)(iii)	—	—	—	2,654	—	—	2,654
Share repurchased under the share award scheme	13(b)	—	—	—	(36,147)	—	—	(36,147)
Business combination under common control	14	—	—	—	(101,485)	—	38,270	(63,215)
Balance at 30 June 2024		83	4,171,598	312,114	(519,602)	(1,803,562)	36,986	2,197,617

The notes on pages 62 to 80 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2024 (unaudited)

(Expressed in Renminbi “RMB”)

	Note	Six months ended 30 June	
		2024 RMB'000	2023 RMB'000
Operating activities			
Cash used in operations		(79,860)	(124,481)
Tax paid		(4,994)	(731)
Net cash used in operating activities		(84,854)	(125,212)
Investing activities			
Payments for the purchase of property, plant and equipment		(5,421)	(19,132)
Payments for the purchase of intangible assets		—	(1,414)
Proceeds from disposal of property, plant and equipment		203	4,401
Placement of time deposits		(756,938)	(2,439,255)
Withdrawal of time deposits		710,740	1,742,325
Interest received		38,658	7,124
Acquisition of subsidiary, net of cash acquired	14	(82,059)	—
Payments for the acquisition of other financial assets		(35,509)	(2,500)
Net cash used in investing activities		(130,326)	(708,451)
Financing activities			
Repayments of interest-bearing borrowings		(1,500)	—
Interest paid for interest-bearing borrowings		(440)	—
Lease deposits refunded		—	529
Capital element of lease rentals paid		(14,004)	(12,470)
Interest element of lease rentals paid		(1,598)	(2,104)
Payment for shares repurchased under share award scheme		(36,147)	—
Proceeds from shares issued under share option scheme		129	1,893
Net cash used in financing activities		(53,560)	(12,152)
Net decrease in cash and cash equivalents		(268,740)	(845,815)
Cash and cash equivalents at the beginning of the period		1,065,085	1,866,319
Effect of foreign exchange rate changes		4,752	32,154
Cash and cash equivalents at the end of the period		801,097	1,052,658

The notes on pages 62 to 80 form part of this interim financial report.



NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 Basis of preparation

This 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 was authorised for issue on 28 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of 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 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with 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 54.

The financial information relating to the financial year ended 31 December 2023 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 2023 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2024.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

2 Changes in accounting policies

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

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

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

3 Revenue

(a) Revenue

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

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	223,138	176,442

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

3 Revenue (continued)

(b) Segment and geographical information

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

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

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
The People's Republic of China (the "PRC") (country of domicile)	215,008	170,148
Other countries	8,130	6,294
	223,138	176,442

4 Other net income

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

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

(b) Other operating costs

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

5 Loss before taxation (Continued)

(c) Other items

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

6 Income tax

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

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25%, except for 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 2024 arose from the interest income on cash deposited in non-resident accounts of the Company's subsidiaries that were domiciled outside the PRC, which is subject to a PRC withholding tax at a rate of 10%.

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



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

7 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB56,461,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB179,402,000) and the weighted average of 2,347,841,000 shares (six months ended 30 June 2023: 2,361,548,000 shares).

(b) Diluted loss per share

The calculation of diluted loss per share amount for the period ended 30 June 2024 and 2023 has not included the potential effects of share options granted by the Company (see note 13(c)), as they had anti-dilutive effects on the basic loss per share amount for the respective periods. Accordingly, diluted loss per share for the period ended 30 June 2024 and 2023 are the same as basic loss per share of the respective period.

8 Property, plant and equipment, and intangible assets

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

Plant and equipment with a cost of RMB16,866,000 and intangible assets with a cost of RMB77,576,000 were acquired through acquisition of a subsidiary (see note 14).

9 Other financial assets

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

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

Valuation techniques and significant assumptions adopted for determining the fair value of the convertible instruments issued by 4C Medical and Valcare were set out in note 15(a).

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

10 Trade and other receivables

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

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

All trade receivables are due within 60 to 180 days from the date of billing. Debtors with balances that are past due are requested to settle all outstanding balances before any further credit is granted.

11 Time deposits, cash and cash equivalents

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Time deposits	759,004	708,270
Cash and cash equivalents		
Deposits with banks	801,097	1,065,085

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

12 Trade and other payables

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	26,496	37,844
Over 1 month but within 3 months	1,992	11,817
Over 3 months but within 6 months	811	2,495
Over 6 months but within 1 year	2,387	760
Over 1 year	1,084	334
Total trade payables	32,770	53,250
Accrued payroll	28,138	37,669
Other payables and accrued charges	78,664	61,945
Consideration payables in connection with the acquisition of a subsidiary (note 14)	42,395	—
Financial liabilities measured at amortised cost	181,967	152,864

13 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 2024 (six months ended 30 June 2023: nil).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Capital, reserves and dividends (Continued)

(b) Purchase of own shares

During the six months ended 30 June 2024, the Company purchased its own ordinary shares through the designated trustee under the share award scheme (note 13(c)(iii)) as follows:

Month/year	No. of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate considerations paid RMB'000
January 2024	17,514,000	1.56	1.18	21,404
March 2024	5,800,000	1.16	1.06	5,925
May 2024	2,840,000	1.08	1.01	2,672
June 2024	7,854,000	0.91	0.83	6,146
Total	34,008,000			36,147

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

(c) Equity-settled share-based payment transactions

(i) Share option plans adopted by the Company (equity-settled)

In March 2020, the Company adopted a share option scheme (the “**Share Option Scheme**”), pursuant to which, the board of the directors may authorise, at their discretion, the issuance of share options to (i) the executives and employees of the Group and (ii) the directors and employees of MicroPort Scientific Corporation (“**MPSC**”, the ultimate controlling party of the Group) and its subsidiaries other than the Group who have contributed or will contribute to the development of the Group. Each option gives the holder the right to subscribe for one ordinary share of the Company.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Capital, reserves and dividends (Continued)

(c) Equity-settled share-based payment transactions (Continued)

(i) Share option plans adopted by the Company (equity-settled) (Continued)

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

	2024		2023	
	Weighted average exercise price HK\$	Number of options '000	Weighted average exercise price HK\$	Number of options '000
Outstanding at 1 January	2.68	80,294	3.01	67,440
Granted during the period	1.00	14,323	2.53	10,079
Exercised during the period	1.24	(115)	1.24	(1,725)
Forfeited during the period	2.90	(3,553)	3.94	(4,023)
Lapsed during the period	6.21	(795)	12.61	(675)
Outstanding at 30 June	2.37	90,154	2.84	71,096

The share options granted during the six months ended 30 June 2024 are exercisable upon vesting and then expire from April 2025 to April 2034.

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

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

During the period ended 30 June 2024, MPSC granted 111,725 share option to the employee of the Group (six months ended 30 June 2023: nil). These share options are vested in instalments over an explicit vesting period of one to seven years. Each instalment is accounted for as a separate share-based compensation arrangement. The contractual life of the options is ten years.

During the six months ended 30 June 2024, nil share options were exercised (six months ended 30 June 2023: 12,492).



Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

13 Capital, reserves and dividends (Continued)

(c) Equity-settled share-based payment transactions (Continued)

(iii) 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. For the six months ended 30 June 2024, the Company granted 3,254,407 shares (six months ended 30 June 2023: 1,386,233) with a fair value of RMB2,654,000 (six months ended 30 June 2023: RMB2,956,000) to the Group's executives and employees.

14 Business combination under common control

On 1 January 2024, the Group entered into an equity transfer agreement with MicroPort Sinica Co., Ltd. and Shanghai Zuoqing Enterprise Management Consulting Service Centre (Limited Partnership), pursuant to which the Group agreed to acquire 51% equity interests in Shanghai MicroPort CardioAdvent Co., Ltd. ("**CardioAdvent**"), at a total cash consideration of RMB141,317,000. The transaction was completed on 31 January 2024.

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

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

14 Business combination under common control (Continued)

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

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

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

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

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

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

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Fair value measurement of financial instruments

(a) Financial assets 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, convertible instruments of 4C Medical. 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 2024 RMB'000	Fair value measurements as at 30 June 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
— Convertible instruments issued by 4C Medical (note 9)	62,522	—	—	62,522
— Convertible instruments issued by Valcare (note 9)	—	—	—	—
— Unlisted equity securities issued by Valcare	—	—	—	—

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Fair value measurement of financial instruments (Continued)

(a) Financial assets measured at fair value (Continued)

(i) Fair value hierarchy (Continued)

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets:				
— Convertible instruments issued by 4C Medical (note 9)	24,282	—	—	24,282
— Convertible instruments issued by Valcare (note 9)	—	—	—	—
— Unlisted equity securities issued by Valcare	—	—	—	—

During the six months ended 30 June 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of level 3 (2023: 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.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Fair value measurement of financial instruments (Continued)

(a) Financial assets measured at fair value (Continued)

(ii) Information about Level 3 fair value measurements

	Valuation techniques	30 June 2024	
		Significant unobservable inputs	Range
Convertible instruments issued by 4C Medical	Default risk method (Note a)	Event probability	75% (2023: 60%)
		Probability of default of underlying asset	80% (2023: 100%)
Convertible instruments issued by Valcare	Default risk method (Note b)	Event probability	0% (2023: 0%)
		Probability of default of underlying asset	100% (2023: 100%)
Unlisted equity securities issued by Valcare	Adjusted net asset approach	Adjusted net asset value	Nil (2023: Nil)

Note a: As at 30 June 2024, it is estimated that with all other variables held constant, an increase/decrease in the probability of event by 10% would have decreased/increased the Group's loss by RMB6,300,000, and an increase/decrease in the probability of default of underlying asset by 5% would have increase/decrease the Group's loss by RMB927,000.

Note b: As at 30 June 2024, it is estimated that with all other variables held constant, an increase in the probability of event by 10% would have decreased the Group's loss by RMB804,000 and a decrease in the probability of default of underlying asset by 5% would have decrease the Group's loss by RMB2,413,000.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

15 Fair value measurement of financial instruments (Continued)

(a) Financial assets measured at fair value (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the six months ended 30 June 2024 in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
Financial assets:		
At 1 January	24,282	12,490
Additions	35,509	1,612
Changes in fair value recognised in profit or loss during the period	2,448	(14,133)
Exchange adjustments	283	31
At 30 June	62,522	—
Financial liabilities:		
At 1 January		(22,719)
Changes in fair value recognised in profit or loss during the period		(17,375)
Exchange adjustments		(1,491)
At 30 June		(41,585)

(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 2024 and 31 December 2023.

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

16 Commitments

Capital commitments in respect of property, plant and equipment and intangible assets outstanding at 30 June 2024 not provided for in the interim financial statements are as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contracted for		
— acquisition of property, machinery and equipment	119,401	111,394
Authorised but not contracted for		
— acquisition of property, machinery and equipment	100,000	100,000
	219,401	211,394

17 Material related party transactions

(a) Key management personnel remuneration

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Salaries and other benefits	2,243	1,640
Discretionary bonuses	2,205	2,181
Equity-settled share-based payment expenses	2,080	2,090
	6,528	5,911

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

17 Material related party transactions (Continued)

(b) Sales, purchase and other related party transactions

During the six months ended 30 June 2024 and 2023, the Group entered into transactions with the following related parties:

Name of party	Relationship
MicroPort Scientific Corporation	Ultimate controlling party of the Group
Shanghai MicroPort Medical (Group) Co., Ltd.	Fellow subsidiary of the Group
Medical Product Innovation, Inc.	Fellow subsidiary of the Group
MicroPort Medical B.V.	Fellow subsidiary of the Group
MicroPort Colombia S.A.S.	Fellow subsidiary of the Group
Jiaxing MicroPort Medtech Co., Ltd.	Fellow subsidiary of the Group
MicroPort D-pulse Medtech (Jiaxing) Co., Ltd.	Fellow subsidiary of the Group
MicroPort Sorin CRM Co., Ltd.	Fellow subsidiary of the Group
MicroPort Sinica Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort Rhythm MedTech Co., Ltd	Fellow subsidiary of the Group
MicroPort Scientific Vascular Brasil Ltda.	Fellow subsidiary of the Group
Microport Medikal Ürünler Ltd. Şti.	Fellow subsidiary of the Group
MicroPort International Corp. Limited	Fellow subsidiary of the Group
Rosefinch Swallow (Shanghai) Medtech Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort ZuoQuan Health Technology Co., Ltd.	Fellow subsidiary of the Group
Shanghai MicroPort Cova-cloud Medtech Co., Ltd.	Fellow subsidiary of the Group
Zhejiang Accupath Smart Manufacturing (Group) Co., Ltd.	Equity-accounted investee of MPSC
SuZhou ProSteri Medical Technology Co., Ltd.	Equity-accounted investee of MPSC
Yinchuan Conscience Care Internet Hospital Co., Ltd.	Equity-accounted investee of MPSC
Shanghai HuaRui Bank Co., Ltd.	Equity-accounted investee of MPSC
Shanghai MicroPort EP MedTech Co., Ltd.	Equity-accounted investee of MPSC
Shanghai SafeWay Medicare Co., Ltd.	Equity-accounted investee of MPSC
Thai Otsuka Pharmaceutical Co., Ltd. (" Thai Otsuka ")	Subsidiary of Otsuka Holdings Co., Ltd., the controlling party of substantial shareholder of MPSC

Notes to the Unaudited Interim Financial Report (Continued)

(Expressed in Renminbi unless otherwise indicated)

17 Material related party transactions (Continued)

(b) Sales, purchase and other related party transactions (Continued)

Particulars of the Group's transactions with related parties are as follows:

	Six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Service fee charged by subsidiaries of MPSC	13,641	12,302
Service fee charged by equity-accounted investees of MPSC	2,496	—
Transfer of assets to equity-accounted investees of MPSC	—	4,389
Purchase of goods from equity-accounted investees of MPSC	2,006	3,139
Sales of goods to subsidiaries of MPSC	2,966	1,587
Sales of goods to Thai Otsuka	848	—
The total considerations to acquire equity interests of a subsidiary of MPSC	124,248	—

18 Non-adjusting events after the reporting period

On 22 August 2024, the Group and Shanghai MicroPort Medical (Group) Co., Ltd. ("Shanghai MicroPort Medical") entered into an equity transfer agreement, pursuant to which the Group has conditionally agreed to acquire, and the Shanghai MicroPort Medical has conditionally to sell, the entire equity interest in a target company which serves as a vehicle for acquiring and holding the land use rights and buildings from Shanghai MicroPort Medical with a total consideration of no more than RMB380 million.