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Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2252)

CHANGE IN USE OF PROCEEDS FROM THE GLOBAL OFFERING

Reference is made to the prospectus issued by Shanghai MicroPort MedBot (Group) Co., Ltd. (the “**Company**”) dated 21 October 2021 (the “**Prospectus**”) in relation to the public offering and listing of the Company’s shares (the “**IPO**”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the annual report of the Company for the year ended 31 December 2022 (the “**2022 Annual Report**”). Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the 2022 Annual Report.

USE OF PROCEEDS

The actual net proceeds received from the Global Offering was approximately HK\$1,682.6 million (“**IPO Proceeds**”). It was disclosed in the section headed “Future Plan and Use of Proceeds” in the Prospectus that the Company intended to use the IPO Proceeds for purposes of the following main categories:

- (1) approximately 35.0% of the net proceeds from the Global Offering is intended to be used for the Core Product Toumai;
- (2) approximately 21.0% of the net proceeds from the Global Offering is intended to be used for the orthopedic surgery robots;
- (3) approximately 19.0% of the net proceeds from the Global Offering is intended to be used for the Group’s other product candidates;
- (4) approximately 5.0% of the net proceeds from the Global Offering is intended to be used to enhance manufacturing capacities and supply chain management capabilities, including the establishment of new manufacturing and assembly facilities for commercialization of the pipeline products, including the second laparoscopic surgical robot manufacturing facility and an assembly facility, both in Shanghai;

- (5) approximately 10.0% of the net proceeds from the Global Offering is intended to be used to expand the product portfolio with innovative robotic technologies and products, through in-licensing from, acquisition of, equity investments in or joint ventures with companies and research institutions in the surgical robot industry and related fields; and
- (6) approximately 10.0% of the net proceeds from the Global Offering is intended to be used for working capital and general corporate purposes.

CHANGE IN USE OF PROCEEDS

The Board has resolved to change the use of the remaining unutilized IPO Proceeds in the following manner (the “**Proposed Change**”):

Intended use of IPO Proceeds	Original allocation of IPO Proceeds (HK\$ million)	Amount of utilized IPO Proceeds up to 31 May 2023 (HK\$ million)	Amount of unutilized IPO Proceeds as at 31 May 2023 (HK\$ million)	Revised allocation of the unutilized IPO Proceeds following the Proposed Change (HK\$ million)	Expected timeline of the intended use of the IPO Proceeds following the Proposed Change
A. For Toumai	588.91	555.65	33.26	189.48	By the first half of 2024
— <i>ongoing R&D activities of Toumai</i>	336.52	336.31	0.21	156.43	By the first half of 2024
• <i>for further refinement</i>	33.65	33.65	0.00	N/A ^(note)	N/A ^(note)
• <i>for application expansion to gynecologic, thoracic and general surgeries</i>	100.96	100.85	0.11	N/A ^(note)	N/A ^(note)
• <i>for product refinement per clinical feedback and product upgrade toward the next generation of Toumai</i>	201.91	201.81	0.10	N/A ^(note)	N/A ^(note)
— <i>the commercialization of Toumai</i>	252.39	219.34	33.05	33.05	By the end of 2023

Intended use of IPO Proceeds	Original allocation of IPO Proceeds <i>(HK\$ million)</i>	Amount of utilized IPO Proceeds up to 31 May 2023 <i>(HK\$ million)</i>	Amount of unutilized IPO Proceeds as at 31 May 2023 <i>(HK\$ million)</i>	Revised allocation of the unutilized IPO Proceeds following the Proposed Change <i>(HK\$ million)</i>	Expected timeline of the intended use of the IPO Proceeds following the Proposed Change
B. For orthopedic surgical robots	353.35	171.91	181.44	181.44	By the first half of 2024
— <i>ongoing R&D of SkyWalker</i>	168.26	88.37	79.89	129.89	By the first half of 2024
• <i>for application expansion to other joint replacement procedures</i>	92.54	55.12	37.42	72.42	By the first half of 2024
• <i>for continuous refinements and upgrades</i>	75.72	33.25	42.47	57.47	By the first half of 2024
— <i>commercialization of SkyWalker</i>	107.69	58.08	49.61	49.61	By the first half of 2024
— <i>research and development of other orthopedic surgical robots</i>	77.40	25.46	51.94	1.94	By the first half of 2024
C. For the Group's other product candidates	319.69	235.84	83.85	10.00	By the first half of 2024
— <i>(i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline</i>	235.56	235.56	0.00	0.00	N/A

Intended use of IPO Proceeds	Original allocation of IPO Proceeds <i>(HK\$ million)</i>	Amount of utilized IPO Proceeds up to 31 May 2023 <i>(HK\$ million)</i>	Amount of unutilized IPO Proceeds as at 31 May 2023 <i>(HK\$ million)</i>	Revised allocation of the unutilized IPO Proceeds following the Proposed Change <i>(HK\$ million)</i>	Expected timeline of the intended use of the IPO Proceeds following the Proposed Change
— <i>the development and commercialization of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot</i>	84.13	0.28	83.85	10.00	By the first half of 2024
D. Enhance our manufacturing capacities and supply chain management capabilities	84.13	66.95	17.18	17.18	By the end of 2023
E. Expand our product portfolio with innovative robotic technologies and products	168.26	85.89	82.37	0.00	N/A
F. Working capital and general corporate purposes	168.26	121.99	46.27	46.27	By the end of 2023
Total	<u>1,682.60</u>	<u>1,238.23</u>	<u>444.37</u>	<u>444.37</u>	

Note: These sub-categories are consolidated to their super-category of “ongoing R&D activities of Toumai”.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The Company is in view that the revised allocation of the IPO Proceeds would allow the Group to deploy the IPO Proceeds more efficiently so as to further focus on iterating/upgrading of principal products falling within the early commercial stage (including Toumai and SkyWalker), laying a solid foundation for subsequent large-scale sales at home and abroad, which will therefore better meet the current key operational demands of the Group and facilitate better sustainable development of the Group in the long-term.

Reduce the portion of IPO Proceeds for “development and commercialization of the surgical robots under our collaboration with international partners” and “expand our product portfolio with innovative robotic technologies and products” and increase the portion of IPO Proceeds for “ongoing R&D activities of Toumai”

Since the IPO, the Group has been actively developing its Core Product, Toumai and to progress on its commercialization. To date, Toumai has been approved by the NMPA for launch to be used in urological surgery and successfully embarked on its commercialization journey in 2022. Toumai has also completed the registrational clinical trial of laparoscopic surgery operation in the field of general surgery, thoracic surgery and gynecologic surgery, and has submitted NMPA registration application for expanding its application to multiple disciplines. As of the date of this announcement, Toumai has cumulatively completed more than 1,000 clinical operations in departments such as urologic surgery, hepatobiliary surgery, gastrointestinal surgery, thoracic surgery, gynecology in over 40 hospitals of 20 provinces in China, fully covering surgeries of high complexity and difficulty in the fields of pelvic cavity, abdominal cavity and thoracic cavity. Through the large-scale clinical applications, the Group has been able to continuously enhance and improve its product capability, and fully verified the reliability and stability of Toumai.

The Group persisted on an innovation-driven approach to continuously explore the breakthrough application of surgical robot technology and cutting-edge technology. Among them, through the integration with 5G communication technology, Toumai has broken through the spatial and geographical limitation to complete remote surgery of high difficulty, including the longest-distance 5G ultra-remote robotic surgery in the world (urological surgery), world’s first 5G ultra-remote robotic liver resection surgery, world’s first 5G ultra-remote robotic total hysterectomy resection, and the first domestic 5G remote robotic thoracic surgery in animals, etc. With the continuous maturity and iterative upgrade of 5G technology and domestic surgical robots, as well as the scaled application in the clinical field, 5G remote robotic surgery is expected to support telemedicine, offsite consultation and further promote the flow of quality medical resources to lower-tier cities.

Meanwhile, the Group is also actively seeking opportunities for overseas market expansion, and making continuous efforts for the global layout of Toumai. As at the date of this announcement, the Group has submitted the application for CE mark from EU for Toumai under MDR.

To conclude, the Company planned to increase the investment in continuous optimization and improvement of Toumai, exploration of cutting-edge function and international market expansion, intending to focus on the continuous R&D activities and commercialization of Toumai in the short term. Therefore, the Board has resolved to allocate the IPO Proceeds for international collaboration and portfolio expansion, which are meant to be long-term strategy, to support Toumai. Nevertheless, the Group will continue to develop R-ONE, ANT and Mona Lisa, as well as to proactively seeking innovative robotic technologies and products worldwide, and obtain necessary funding to support their further development and commercialization as and when appropriate.

Reduce the portion of IPO Proceeds for “research and development of other orthopedic surgical robots” and increase the portion of IPO Proceeds for “ongoing R&D of SkyWalker”

SkyWalker, a flagship product of the Group, obtained the registration certificate for total knee arthroplasty application issued by the NMPA on April 2022. Meanwhile, attributable to the Group’s efforts to actively expand overseas markets, SkyWalker has successively obtained FDA 510(k) clearance, CE mark, and approval by Agência Nacional de Vigilância Sanitária (ANVISA), which as a key milestone in the Group’s globalization strategy, will accelerate the globalization strategy of the Group. As at the date of this announcement, the Group has submitted a registration application to NMPA for the new generation upgraded products of SkyWalker designed for multiple indications.

Considering that the R&D of the Group’s other product candidates for orthopedic surgical robot is still in the preliminary research or at relatively early stage, and taking into account the milestones achieved by SkyWalker in domestic and overseas markets so far, the Group intends to slow down the capital injection into other candidate products of orthopedic surgical robots in the short term. The Company believes that increasing investment in SkyWalker at the present stage will help the Group establish a differentiated competitive advantage in the field of orthopedic surgical robots, and seize the market share in the field of orthopedic surgical robots worldwide with SkyWalker’s successful R&D and commercialization experience. Therefore, the Group intends to further focus and concentrate on the R&D activities and commercialization of SkyWalker at the present stage. Nevertheless, the Group will continue to monitor the development status of other orthopedic surgical robots of the Group in the long term, and support their long-term R&D and commercial activities with the funding generated from the sale of the Group’s other products and/or other financial arrangement.

To conclude, the Company proposed (i) to reallocate a portion of the unutilized IPO Proceeds from the category “development and commercialization of the surgical robots under our collaboration with international partners”, being HK\$73.85 million, and the remaining unutilized IPO Proceeds from the category “expand our product portfolio with innovative robotic technologies and products”, being HK\$82.37 million, to fund the sub-category of “ongoing R&D activities of Toumai”, and (ii) to reallocate a portion of the unutilized IPO Proceeds from the category “research and development of other orthopaedic surgical robots”, being HK\$50.0 million, to fund the sub-category of “ongoing R&D of SkyWalker” (the “**Reallocated IPO Proceeds**”).

As a result of the Proposed Change, the allocation of the unutilized IPO Proceeds for “ongoing R&D activities of Toumai” will be increased from HK\$0.21 million to HK\$156.43 million and the allocation of the unutilized IPO Proceeds for “ongoing R&D of SkyWalker” will be increased from HK\$79.89 million to HK\$129.89 million.

Consolidate the scope of the three sub-categories under the sub-category “ongoing R&D activities of Toumai”

For the purpose of better utilizing the remaining unutilized IPO proceeds and allowing the Company to have more flexibility and efficiency in utilizing the funds towards advancing the research and development activities of the Core Product, Toumai, the Company resolved to (i) cancel the original three split sub-categories of “for further refinement”, “for application expansion to gynecologic, thoracic and general surgeries” and “for product refinement per clinical feedback and product upgrade toward the next generation of Toumai” (the “**R&D sub-categories**”) and to consolidate the remaining IPO Proceeds under the R&D sub-categories to their super-category of “ongoing R&D activities of Toumai” and (ii) not to split the Reallocated IPO Proceeds to the R&D sub-categories.

The Board believes that there has not been any material change in its business and expansion plans as stated in its Prospectus. The Proposed Change is in line with the business strategy of the Group and will not materially affect the operation and business of the Group and is in the best interest of the Company and the Shareholders as a whole.

By order of the Board
Shanghai MicroPort MedBot (Group) Co., Ltd.
Mr. Sun Hongbin
Chairman

Shanghai, China, 29 June 2023

As at the date of this announcement, the executive Director is Dr. He Chao, the non-executive Directors are Mr. Sun Hongbin, Mr. Sun Xin and Mr. Chen Chen, and the independent non-executive Directors are Dr. Li Minghua, Mr. Yao Haisong and Mr. Mui Wing Hong.