MicroPort®

MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL HIGHLIGHTS

	Six months ended 30 June		
	2023	2022	Change
	US$'000	*US$'000*	*%*
	(unaudited)	(unaudited)	
Revenue	**482,605**	404,984	Increased by 25% (excluding the foreign exchange impact)
Gross profit	**288,416**	247,702	Increased by 16%
Loss for the period	**(219,921)**	(253,275)	Decreased by 13%
Loss attributable to equity shareholders of the Company	**(162,618)**	(198,130)	Decreased by 18%
Loss per share –			
Basic (in cents)	**(8.94)**	(10.94)	Decreased by 18%
Diluted (in cents)	**(9.45)**	(11.28)	Decreased by 16%

For the six months ended 30 June 2023 (the "**Reporting Period**"), MicroPort Scientific Corporation (the "**Company**" or "**MicroPort**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") recorded revenue of US$482.6 million, representing an increase of 25% excluding the foreign exchange impact as compared to the six months ended 30 June 2022. Such increase was mainly attributable to:

Excluding the foreign exchange impact, revenue from MP NeuroTech* (neurovascular devices business) increased by 45% year on year, revenue from cardiovascular devices business increased by 42% year on year, revenue from CardioFlow Medtech* (heart valve business) increased by 41% year on year, revenue from MP Endo* (endovascular and peripheral vascular devices business) increased by 36% year on year, revenue from MP MedBot* (surgical robot business) increased by 3,110% year on year, revenue from orthopedics devices business increased by 10% year on year (of which revenue from China market increased by 51% year on year), revenue from CRM business increased by 5% year on year (of which revenue from China market increased by 51% year on year), and revenue from emerging businesses recorded multifold growth.

The Group recorded a loss attributable to equity shareholders of the Company of US$162.6 million for the six months ended 30 June 2023, as compared with a loss attributable to equity shareholders of the Company of US$198.1 million for the six months ended 30 June 2022, representing a significant decrease of 18% in losses. Such change was mainly due to (i) the rapid growth in revenue from all major businesses of the Group in China and overseas; and (ii) effective controls on research and development costs, administrative expenses and distribution costs for optimized operating efficiencies.

* the short names refer to Shanghai MicroPort Endovascular MedTech (Group) Co., Ltd. ("**MP Endo**"), MicroPort NeuroTech Limited ("**MP NeuroTech**"), MicroPort CardioFlow Medtech Corporation ("**CardioFlow Medtech**") and Shanghai MicroPort MedBot (Group) Co., Ltd. ("**MP MedBot**"), the Group's subsidiaries that are separately listed

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

		Six months ended 30 June	
		2023	2022
	Note	***US$'000***	*US$'000*
Revenue	*3*	**482,605**	404,984
Cost of sales		**(194,189)**	(157,282)
Gross profit		**288,416**	247,702
Other net income	*4*	**17,039**	41,356
Research and development costs		**(187,334)**	(186,430)
Distribution costs		**(169,800)**	(146,610)
Administrative expenses		**(95,890)**	(133,259)
Other operating costs	*5(b)*	**(12,374)**	(8,328)
Loss from operations		**(159,943)**	(185,569)
Finance costs	*5(a)*	**(37,256)**	(46,050)
Gain on deemed disposal of a subsidiary		**2,845**	–
Gain on deemed disposal of interests in equity-accounted investees		**5,437**	1,920
Share of profits less losses of equity-accounted investees		**(17,258)**	(18,141)
Loss before taxation	*5*	**(206,175)**	(247,840)
Income tax	*6*	**(13,746)**	(5,435)
Loss for the period		**(219,921)**	(253,275)
Attributable to:			
Equity shareholders of the Company		**(162,618)**	(198,130)
Non-controlling interests		**(57,303)**	(55,145)
Loss for the period		**(219,921)**	(253,275)
Loss per share	*7*		
– Basic (in cents)		**(8.94)**	(10.94)
– Diluted (in cents)		**(9.45)**	(11.28)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Loss for the period	**(219,921)**	(253,275)
Other comprehensive income for the period, net of tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liabilities	**284**	471
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements, net of nil tax	**(46,882)**	(120,958)
Share of other comprehensive income of equity-accounted investees	**(426)**	785
Other comprehensive income for the period	**(47,024)**	(119,702)
Total comprehensive income for the period	**(266,945)**	(372,977)
Attributable to:		
Equity shareholders of the Company	**(195,553)**	(285,248)
Non-controlling interests	**(71,392)**	(87,729)
Total comprehensive income for the period	**(266,945)**	(372,977)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 (unaudited)
(Expressed in United States dollars)

	Note	At 30 June 2023		At 31 December 2022	
		US$'000	***US$'000***	*US$'000*	*US$'000*
Non-current assets					
Investment properties			**6,315**		6,579
Property, plant and equipment			**969,558**		993,014
			975,873		999,593
Intangible assets			**223,215**		223,683
Goodwill			**265,571**		262,829
Equity-accounted investees			**407,214**		423,873
Financial assets measured at fair value through profit or loss			**15,458**		18,072
Derivative financial instruments			**4,218**		5,083
Deferred tax assets			**27,893**		27,637
Other non-current assets			**97,710**		94,081
			2,017,152		2,054,851
Current assets					
Financial assets measured at fair value through profit or loss		**36,874**		38,201	
Inventories		**395,404**		352,428	
Trade and other receivables	*8*	**312,704**		284,833	
Pledged deposits and time deposits		**226,874**		60,765	
Cash and cash equivalents		**843,430**		1,203,007	
		1,815,286		1,939,234	
Current liabilities					
Trade and other payables	*9*	**367,557**		380,554	
Contract liabilities		**24,146**		22,598	
Interest-bearing borrowings	*10*	**257,366**		185,387	
Convertible bonds	*11*	**650,589**		–	
Lease liabilities		**42,457**		51,944	
Income tax payable		**8,217**		17,470	
Derivative financial instruments		**5,755**		4,172	
		1,356,087		662,125	
Net current assets			**459,199**		1,277,109
Total assets less current liabilities			**2,476,351**		3,331,960

	Note	At 30 June 2023		At 31 December 2022	
		US$'000	***US$'000***	*US$'000*	*US$'000*
Non-current liabilities					
Interest-bearing borrowings	*10*	**417,298**		336,689	
Lease liabilities		**103,828**		124,373	
Deferred income		**34,068**		38,123	
Contract liabilities		**24,721**		24,839	
Convertible bonds	*11*	**98,083**		769,553	
Other payables	*9*	**233,392**		220,997	
Deferred tax liabilities		**24,305**		24,718	
			935,695		1,539,292
NET ASSETS			**1,540,656**		1,792,668
CAPITAL AND RESERVE	*12*				
Share capital			**18**		18
Reserves			**960,178**		1,135,012
Total equity attributable to equity shareholders of the Company			**960,196**		1,135,030
Non-controlling interests			**580,460**		657,638
TOTAL EQUITY			**1,540,656**		1,792,668

NOTES

(Expressed in United States dollars unless otherwise indicated)

1 Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). It has been reviewed by the Audit Committee and was authorised for issue on 30 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 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 Scientific Corporation (the "Company") and its subsidiaries (together, the "Group") since the 2022 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.

The financial information relating to the financial year ended 31 December 2022 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 2022 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 30 March 2023.

2 Changes in accounting policies

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

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 and segment reporting

The Group manages its business by divisions, which are organised by a mixture of both lines of business (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified a number of reportable segments. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or service lines		
– Sales of medical devices	**472,745**	399,521
– Others	**6,328**	3,632
	479,073	403,153
Revenue from other sources	**3,532**	1,831
	482,605	404,984

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Disaggregated by geographical location of external customers		
– the People's Republic of China (the "PRC") (country of domicile)	**248,179**	188,660
– North America	**50,354**	48,936
– Europe	**132,128**	123,806
– Asia (excluding the PRC)	**34,078**	30,040
– South America	**11,052**	6,161
– Others	**6,814**	7,381
	234,426	216,324
	482,605	404,984

The geographical analysis above includes property rental income from external customers in the PRC and the United States for the six months ended 30 June 2023 of US$3,259,000 (six months ended 30 June 2022: US$1,831,000).

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3(b).

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2023									
	Cardiovascular devices business	Orthopedics devices business	Cardiac rhythm management business	Endovascular and peripheral vascular devices business	Neurovascular devices business	Heart valve business	Surgical robot business	Surgical devices business	Others[#]	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Disaggregated by timing of revenue recognition										
Point in time	77,751	115,293	103,303	88,985	42,614	25,035	4,895	3,121	11,748	472,745
Over time	1,465	568	4,969	–	–	–	–	–	2,858	9,860
Revenue from external customers	79,216	115,861	108,272	88,985	42,614	25,035	4,895	3,121	14,606	482,605
Inter-segment revenue	7,230	496	98	183	145	228	1,888	361	–	10,629
Reportable segment revenue	86,446	116,357	108,370	89,168	42,759	25,263	6,783	3,482	14,606	493,234
Reportable segment net profit/(loss)	8,766	(26,503)	(48,927)	39,512	8,376	(25,264)	(77,848)	(9,446)	(40,502)	(171,836)

	At 30 June 2023									
	Cardiovascular devices business	Orthopedics devices business	Cardiac rhythm management business	Endovascular and peripheral vascular devices business	Neurovascular devices business	Heart valve business	Surgical robot business	Surgical devices business	Others[#]	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Reportable segment assets	568,128	533,021	431,363	302,751	262,043	401,410	241,360	196,520	611,127	3,547,723
Reportable segment liabilities	263,691	421,798	444,431	44,814	44,379	33,440	111,511	78,197	185,726	1,627,987

	Six months ended 30 June 2022									
	Cardiovascular devices business *US$'000*	Orthopedics devices business *US$'000*	Cardiac rhythm management business *US$'000*	Endovascular and peripheral vascular devices business *US$'000*	Neurovascular devices business *US$'000*	Heart valve business *US$'000*	Surgical robot business *US$'000*	Surgical devices business *US$'000*	Others[#] *US$'000*	Total *US$'000*
Disaggregated by timing of revenue recognition										
Point in time	60,349	107,320	102,340	70,765	31,326	18,987	156	2,433	7,423	401,099
Over time	335	391	2,054	–	–	–	–	–	1,105	3,885
Revenue from external customers	60,684	107,711	104,394	70,765	31,326	18,987	156	2,433	8,528	404,984
Inter-segment revenue	8,923	963	43	–	139	–	–	–	177	10,245
Reportable segment revenue	69,607	108,674	104,437	70,765	31,465	18,987	156	2,433	8,705	415,229
Reportable segment net (loss)/profit	(4,327)	(27,172)	(36,777)	32,793	(14,258)	(18,822)	(71,177)	(13,324)	(39,310)	(192,374)

	At 31 December 2022									
	Cardiovascular devices business *US$'000*	Orthopedics devices business *US$'000*	Cardiac rhythm management business *US$'000*	Endovascular and peripheral vascular devices business *US$'000*	Neurovascular devices business *US$'000*	Heart valve business *US$'000*	Surgical robot business *US$'000*	Surgical devices business *US$'000*	Others[#] *US$'000*	Total *US$'000*
Reportable segment assets	565,823	489,305	471,111	287,148	260,852	433,178	276,960	213,392	560,184	3,557,953
Reportable segment liabilities	239,368	335,395	438,940	35,813	47,417	35,304	73,491	67,526	152,192	1,425,446

[#] Revenues and results from segments below the quantitative thresholds are mainly attributable to non-vascular interventional devices business, fermentation-based active pharmaceutical ingredients business, medical imaging business and electrophysiology devices business, etc. None of those segments individually met any of the quantitative thresholds for reportable segments.

(c) Reconciliations of reportable segment profit or loss

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Segments total net loss	**(171,836)**	(192,374)
Share awards scheme	**(4,241)**	(8,144)
Other equity-settled share-based payment expenses	**(6,729)**	(18,957)
Unallocated exchange (loss)/gain	**(1,730)**	3,869
Interest on convertible bonds issued by the Company	**(8,208)**	(8,011)
Gain on deemed disposal of subsidiaries	**2,845**	–
Gain on deemed disposal of interests in equity-accounted investees	**5,437**	–
Unallocated expenses, net	**(35,459)**	(29,658)
Consolidated loss for the period	**(219,921)**	(253,275)

4 Other net income

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Government grants	**10,842**	6,125
Interest income on financial assets carried at amortised cost	**15,871**	10,275
Net loss on disposal of property, plant and equipment	**(5,492)**	(79)
Net foreign exchange (loss)/gain	**(2,077)**	6,044
Net realised and unrealised (loss)/gain on financial instruments carried at fair value through profit or loss	**(6,086)**	6,272
Gain on repurchase of convertible bonds	**2,948**	–
Others	**1,033**	12,719
	17,039	41,356

5 Loss before taxation

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

(a) Finance costs

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Interest on the convertible bonds *(note 11)*	**8,208**	8,011
Interest on other interest-bearing borrowings	**11,007**	8,726
Interest on preferred shares issued by subsidiaries *(note 9)*	**11,018**	23,224
Interest on lease liabilities	**4,967**	4,313
Total interest expense on financial liabilities not at fair value through profit or loss	**35,200**	44,274
Less: interest expense capitalised into properties under development	**(710)**	(194)
	34,490	44,080
Others	**2,766**	1,970
	37,256	46,050

(b) Other operating costs

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Legal and professional fee	**1,632**	4,032
Donations	**5,621**	3,478
Others	**5,121**	818
	12,374	8,328

(c) Other items

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Amortisation of intangible assets	**10,288**	9,586
Depreciation charge		
– owned property, plant and equipment	**36,000**	26,131
– right-of-use assets	**22,490**	27,818
Less: Amounts capitalised as development costs	**(340)**	(282)
Total amortisation and depreciation in the consolidated statement of profit or loss	**68,438**	63,253
Research and development costs	**199,130**	195,051
Less: Amortisation of capitalised development costs	**(3,466)**	(3,092)
Costs capitalised into intangible assets	**(11,796)**	(8,621)
	183,868	183,338
Provision of inventories write-down	**4,537**	1,299
Provision for impairment of:		
– trade and other receivables	**569**	4,536

6 Income tax

(a) Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2023	2022
	US$'000	*US$'000*
Current tax – the PRC corporate income tax ("CIT")	**10,192**	6,696
Current tax – other jurisdictions	**3,723**	1,538
Deferred taxation	**(169)**	(2,799)
	13,746	5,435

Pursuant to the CIT Law of the PRC, during the six months ended 30 June 2023, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25% except for those subsidiaries entitled to a preferential income tax rate of 15% as they are certified as "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.

Taxation for overseas subsidiaries is similarly calculated using the estimated annual effective rates of taxation that are expected to be applicable in the relevant countries.

(b) Pillar Two income tax

Certain countries which the Group operates in, recently enacted or plan to enact new tax laws to implement the Pillar Two model rules with reference to the framework published by the Organisation of Economic Co-operation and Development ("OECD"). The new tax laws will take effect after 1 January 2024. When these laws take effect, the Group expects to be subject to a system of top-up taxes adjustments that results in the total amount of taxes payable on excess profit in each jurisdiction representing at least the minimum rate of 15%. As the new tax laws are not yet effective, the Group does not expect any current tax impact for the year ending 31 December 2023. The Group has applied the temporary mandatory exception from deferred tax accounting for the top-up tax and would account for the tax as current tax when incurred.

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 US$162,618,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: US$198,130,000) and the weighted average of 1,819,936,000 ordinary shares in issue during the six months ended 30 June 2023 (six months ended 30 June 2022: 1,811,000,000 ordinary shares).

(b) Diluted loss per share

The calculation of diluted loss per share is based on the loss attributable to ordinary equity shareholders of the Company of US$171,898,000 for the six months ended 30 June 2023 (six months ended 30 June 2022: US$204,794,000) and the weighted average number of ordinary shares of 1,819,936,000 shares for the six months ended 30 June 2023 (six months ended 30 June 2022: 1,816,084,000 ordinary shares) after adjusting the effects of dilutive potential issuable ordinary shares under a put option granted to Sino Rhythm Limited ("SRL") that may be settled in ordinary shares of the Company.

8 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 2023	At 31 December 2022
	US$'000	*US$'000*
Within 1 month	**101,758**	74,650
1 to 3 months	**61,009**	69,211
3 to 12 months	**22,934**	23,508
More than 12 months	**2,966**	3,504
Trade debtors, net of loss allowance	**188,667**	170,873
Other debtors	**18,470**	12,532
Income tax recoverable	**3,409**	3,347
Deposits and prepayments	**102,158**	98,081
	312,704	284,833

Trade receivables are due within 30 to 360 days from the date of billing.

9 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 2023	At 31 December 2022
	US$'000	*US$'000*
Current		
Within 1 month	**115,518**	111,694
Over 1 month but within 3 months	**17,427**	16,794
Over 3 months but within 6 months	**4,391**	3,169
Over 6 months but within 1 year	**4,168**	4,806
Over 1 year	**5,330**	6,798
Trade payables	**146,834**	143,261
Advance received in connection with the contribution from non-controlling shareholders (i)	**8,027**	–
Consideration payables in connection with the acquisition of subsidiaries	**14,012**	23,499
Other payables and accrued charges	**198,684**	213,794
	367,557	380,554
Non-current		
Share repurchase obligation (ii)	**203,181**	192,163
Contingent consideration in connection with the acquisition of a subsidiary	**4,961**	8,823
Net defined benefit obligation	**9,127**	9,510
Other payables	**16,123**	10,501
	233,392	220,997

Notes:

i In June 2023, MicroPort Urocare Medtech (Jiaxing) Co., Ltd. ("MP Urocare", a subsidiary of the Group) entered into a capital contribution agreement with several investors, pursuant to which, these investors agreed to contribute in aggregate RMB140 million in cash to subscribe for the additional registered capital MP Urocare of RMB13 million (the "MP Urocare Capital Increase").

As at 30 June 2023, the transaction was not completed as certain closing conditions specified in the agreement has not been fulfilled. MP Urocare received part of the cash consideration of RMB58,000,000 (equivalent to US$8,027,000), which was recorded as "other payables" as at 30 June 2023.

ii As at 30 June 2023, MicroPort Cardiac Rhythm Management Limited ("CRM Cayman") had several series of preferred shares issued to certain investors in connection with its financings. These preferred shares include liquidation preference right, redemption right and conversion right granted to these investors.

As these preferred shares can be converted into ordinary shares of CRM Cayman where the number of shares to be issued is fixed, the conversion right is recognised as equity component. The redemption obligations embedded in these preferred shares, which are settled by cash, give rise to financial liabilities, which are measured at the highest of those amounts that could be payable, and on a present value basis. The subsequent changes of liabilities under amortised costs are recognised in profit or loss.

Movement of the share repurchase obligations arising from these preferred shares are as follows:

	US$'000
As at 1 January 2023	**192,163**
Charge to finance costs *(note 5(a))*	**11,018**
As at 30 June 2023	**203,181**

10 Interest-bearing borrowings

As of the end of the Reporting Period, the interest-bearing borrowings were repayable as follows:

	At 30 June 2023	At 31 December 2022
	US$'000	*US$'000*
Within 1 year or on demand	**257,366**	185,387
After 1 year but within 2 years	**101,087**	68,460
After 2 years but within 5 years	**211,979**	187,697
After 5 years	**104,232**	80,532
	417,298	336,689
	674,664	522,076

As of the end of the Reporting Period, the interest-bearing borrowings were secured as follows:

	At 30 June 2023	At 31 December 2022
	US$'000	*US$'000*
Bank loans		
– secured	**254,392**	236,427
– unsecured	**420,272**	285,649
	674,664	522,076

At 30 June 2023, the bank facilities drawn down by the Group of US$109,158,000 (31 December 2022: US$92,665,000) were secured by land use rights and buildings held for own use with net book values of US$9,759,000 and US$175,694,000, respectively (31 December 2022: land use rights of US$10,220,000 and buildings held for own use of US$138,443,000, respectively).

At 30 June 2023, the bank loans totalling US$145,234,000 (31 December 2022: US$143,762,000) were secured by the Group's equity interest in several subsidiaries including Fujian Kerui Pharmaceutical Co., Ltd., Suzhou MicroPort Argus Medtech Co., Ltd., MicroPort Vision Power MedTech (Shanghai) Co., Ltd., Hemovent GmbH and Shanghai Huanbo Digital Technology Co., Ltd., etc.

Part of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 30 June 2023, none of the covenants relating to drawn down facilities had been breached.

11 Convertible bonds

	2023	2022
	US$'000	*US$'000*
Convertible bonds issued by CRM Cayman	**98,083**	92,930
Convertible bonds issued by the Company *(Note)*	**650,589**	676,623
	748,672	769,553
Representing		
Current portion	**650,589**	–
Non-current portion	**98,083**	769,553
	748,672	769,553

Note:

In June 2021, the Company issued convertible bonds with a principal amount of US$700 million (the "2021 Convertible Bonds"), which were listed on the Stock Exchange. As at 30 June 2023, the quoted market value of the 2021 Convertible Bonds is approximately US$596.8 million.

Pursuant to the terms of the 2021 Convertible Bonds, the bondholders could convert part of or the entire outstanding bond balances at the option of the bondholders into fully paid ordinary shares of the Company at an initial conversion price of HK$92.8163 per share, subject to the adjustment under certain terms and conditions at the fixed exchange rate of HK$7.7594 to US$1 before the maturity date.

The maturity date of the 2021 Convertible Bonds is 11 June 2026 and the Company shall redeem the 2021 Convertible Bonds at the price equals to 105.11% of the principal amount on the maturity date. In addition, the bondholders also have a right to require the Company to redeem entire or partial of the 2021 Convertible Bonds on 11 June 2024 at the price equals to the 103.04% of the principal amount.

The movement of the 2021 Convertible Bonds during the period represents as follow:

	Liability component *US$'000*	**Equity component** *US$'000*	**Total** *US$'000*
At 1 January 2023	676,623	37,928	714,551
Interest charged *(note 5(a))*	8,208	–	8,208
Repurchase by the Company	(34,242)	(575)	(34,817)
At 30 June 2023	650,589	37,353	687,942

No conversion of the 2021 Convertible Bonds had occurred up to 30 June 2023.

12 Capital, reserves and dividends

(a) Dividends

The directors of the Company did not propose any payment of final dividend in respect of the previous year during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

The directors of the Company did not propose any payment of interim dividend during the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

(b) Purchase of own shares

During the six months ended 30 June 2023, the Company did not purchase any of its own ordinary shares (for the six months ended 30 June 2022: 2,755,400 ordinary shares) through the designated trustees under the share award scheme.

Repurchased shares held at the end of Reporting Period under the share award scheme were classified as treasury shares and presented as a decrease in the capital reserve.

At 30 June 2023, the trustee under a long-term benefit plan held 172,000 ordinary shares of the Company (31 December 2022: 172,000 ordinary shares). These shares are treated as plan assets and carried at fair value with reference to the share price of ordinary shares of the Company, which are presented as a deduction of non-current defined benefit obligation.

13 Non-adjusting events after the Reporting Period

In July 2023, the MP Urocare Capital Increase (see note 9) was completed. Accordingly, the Group's interest in MP Urocare was diluted from 74% as at 30 June 2023 to 65% and the Group retained control over MP Urocare.

BUSINESS REVIEW

Overview

Since the beginning of 2023, the major global economies have basically overcome the COVID-19 pandemic, but the slow decline in core inflation of developed countries and the continuous tightening of monetary policies have hindered the recovery of the global industrial chain, weakened the manufacturing sector, and slowed down trade and investment, resulting in the sluggish recovery of the world economy. With the full resumption of normalcy of society, the Chinese economy has improved steadily, achieving stable progress in high-quality development and showing a clear trend towards mid- to high-end industrial development. In the post-pandemic era, the development of global healthcare industry has returned to the right track. As the aging problem worsens and disposable income continues to rise in the medium to long term, the sharply expanding market demand will definitely maintain the steady growth of the healthcare industry.

In the international market, developed countries and regions have reached a high level of end-market penetration of medical devices, and the demand for differentiated innovation is increasingly high; there are broad growth prospects in emerging markets and excellent product quality has further become the core element of market development. In an increasingly fierce market environment, enterprises must have the ability to provide overall solutions and build international brands with outstanding "product power"; meanwhile, only by actively expanding channel resources, constantly deploying technological innovations and systematically building a global ecosystem can enterprises accelerate and deepen their internationalization journey and achieve an extensive and efficient market coverage.

In China, the reform of the medical and healthcare system has entered a new stage of "high-quality development", and the government has put forward higher requirements for deepening the reform to better facilitate the construction of "Healthy China". Since early 2023, the State Council has successively approved and issued the *Opinions on Further Improving the Medical and Healthcare Service System* and the *Key Tasks for Deepening the Reform of the Medical and Healthcare System in the Second Half of 2023*. Such policy support will accelerate further improvement of the medical and healthcare service system, enhance the balanced allocation of resources and services, allow people to enjoy fair, accessible, systematic and continuous healthcare services in their proximity, and promote a significant improvement in their overall health. In order to promote the high-quality development of public hospitals and further facilitate the expansion and allocation of high-quality medical resources among the mass public, the National Health Commission issued the *"14th Five-Year Plan" for the Allocation of Large-scale Medical Equipment* during the Reporting Period. The number of newly allocated equipment has substantially increased, which will drive the upgrading of the industry chain of large-scale medical equipment and promote the innovative development of high-end medical equipment. In order to further optimize the multi-level medical security system, many cities in China have collaborated to promote the medical system reform. In particular, Beijing has issued the *DRG Payment and Volume-Based Procurement ("VBP") Linkage Management Plan for Medical Institutions* for examining a new cost control model led by medical institutions. While pursuing reasonable cost reduction, the remaining funds are expected to flow towards innovative products with more clinical value. Shanghai has issued Several Measures for Further Improving the Multi-Payment Mechanism to Support the Development of Innovative Medicines

and Devices to increase the clinical application of innovative medicines and devices in hospitals and the medical insurance payment support and substantively encourage enterprises to accelerate technological innovation. Generally speaking, the promulgation of various policies aims to channel the development of the medical industry towards higher quality. With the continued deepening of the medical system reform, high-quality innovative enterprises are expected to embrace a broad space for development.

In terms of reportable segments in financial reporting, the Group features eight major business segments: cardiovascular devices, orthopedics devices, CRM business, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. As of the end of the Reporting Period, the Group (also through its equity-accounted investees) had approximately 9,500 patents (including those under application) around the world, and its products were being used in over 20,000 hospitals in more than 100 countries and regions around the world. The Group also offered over 600 medical solutions to patients worldwide, covering the circulatory system, nervous system, kinetic system, endocrine system, urinary system and reproductive system. As a leading global enterprise of innovative high-end medical devices, the Group has continuously promoted the rapid development of its global business, with a number of innovative products approved in domestic and overseas markets for launch during the Reporting Period, providing strong impetus for the high-quality and sustainable growth of its business.

During the Reporting Period, the routine diagnostic and treatment activities have fully recovered with a significant rebound in rigid medical demand, and the number of multi-disciplinary surgeries has rapidly increased. Benefiting from the continuous deepening of globalization, the accelerated launch of new products and the rapid growth on the demand side, the Group achieved revenue of US$482.6 million for its global operations, representing a significant increase of 25% excluding the foreign exchange impact as compared to the corresponding period of last year; among which, revenue from the international (non-China) business amounted to US$234.4 million, representing a steady increase of 11% excluding the foreign exchange impact as compared to the corresponding period of last year. We are pleased to note that the Group's cardiovascular devices business, endovascular and peripheral vascular devices business, neurovascular devices business and heart valve business have all recorded a rapid growth in revenue, increasing by 42%, 36%, 45% and 41% respectively as compared to the corresponding period of last year; the commercialization of the surgical robot business has made steady progress, with its revenue growing significantly by 3,110% as compared to the corresponding period of last year. In the first half of the year, the Group recorded an 18% decrease in loss attributable to equity holders to US$162.6 million as compared to the corresponding period of last year.

Cardiovascular Devices Business

The cardiovascular devices business offers integrated medical solutions for the treatment of coronary artery-related diseases, develops, manufactures and commercializes industry-leading coronary stents and related delivery systems, along with balloon catheters, passive accessories and active devices. It is committed to fulfilling the overall demands of patients worldwide and providing integrated, precise and intelligent cardiovascular solutions.

Cardiovascular diseases are the leading causes of human death and loss of healthy life span, and rank first in terms of burden of disease around the world. With the continuous expansion of the global senior population and due to the negative impacts of lifestyle changes, the incidence of cardiovascular diseases is rising, and the demand for coronary interventional therapies keeps growing year by year. In recent years, minimally invasive surgery for vascular intervention has increased in precision. As for the diagnosis and treatment methods, the concept of percutaneous coronary intervention ("PCI") precision treatment represented by intracavity imaging technology has become a developing trend, and innovative treatment methods represented by active intervention continue to expand the boundaries of treatment; surgical robots provide assistance in the entire process of disease management, forming multi-system functional integration and closed-loop data building, and also significantly shortening the learning curve of surgeons. With the support of multiple innovative technologies, the global end market of cardiovascular interventional treatment continues to expand.

As of the end of the Reporting Period, the cardiovascular business segment of the Group had 6 drug-eluting stents and 4 balloon products on sale, with its business presence in over 40 countries and regions around the world, and has become the global leader in the area of coronary interventional treatment. During the Reporting Period, the Group's cardiovascular business recorded global revenue of US$79.2 million, representing a significant increase of 42.4% excluding the foreign exchange impact as compared to the corresponding period of last year, mainly due to the fast-growing penetration rate in the international market and revenue growth arising from the rapid recovery of domestic surgeries.

In the overseas market, the synergies of the Group's products have brought increasingly significant brand advantages. During the Reporting Period, the Group has continued to deepen the development of high-potential markets and rapidly increased its market share in regions with existing coverage. The business segment achieved sales revenue of approximately US$16.1 million, representing a significant increase of 93.7% excluding the foreign exchange impact as compared to the corresponding period of last year. In terms of regions, Asia (excluding China) and South America recorded a significant increase in sales, with revenue increased by 142% and 125% excluding the foreign exchange impact year on year respectively. In terms of products, the increase in overseas revenue was mainly attributable to the rapid growth in sales of coronary balloon and stent products during the Reporting Period, with a year-on-year increase in product revenue of 130% and 59% respectively. During the Reporting Period, through continuous construction and optimization of the marketing teams and expansion and iteration of the distribution networks, the Group's coverage of hospitals in various countries and regions increased significantly, with a correspond rapid increase in market share; meanwhile, based on its strength in multi-product portfolio, the Group's stent and balloon products have fully covered the demand in various markets, and benefiting from the increase in the sales volume of high-end products and the rapid increase in the market share in high unit price countries and non-standard markets, the gross profit margin for the segment increased by 4 percentage points year on year during the Reporting Period. The Group continued to promote overseas channel expansion and newly developed channel distributors in six countries and regions during the Reporting Period, mainly in the EMEA region; as of the end of the Reporting Period, the sales of coronary stent products have covered 73 overseas markets and a total of 63 overseas markets for balloon products. In terms of product registration and certification, the coronary stents have obtained 5 initial registrations in 4 countries or regions, while the balloon products have obtained 1 initial registration in 1 country or region.

In China, the business segment achieved sales revenue of approximately US$63.1 million, representing a significant increase of 33.5% excluding the foreign exchange impact as compared to the corresponding period of last year. During the Reporting Period, the domestic demand for cardiovascular intervention surgeries have gradually recovered, and the Group's shipments of both coronary stents and balloon products continued to increase, with the market share ranking first in the PRC. In terms of access consumables, benefiting from the rapid growth in sales of high-value-added products, the revenue increased significantly by 91.9% year on year. The Group will fully leverage its channel strengths in the field of cardiovascular intervention surgeries to facilitate the extension of its products and services, and actively promote the implementation of medical and healthcare reform policies, and continue to push forward the stable development of its business in compliance with the law. During the Reporting Period, the formal implementation of the procurement price following the expiration of the agreement on coronary stents has helped enhance the overall profit level of the segment. Based on the large-scale digital production capacity and the continuous promotion of upstream and downstream integration, the Group will continue to guarantee the supply volume committed according to the required quality and quantity, and further consolidate its dominant market position in the field of cardiovascular interventions, while fulfilling its social responsibility and meeting the needs of patients. Since its launch in 2017, the "Swallow Program", which focuses on developing the uncharted healthcare markets in lower-tier regions, has covered the minimally invasive business in over 1,000 county-level administrative areas nationwide, saving the lives of a total of more than 300,000 patients. Through the promotion of medical education, the construction of internet systems for lower-tier hospitals and improvement on patient management and referral capabilities, the program is committed to helping county-level hospitals increase their ability in precision interventional treatment, enabling patients in lower-tier regions to enjoy quality and affordable high-end medical solutions.

Orthopedics Devices Business

The orthopedics devices business offers overall solutions for the treatment of orthopedic problems, with an extensive range of orthopedics products that include reconstructive joints, spine and trauma products, and other professional implants and instruments.

During the Reporting Period, revenue from the global orthopedics business was US$115.9 million, representing an increase of 10.0% excluding the foreign exchange impact as compared to the corresponding period of last year. The Group has continued to promote resource integration and deepen cooperation with domestic and overseas R&D and production teams to enhance efficiency and reduce costs, successfully achieving a year-on-year decrease in net loss of the segment.

In the overseas market, despite the supply chain issue caused by component shortage in the second quarter, the Group's international (non-China) orthopedics business still recorded a revenue of US$104.2 million, representing an increase of 7.7% excluding the foreign exchange impact as compared to the corresponding period of last year. In particular, owing to the continuous channel expansion, revenue in EMEA recorded a year-on-year increase of 18%. In terms of products, the Group's Medial-Pivot Knee System has rapidly won recognition in the global market with its advanced implant design concept and long-term proven clinical evidence. Thanks to its strong sales growth of medial-pivot products, the Group recorded a 16% year-on-year growth in knee products. During the Reporting Period, the Group has implemented systematic adjustment to supply chain organization through actively bringing on secondary sources to cope with potential supply risks in the future. As of July 2023, the first batch of key components and castings was delivered and backorders have significantly decreased since the second half of 2023. We expect that the supply chain improvement will continue, and the growth trend of revenue will be gradually back to normal.

In China, demand for orthopedic surgeries has surged since February 2023. During the Reporting Period, the orthopedics business in the PRC recorded revenue of US$11.6 million, representing an increase of 51.1% excluding the foreign exchange impact as compared to the corresponding period of last year, as driven by the rapid growth in terminal implantation volume. In terms of joint business, the strong recovery in demand for elective surgeries and the strategic contraction of imported manufacturers have released a large amount of blank market demand; thanks to the outstanding product advantages and continuous channel construction, the Group's implantation volume of joints nearly doubled year on year during the Reporting Period. Of which, the implantation volume of imported internal-axis knee grew particularly fast and fully took over the market share of foreign players, reaching nearly triple of the implantation volume as compared to the corresponding period of last year. During the Reporting Period, the Group further promoted the integration of the orthopedic supply chain and optimized the utilization of resources, resulting in a significant increase in gross profit margin by 16 percentage points. In terms of spine and trauma business, the national VBP results of spines and the provincial VBP results of trauma products in Jiangsu Province were officially implemented during the Reporting Period, and the sales of this business suffered a temporary impact due to factors such as decrease in the unit price of products and the provision for impairment. Through continuous cost reduction and efficiency enhancement efforts, the Group has steadily reduced the cost of key products.

CRM Business

The CRM business is committed to creating the world's leading comprehensive CRM solutions, and principally engages in the development, manufacturing and marketing of products for the diagnosis, treatment, and management of heart rhythm disorders and heart failure, with products covering pacemakers, defibrillators, cardiac resynchronization therapy devices and supporting lead products, as well as a portfolio of monitoring products used together.

During the Reporting Period, the CRM business achieved global revenue of US$108.3 million, representing an increase of 4.7% excluding the foreign exchange impact as compared to the corresponding period of last year.

In the overseas market, the international (non-China) CRM business achieved revenue of US$100.5 million during the Reporting Period, representing a year-on-year increase of 2.3% excluding the foreign exchange impact. The tight supply of upstream raw materials led to insufficient supply of leads in the first half of the year, affecting the shipments of pacemakers and defibrillators, and causing a certain

impact on the overall sales. At present, the Group has taken sufficient actions to strengthen the stability of the supply chain, and it is expected that the overall production of leads will recover rapidly in the second half of the year. During the Reporting Period, Bluetooth® pacemakers continued to accelerate penetration, recording a significant year-on-year increase of 49% in sales; despite the impact of insufficient supply of leads, the Group's self-developed Implantable Cardioverter-Defibrillators ("ICDs") still achieved a year-on-year increase of 13%. In terms of regions, Eastern Europe, the Middle East and Africa ("EEMEA") and the Asia Pacific region achieved a significant year-on-year increase of 73% and 63% in sales revenue respectively excluding the foreign exchange impact. During the Reporting Period, the Group strategically promoted a number of key products which were approved for launch in high-potential markets: In the United States, Alizea™ and Celea™, the next generation of implantable Bluetooth pacemakers equipped with the AutoMRI™ technology, were successfully approved by the U.S. Food and Drug Administration ("FDA") for marketing, and its related products, Vega™ Pacing Leads, SmartTouch XT™ Tablet-based Programmer and SmartView Connect™ Bluetooth® Home Monitor were also approved for marketing. With a comprehensive portfolio of high-performance products, the Group will significantly accelerate market promotion and penetration in the United States. In Japan, Ulys™, an Implantable Cardioverter-Defibrillators ("ICDs") with MRI compatible functionality, and Invicta™ defibrillation leads were approved for marketing. The approval of such high-value-added products will help the Group further open up the Japanese market. Meanwhile, the Group has also submitted application for registration of a number of key products. The increasingly extensive product portfolio will be more conducive to the Group's global promotion and add new momentum to sustainable business growth.

During the Reporting Period, the pacemaker market in China saw a full-scale recovery, with a rapid release in demand for deferred elective surgeries. The CRM business in the PRC achieved revenue of US$7.8 million, representing a significant increase of 50.5% excluding the foreign exchange impact as compared to the corresponding period of last year. During the Reporting Period, benefiting from the formal implementation of the VBP results of the Guangdong-led alliance for medical consumables of heart pacemakers, the Group's pacemaker products were successfully admitted to and sold in leading hospitals, thus further increasing the market penetration rate. Rega®, the Group's self-developed MRI-conditional pacemaker, currently the only home-made pacemaker product compatible with magnetic resonance imaging ("MRI"), has rapidly increased sales since its mass production, driving the Group's revenue in domestic pacemaker product portfolio to increase by 107% year on year, and further solidified our leading position with the largest market share among domestic players. During the Reporting Period, by leveraging on its abundant pipeline advantages, the Group fully adjusted its product portfolio to respond to the price changes in the end market, actively promoted domestic brands, continued to enhance the recognition and influence of domestic brands and strived to accelerate the realization of import substitution. The Group also continued to improve the automation and digitization of production lines to satisfy the market demand in a timely manner with guaranteed quality and quantity, promote the localization of materials and enhance the supply chain's capability to resist risks.

Endovascular and Peripheral Vascular Devices Business

The endovascular and peripheral vascular devices business focuses on providing integrated disease solutions for aortic and peripheral vascular diseases such as thoracic and abdominal aortic aneurysm, aortic dissection, atherosclerosis, and lower extremity arteriosclerotic occlusion.

During the Reporting Period, benefited from the rapid increase in the sales volume of innovative products and the rapid recovery of domestic hospital end surgical demand after the Chinese New Year, the endovascular and peripheral vascular devices business achieved revenue of US$89.0 million, representing an increase of 35.5% excluding the foreign exchange impact as compared to the corresponding period of last year, and a net profit of US$39.5 million, representing a year-on-year increase of 30.1%.

In the PRC, the Company has firmly pushed forward the development of the lower-tier market, intensified marketing efforts in lower-tier hospitals, and rapidly increased the implantation volume of key products: as of August 2023, the Castor® Branched Aortic Stent Graft and Delivery System ("Castor® Branched Stent") has covered a cumulative of more than 950 terminal hospitals and implantation for over 18,000 cases; the Minos® Abdominal Aortic Stent Graft and Delivery System ("Minos® Abdominal Aortic Stent") has covered a cumulative of more than 700 terminal hospitals and implantation for over 5,000 cases. With the further promotion of the concept of "intervention without implantation", the use of lower limb drug coated balloons has been increasingly recognized by surgeons and patients, and the Reewarm® PTX Drug Balloon Dilation Catheter has covered a cumulative of more than 750 hospitals and implantation for over 15,000 cases. In term of the newly launched products, the Talos® Thoracic Stent Graft System ("Talos®") and Fontus® Branched Surgical Stent Graft System ("Fontus®") have shown a rapid growth trend in terms of hospital admissions and promotion, and have been admitted to a total of more than 200 hospitals and completed implantation in nearly 2,000 cases since it was launched in the market in 2022, helping the Group to further consolidate its leading market position in the field of aortic and peripheral vascular interventions.

In the overseas market, thanks to the continued market expansion, the overseas business of this segment achieved sales revenue of US$6.0 million, representing a significant year-on-year increase of 114.3%. As of August 2023, sales of products in this segment have covered 28 countries, with business being expanded to regions such as Europe, Latin America and Southeast Asia. In terms of products, the Castor® Branched Stent has entered a total of 14 countries, the Minos® Abdominal Aortic Stent has entered a total of 15 countries, and Hercules® Low Profile Straight Tube Stent Graft and Delivery System ("Hercules® -LP Straight Tube Stent") has been clinically applied in a total of 16 overseas countries. During the Reporting Period, the Reewarm® PTX Drug Balloon was officially launched into the international market and completed its first clinical application overseas in Brazil. Meanwhile, Minos® Abdominal Aortic Stent and Hercules® -LP Straight Tube Stent were also approved by the Health Sciences Authority of Singapore for registration during the Reporting Period. The efficient exportation of advantageous products helped to continuously enhance the Group's brand influence globally and bring about overall solutions in this field. In the future, the Group will continue to increase its efforts to develop the international market, and benefit patients around the world with better aortic and peripheral solutions.

Neurovascular Devices Business

The neurovascular devices business specializes in providing overall solutions for the treatment of neurovascular diseases, including hemorrhagic stroke, cerebral atherosclerotic stenosis and acute ischemic stroke, and the R&D, production and commercialization of neurovascular therapeutic and access devices.

With continuous increase in sales of multiple innovative products, the neurovascular devices business recorded revenue of approximately US$42.6 million during the Reporting Period, representing a year-on-year growth of approximately 45.2% excluding the foreign exchange impact; the business recorded an operating profit of approximately US$11.8 million, representing a significant increase of approximately 505.2% as compared to the corresponding period of last year and achieved a net profit of approximately US$8.4 million, representing a turnaround to profit from loss incurred in the corresponding period of last year.

During the Reporting Period, the business segment newly penetrated into over 200 hospitals, with a cumulative penetration of over 2,800 hospitals, further consolidating its leading position in the neurovascular device field. The penetration rate of various products which were leader in market share increased rapidly, further consolidating its competitive advantages: the clinical use of Tubridge® Flow-Diverting Stent ("Tubridge®") grew significantly. Sales performance of this product in primary hospitals was particularly impressive due to the Group's strategic development and cultivation of the lower-tier markets. In addition, sales of multiple new products which have been launched on the market in recent years have increased significantly: with the increasing acceptance of the drug coated balloon stent treatment concept in lower-tier hospitals, the market acceptance of the Bridge® Rapamycin Target Eluting Vertebral Artery Stent System ("Bridge® Vertebral Artery Stent") surged during the Reporting Period, the new addition of over 230 hospitals contributed to a cumulative penetration of over 820 hospitals. With the continuous expansion of centralized procurement implementation areas and empowered by the powerful channel, the NUMEN® Coil Embolization System ("NUMEN® Coil") newly penetrated into over 150 hospitals during the Reporting Period, cumulatively realizing the clinical application in over 730 hospitals. The U-track® Intracranial Support Catheter System, as a key surgical accessory in the treatment of aneurysm-related diseases, also saw a significant increase in usage based on the strategy of portfolio sales. The Group continued to accelerate the market expansion of newly approved products in 2022, as of the end of the Reporting Period, Neurohawk® Intracranial Thrombectomy Stent ("Neurohawk®") and Diveer® Intracranial Balloon Dilatation Catheter were available for sale cumulatively in 27 and 29 provinces, respectively. Leveraging on the Group's rich channel resources, the sales of new products have increased rapidly, which will continue to drive the overall growth in revenue.

During the Reporting Period, the Group further expanded its overseas markets. The overseas revenue from the neurovascular devices segment increased by 27.3% year on year. The first commercial implantation of NUMEN® Coil was achieved in 5 overseas countries and regions, including the United Kingdom and Ireland, which further broadened and deepened channel coverage, resulting in a rapid increase in sales; meanwhile, the new approval of the product for marketing in Colombia, Argentina, Australia and Saudi Arabia will bring incremental revenue for sales in the second half of the year. In April 2023, the Group's coil series products were successfully approved to be included in the medical insurance of France, and the subsequent market demand in the region will be further released, which is expected to drive a significant increase in coil revenue overseas. During the Reporting Period, the Group also successfully promoted its high-quality vascular access products to overseas markets successively.

The commercialization of the first batch of U-track® Intracranial Support Catheter System ("U-track®") in Brazil marked further enrichment of the Group's product portfolio for cerebrovascular diseases. In the second half of the year, the Group will accelerate the overseas registration and sales of core products to further drive the application of innovative neurovascular disease solutions in the global market.

Heart Valve Business

The Group's heart valve business includes three self-developed and commercialized products: VitaFlow® Transcatheter Aortic Valve Implantation and Delivery System ("VitaFlow®"), VitaFlow Liberty® Transcatheter Aortic Valve Implantation and Retrievable Delivery System (VitaFlow Liberty®) (including the procedural accessory products as their offerings), Alwide® Plus Balloon Catheter, and various transcatheter aortic valve implantation ("TAVI") products, transcatheter mitral valve ("TMV") products, transcatheter tricuspid valve ("TTV") products, surgical valve products and procedural accessories at different development stage. Apart from its self-developed product portfolio for the valve business, the Group also promotes its cooperation with overseas business partners on certain TMV and TTV products, and has the exclusive right to commercialize of these products in the PRC.

During the Reporting Period, the heart valve business recorded revenue of US$25.0 million, representing a significant increase of 41.4% excluding the foreign exchange impact as compared to the corresponding period of last year, as driven by the rapid growth in terminal surgery volume. Benefited from the steady promotion of multiple cost reduction and efficiency increase initiatives and the continuous improvement of the bargaining power in raw material procurement arising from economies of scale, the gross profit margin of the segment has been maintaining an upward trend and has increased by 2 percentage points year on year to 66.1%; meanwhile, the operational efficiency of the heart valve business also improved significantly, and the sum of the proportion of research and development costs, distribution costs and administrative expenses in revenue decreased by 12 percentage points on a year-on-year basis.

In 2023, China's demand for in-hospital diagnosis and treatment recovered rapidly, and elective surgeries saw a particularly impressive recovery. During the Reporting Period, the segment achieved a significant year-on-year increase of 46% in implantation volume, with monthly implantation figures reaching record highs, mainly driven by the increase in the market share of key regions and the rapid downward trend of surgical procedures. The Group continued to integrate its advantageous resources in the pan-cardiac treatment field. During the Reporting Period, the VitaFlow® and VitaFlow Liberty® products have newly penetrated into approximately 70 hospitals across the country, with a cumulative penetration of over 500 hospitals. Meanwhile, the Group has continued to carry out the "High Quality Admission" program, which made targeted adjustments to marketing strategies and focused on tapping the in-hospital potentials, resulting in a significant year-on-year increase of 8 percentage points in terms of the contribution of a single center. In terms of market expansion, the valve business team continued to strengthen collaboration with the coronary business and the "Rosefinch Swallow" team and further promoted the penetration of the innovative transcatheter solutions for structural heart diseases to the lower-tier regions through medical education and marketing activities. During the Reporting Period, driven by continuous penetration of TAVI intervention surgeries in low tier markets, implantation rised by 55% in primary centers, as compared to the corresponding period of last year, contributing to the overall increase in surgical volume and sales. In addition, the number of surgeons who can independently apply the Group's TAVI products to complete the surgery has also climbed rapidly during the Reporting Period, which will help to promote the further popularity of the TAVI surgery, and continue to fill up the gap in lower-tier healthcare market.

In the international market, revenue from the heart valve business significantly increased by 243.1% year on year, mainly attributable to the rapid increase in surgical volume of VitaFlow® and VitaFlow Liberty® in the Latin American market. Based on the extensive overseas sales network of the coronary business, sales of TAVI products have increased rapidly since their launch, and their share in the local market has climbed rapidly. As of the end of the Reporting Period, the heart valve business has successfully developed more than 60 overseas centers and recorded more than 100 cases of commercial implantation. In terms of registration, the application for CE Mark of VitaFlow Liberty® has been progressed in an orderly manner and continuously made progress to the next stage. VitaFlow Liberty® is expected to bring new device choices to surgeons with its unique mixed density stent and electric conveying system, and further expanded the Group's overseas business landscape.

Surgical Robot Business

The surgical robot business is dedicated to innovatively providing robotic intelligent surgical overall solutions that can prolong and reshape life by addressing the cutting-edge development needs of minimally invasive surgery. Relying on its strong industrial operation ability, since its establishment, the Group has focused on the R&D of five core underlying technologies in relation to surgical robots, including robot ontology, control algorithm, electrical engineering, image-based navigation and precision imaging, with its differentiation covering the whole life cycle of surgical robot development.

The Group is the only company in the global industry in the field covering five major and fast-growing surgical specialties, namely laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures. During the Reporting Period, with Toumai® entering a new stage of commercialization, the successful and rapid market expansion of SkyWalker™ in overseas markets, and the progress of the commercialization process for DFVision® in an orderly manner, both the sales volume and sales amount for the Group's surgical robot products maintained a strong growth synchronously. The surgical robot business recorded revenue of US$4.9 million, representing a significant year-on-year increase of 3,110.2% excluding the foreign exchange impact, once again verifying the Group's domestic leading position in the field of minimally invasive surgery in terms of market share, recognition and technological strength. By providing professional and efficient one-stop services including clinical education and training, customer service and clinical support in "high quality" manner to help major hospitals deepen clinical practice and theoretical research, the Group's surgical robot products became increasingly accepted and recognized by clinical medical personnel. As of August 2023, the number of surgeries for Toumai® surpassed 1,200, comprehensively covering the more difficult and complex surgical procedures of the pelvic, abdominal and thoracic cavities, and creating a new record for the number of surgeries completed by domestic laparoscopic surgical robots. SkyWalker™ cumulatively completed over 600 clinical validation surgeries, which included a number of first and more difficult robotic-assisted surgeries, demonstrating a highly stable auxiliary effect. During the Reporting Period, the Group further improved its commercial product layout. The Mona Lisa robotic prostate puncture positioning system was registered and approved by the National Medical Products Administration ("**NMPA**"), becoming the first domestic certified robot in the field of prostate puncture, changing the traditional puncture model and providing patients with better medical choices. By closely promoting medical and engineering collaboration and exchanges of ideas, the Group continued to promote the innovation and iteration of its products. During the Reporting Period, the new generation of DFVision® 3D electronic laparoscope ("DFVision®"), which could be widely applied to urological surgery, general surgery, thoracic surgery, gynecology and other multi-department surgeries, was approved for launch in

China, adding many commonly used clinical functions, significantly improving product performance and usability, and helping to further strengthen the Group's leading industry position in China. In the future, the Group will also continuously enhance the Company's value and influence, and realize the mission of "Make surgery easier, safer, and less invasive" through precise, efficient and safe surgical solutions.

During the Reporting Period, the Group continued to accelerate its "globalization" strategic layout, promoting innovative technologies to benefit more patients worldwide. SkyWalker™ was successively approved for launch by regulatory agencies in Brazil and Australia in May and July 2023, and has so far been certified in five regions including China, the United States and the European Union. Relying on the strong channel synergy with the Group's "Medial-Pivot Knee" joint implant, the Group rapidly promoted the hospital admissions of SkyWalker™ in overseas markets. As of the end of the Reporting Period, this product was commercially installed in multiple US hospitals, including the Hollis Lighthouse Surgical Hospital in New Hampshire, the United States, and successfully completed its application in dozens of total knee replacement surgeries. In the second half of the year, the Group will also promote the installation of SkyWalker™ in Europe, and the "internationalization" process will continue to deepen. During the Reporting Period, DFVision® successfully obtained the CE Mark, and gained access to the EU market; meanwhile, the segment also continued to promote its flagship product into overseas markets, and Toumai®, a domestically produced four-arm laparoscopic surgical robot, submitted its application for launch in European Union. With multiple products achieving overseas registration milestones successively, increasingly comprehensive surgical robot solutions will help provide high-quality and reliable medical technology services to more doctors and patients worldwide, and the Group's brand influence is expected to be further strengthened.

Surgical Devices Business

The surgical devices business is committed to providing overall solutions for cardiac surgery and emergency life support. Its main products include extracorporeal membrane oxygenation ("ECMO") system for cardiopulmonary support, extracorporeal circulation series consumable products such as oxygenation system (artificial lungs), occlusion series products used in congenital heart disease treatment, and hernia patch series products for hernia repair.

During the Reporting Period, the surgical devices business recorded revenue of US$3.1 million through continued overseas market expansion, representing a significant year-on-year increase of 39.4% excluding the foreign exchange impact. In the international market, geopolitical factors affected the supply of overseas manufacturers, resulting in keen demand for membrane oxygenators. The Group has actively grasped the opportunities to take up the excessive orders, resulting in a significant increase in the sales volume of relevant products. In the PRC, Vitasprings® integrated membrane oxygenator ("Vitaspring®") has been admitted into hospitals rapidly with product performance comparable to that of imported brands; meanwhile, the occluder business has also realized a steady increase in sales, leading to further growth in revenue. During the Reporting Period, FILAVENT™ Disposable Arteriovenous Cannula ("FILAVENT™ Arteriovenous Cannula") was approved by the NMPA for marketing, which filled up the gap in the field of domestically produced high-end extracorporeal life-supporting cannulae, and is expected to improve the current situation of a serious shortage of high-end cannulae in clinical practice, thereby providing patients with more high-quality clinical options.

Emerging Business Segments

In addition to the rapid development of mature business segments, the Group is also actively developing a number of emerging business through its equity-accounted investees. The product portfolio covers interventional imaging, non-vascular intervention, rehabilitation treatment, ophthalmology and ENT, sports medicine, assisted reproduction, skin and body management, etc. The Group is committed to building a business loop covering the entire human life cycle from prevention and diagnosis to treatment and rehabilitation. At the same time, the Group has also been actively developing platform-based business to bridge the upstream industry chain, covering areas such as active pharmaceutical ingredients, smart manufacturing of medical devices, disinfection and sterilization, to fully utilize the efficiency and synergy of the Group's operations.

In the interventional imaging field, the Group is committed to building an integrated imaging and diagnosis platform with comprehensive coverage of in-vitro and in-vivo interventional imaging. By virtue of the ultra-high resolution imaging system and exclusive "purge-free" catheter design, the shipments and market share of Argus™ intravascular optical coherence tomography ("OCT") system and the disposable imaging catheter have increased significantly during the Reporting Period. The first domestic medical digital subtraction angiography ("DSA") system jointly developed with Siemens, was successfully installed. The OCT device of this segment was also registered and certified in Singapore during the Reporting Period. In the field of non-vascular interventions, the Group continued to improve its diversified strategic deployment in urology, respiratory, gastroenterology, gynecology, etc. Currently, the Group has developed many urology-related competitive products, forming integrated solutions for urolithiasis; meanwhile, the Group has been rapidly promoting hospital coverage and channel construction, covering approximately 200 hospitals during the Reporting Period. In order to better address various clinical pain points, the Group has actively promoted the development and registration of new products. The registration and clinical trial of the prostatic urethral lift system, a "Green Path" product, have been advancing steadily, while the endoscopic imaging product line of this segment has achieved milestone progress in the field of gastrointestinal endoscopy. In addition, the Group's key products, the disposable biliary-pancreatic duct imaging catheter and the supporting image processing machine, have been approved by Zhejiang Medical Products Administration for marketing during the Reporting Period. For rehabilitation treatment segment, the Group focuses on providing rehabilitation equipment such as musculoskeletal and neurological rehabilitation and overall solutions for rehabilitation medical services. In the overseas market, TherMotion® Cryo-Thermo Compression Device has been successfully approved in the United States and Colombia during the Reporting Period. Since the launch of the Cryo-Thermo Compression Device in the PRC, it has been sold to more than 150 hospitals, with the distribution channels covering major first- and second-tier cities nationwide. During the Reporting Period, the "lower-limb rehabilitation robot-assisted system", the first rehabilitation robot product, has entered the mass production stage successfully and will soon be available for sale in China. Regarding the construction of outpatient clinics, the Suzhou Rehabilitation Clinic has entered the official operation stage.

The Group has also continued to expand its presence in emerging business lines through its associates. In terms of sports medicine, the Group has rapidly completed the construction of conventional product lines and continued to improve the deployment of active and innovative products. Currently, the completeness of implants, instruments and the active product lines ranks among the top in China. During the Reporting Period, eight products were approved for marketing by the NMPA, and two products were granted marketing approval by FDA 510(K). Archimedes®, the world's first long-term implantable balloon rotator cuff system self-developed by an associate, has completed a six-month follow-up for the clinical registration in China during the Reporting Period, and the product was also submitted to European Union for registration application and completed the first round of submission of supplementary information. Meanwhile, China's first tunnel-form rotator cuff repair system has completed submission of supplementary information for registration and entered the final examination and approval stage. The Group is committed to building a platform for integrated solutions which include glucose management, oncology chemotherapy and pain management: in terms of glucose management, benefiting from the development and maintenance of sales channels and the continued increase in the repurchase rate at the hospital end, the sales of La Fenice® insulin pumps almost doubled year on year during the Reporting Period; in terms of new products, the second generation insulin pump products have been approved for marketing during the Reporting Period, and the continuous glucose monitoring system ("CGM") has completed prototype examination and is planned to conduct clinical research during the year. In terms of oncology chemotherapy, the Peripheral Venous Puncture Central Catheter ("PICC") has entered the stage of submission of supplementary information for registration. In terms of pain management, AutoEx® Portable Electric Infusion Pump has been approved for marketing by the NMPA. In the field of assisted reproduction, the Group is committed to providing total medical technology solutions, with its business covering necessary medical products in the entire cycle of assisted reproduction. During the Reporting Period, the Group has continued to iterate research and development of hardware and software products. Three products were approved for marketing by the NMPA, and two products were granted marketing approval by the FDA. The Group has also continued to explore and expand potential business scenarios of the segment. In 2023, the Group has conducted strategic development of Foods for Special Medical Purpose, which are expected to continuously contribute to revenue growth.

Research and Development ("R&D")

During the Reporting Period, the R&D programs of the Group achieved fruitful results. In China, the Group and its associated companies had a total of 18 products obtaining the Class III medical devices registration certificates issued by the NMPA, and one product was admitted in the National Innovative Medical Device Special Review and Approval Procedure (the "Green Path"), reaching a total of 30 "Green Path" products, and ranking the first in the medical device industry for eight consecutive years. In the overseas market, a total of 11 products of the Group and its associated companies obtained approval from U.S. Food and Drug Administration ("FDA") and seven products obtained CE Mark.

In terms of the cardiovascular devices business, the Group has a variety of innovative and iterative products under R&D, including coronary stent and balloon catheter, active interventional devices, passive accessories and others. Since the Beyond Prefer™ Guide Wire was approved by the NMPA at the end of 2022, a number of the Group's high value-added accessory products have reached registration and development milestones during the Reporting Period: in China, the InterLumos™ Microcatheter and the AncherV™ Anchor Balloon have been approved for marketing, the application for registration of Guide Catheter and the dual-lumen microcatheter has been submitted, and the enrolment of patients in respect of the pre-market clinical trial ("CREST Study") of Non-slip-element Balloon was about to

be completed. The Group has also continued to facilitate the global registration of multiple products, and the Firefighter™ NC Pro balloon dilatation catheter was approved by FDA for marketing in July 2023. During the Reporting Period, the Group announced the latest 12-month clinical results of the FUTURE-III study on the second-generation bioabsorbable vascular stent system, Firesorb® Bioresorbable Rapamycin Targeted Eluting Coronary Scaffold System ("Firesorb® Stent"), before its launch on the market. The data showed that the Target Lesion Failure ("TLF") of Firesorb® Stent met the study endpoint target in the primary endpoint. The Group has completed the pre-marketing safety and effectiveness verification of the product and the primary endpoints of the FUTURE series of studies and the long-term data obtained met the requirements for submission for registration. In April 2023, the Group submitted an application to the NMPA for registration of the product. In terms of active products, the Group has developed multiple differentiated products for the treatment of coronary artery calcification lesions. The enrolment of all patients in the pre-marketing clinical trial of the coronary rotational atherectomy system ("CORRECT Study") was completed in July 2023, and the product was also admitted in the Green Path during the Reporting Period, which is expected to provide a new option for clinical interventional treatment of coronary artery calcification lesions, especially for moderate to severe calcification lesions. In August 2023, the Group also completed all patient enrollment for pre-market clinical study of the Intravascular Lithotripsy Balloon Catheter System ("VIGOUR"). The Group has also been developing the Microcirculatory Pulse Reperfusion System for the percutaneous coronary intervention ("PCI") and postoperative microcirculation improvement, and the reduction of myocardial infarction area in patients with ST-segment elevation myocardial infarction ("STEMI").

In terms of the orthopedics devices business, the Group has continued to promote the research and development, innovation, and global registration of a variety of key products. During the Reporting Period, the Group completed the 510(k) submission to the FDA for the Evolution® Hinge Knee. With a total-restriction design, the Hinge Knee system product may further complement the existing Evolution® portfolio. The Group has been actively promoting global registration of Procotyl® P Acetabular Cup after continuous recognition since its launch in Europe. During the Reporting Period, the Group has completed the submission of the FDA 510(k) registration application for Procotyl P, for which a Dual Mobility version and a Revision solution will be commercialized following the initial release to complete the acetabular solution. In addition, the Group has also completed CE MDR registration for Profemur® Gladiator® and Profemur® Z Femoral Stem.

In the CRM business, the Group has strengthened the coverage of its high-end products in the global market, laying an important foundation for subsequent market development: during the Reporting Period, Alizea™ and Celea™, the next generation of Bluetooth pacemakers, and their matching Vega™ Pacing Leads were successfully approved by the FDA. Such products, which are equipped with the AutoMRI™ technology, are compatible with magnetic resonance imaging with 1.5/3.0T field strength. Meanwhile, SmartTouch XT™ Tablet-based Programmer and SmartView Connect™ Bluetooth® Home Monitor were also approved, which can strengthen the doctor-patient communication through a convenient way to ensure timely monitoring of diseases and follow-up visits of patients. The Ulys™ ICD and the matching Invicta™ high-voltage electrode leads were approved by the Japanese regulatory authorities, indicating that the Group's MRI-compatible high-voltage product line has officially entered this high-value-added market. During the Reporting Period, the Group submitted an application for CE registration of its Energya™ and Talentia™ Bluetooth-enabled high-voltage products; such iterative products equipped with the new programmable control interface will further enhance the user experience. In the PRC market, the Group actively promoted the R&D and registration of MRI-compatible pacemaker products. The new generation whole-body MRI-compatible pacemaker system ENO™ and its matching Vega MRI-compatible pacing lead have entered the stage of submission of supplementary information

for registration. In terms of defibrillation products, the Group has continued to promote the import registration of high-voltage products, and Platinium™ Cardiac Resynchronization Therapy Defibrillator ("Platinium™ CRT-D") was successfully approved during the Reporting Period, further replenishing the pipeline of high-voltage products. In addition, the Invicta™ defibrillation leads will soon be ready for submission. During the Reporting Period, the Group has been actively promoting the localization of various products in China. Application for the BonaFire® whole-body MRI-compatible passive pacing lead, a self-developed "Green Path" product, has been submitted to the NMPA for registration, and the "China-made" SPACE-HP ICD was under type testing stage.

In the endovascular and peripheral vascular devices business, the Group has stepped up its efforts in product innovation and R&D, and accelerated the clinical trial and registration of products in various fields. A number of products have made gratifying progress during the Reporting Period. In the field of aortic intervention, the new generation Cratos® Branched Aortic Stent Graft System ("Cratos® Branched Stent") has completed the enrolment of all patients in the pre-market clinical trial during the Reporting Period. Since the completion of enrolment of the first patient at the beginning of the year, Aegis® II Abdominal Aortic Stent Graft System ("Aegis® II Stent"), which is based on the Aegis® Bifurcated Aortic Stent Graft ("Aegis® Stent) after being fully upgraded and iterated, has accelerated the pre-market clinical implantation by virtue of its outstanding product strengths. The First-in-man ("FIM") study on the Multi-branched Aortics Stent Graft System and the Fibered Occlusion System was implemented smoothly during the Reporting Period. Along with the rapid advancement of research and development registrations, it is expected to further consolidate the Group's leading presence in the aortic field. In the field of peripheral vascular intervention, the "Green Path" product Vflower® Iliac Venous Stent System has been formally submitted to the NMPA for registration; Vewatch® vena cava filter has fully completed the pre-market clinical implantation; and the Group has also carried out the pre-market clinical implantation on Fishhawk® mechanical thrombectomy catheter steadily during the Reporting Period. In the field of tumor intervention, the Group has strategically deployed a variety of innovative products; during the Reporting Period, the key product TIPS (transjugular intrahepatic portosystemic shunt) covered stent system has accelerated the pre-market clinical implantations, and the preclinical preparations for imaging embolization microspheres were closely following. The Group is dedicated to providing accessible, considerate and inclusive medicine solutions for the treatment of blood circulation diseases. With rich pipeline resources available, the Group's new products are expected to constantly win the leading position over international companies and benefit more patients.

In the neurovascular devices business, the Group continued to promote the development of various treatment and new access products in the field, further deepening its gradient deployment in the three major fields of neurovascular diseases. As of August 2023, the Group had a total of 17 products which were approved and commercialized in China in this field, as well as 13 products under R&D at different development stage. With the self-developed Q-track® microcatheter ("Q-track® microcatheter") being approved by the NMPA for marketing during the Reporting Period, and Shentu Weilong™ Guide Wire being approved for marketing in August 2023, the Group's access product portfolio was further enriched. In August 2023, the Group successfully promoted Tigertriever® Intracranial Thrombectomy Stent ("Tigertriever ® Thrombectomy Stent"), a flagship product of its associate company Rapid Medical, to be approved by the NMPA for marketing. With the official incorporation of the world's first adjustable and fully visualised thrombectomy device into the commercial product portfolio, the Group has become the only Chinese company with stent thrombectomy devices compatible with blood vessels of different sizes, and it will fully implement the "Dual Stent" promotion strategy and achieve more comprehensive market coverage; meanwhile, the Group's self-developed W-track® Intracranial Aspiration Catheter was also approved for marketing in August 2023, marking the Group's further improvement in its product

layout in the field of acute ischemia, comprehensively covering the end-users' medical needs and fully realizing the collaboration of hospital admission and sales. In 2023, new significant progress was made in many clinical projects for Tubridge® serial products: during the Reporting Period, all patients were enrolled in the PARAT MINI study of Tubridge® for the treatment of intracranial wide-necked and small & medium-sized aneurysms, and the clinical study has fully entered the follow-up cycle at present, which is expected to further expand the clinical scope of use of Tubridge® in the future. In July, all patients were also enrolled in the pre-market clinical study PARAT PLUS on Tubridge® Plus Flow-Diverting Stent ("Tubridge® Plus"), an iterative product in this field. As compared with Tubridge®, Tubridge® Plus showed significant improvement in terms of visualization, supporting force, etc. The head end of Tubridge® Plus adopts the unique non-restraint bell mouth design, making it easier to open and providing better anchoring qualities, thereby significantly improving the treatment effect of aneurysms.

In the heart valve business, the Group is fully engaged in the field of structural heart diseases and has launched a variety of aortic valves and accessory products with differentiated clinical advantages. Meanwhile, its R&D pipeline covers all ranges of aortic valves, mitral valves, tricuspid valves, surgical valves and surgical accessory products. Through efficient integration and deployment of internal and external resources, the Group has actively promoted the registration and R&D of multiple strategic products during the Reporting Period: in terms of TAVI products, in the overseas markets, the CE registration of VitaFlow Liberty®, a second-generation TAVI product, has been going on smoothly, with a number of key registration nodes reached during the Reporting Period. It is expected to be formally approved for marketing within the year, making it the first domestically made aortic valve product with CE certification. In the PRC market, the Group's self-developed third-generation TAVI products have become the world's first innovatively developed adjustable bending delivery system, which helps to significantly reduce the difficulty of crossing the arch, create ultra-high coaxiality in the delivery, and further enhance the positioning accuracy. During the Reporting Period, the third-generation TAVI completed the design finalization; the improvement in the surgical efficiency and fault tolerance arising from product iteration will be more conducive to the subsequent promotion and marketing of the products in lower-tier markets, and bring easy-to-use experience to doctors. In terms of TMV products, the world's first dry mitral valve replacement system independently developed by the Group has been successfully implanted in many human bodies. The product is targeted at solving the clinical pain point of complicated operations, and has been highly recognized by surgeons due to its easy and fast user experience. As of July 2023, the first clinically applied patient has completed one-year follow-up visits. The patient's valve was in ideal condition, with good leaflet opening and closing status. There is no perivalvular leakage or obstruction in the left ventricular outflow tract, and the degree of mitral regurgitation has been fully reduced. With excellent preliminary data, the Group expects to accelerate the FIM enrolment in the second half of the year. In addition to independent development, the Group has also been actively engaged in international collaboration. The AltaValve™ Transcatheter Mitral Valve replacement product is about to complete an overseas early feasibility study ("EFS"), for which the Group has pre-submitted an IDE application to the FDA. Currently, the Group is actively preparing for the FIM study in China.

In the surgical robot business, the Group is committed to continuously leading the technological progress of domestic surgical robots by addressing the cutting-edge development needs of minimally invasive surgery and actively tackling various more difficult surgeries; providing training resources to more surgeons and comprehensively supporting the popularization of high-quality medical resources through innovative models such as 5G connectivity platform. During the Reporting Period, the Group steadily promoted the research and development and registration of multiple products under R&D, of

which the registered clinical trial for Toumai® Single-arm Laparoscopic Surgical Robot ("Toumai® Singlearm") progressed steadily, which could complete various complex operations through a single incision and synchronously empower doctors and patients with a flexible snake shaped surgical arm with higher flexibility and wider range of motion; SkyWalker™ quickly promoted the expansion of its indications, and so far has completed the first total hip replacement surgery and the first unicondylar knee replacement surgery, marking that SkyWalker™ officially entered into the substantive clinical verification stage of its application in total hip replacement surgery, unicondylar replacement surgery and other fields; meanwhile, based on strict and sufficient technical and ethical argumentation, the Group accelerated the promotion of 5G remote robot-assisted surgery during the Reporting Period, promoting the expansion of high-end medical resources to remote areas. As of the end of the Reporting Period, its surgical robot products assisted medical personnel in multiple regions to complete dozens of 5G remote surgeries. Among them, Toumai® consecutively set many "firsts" records in China and even globally, successively assisting in the completion of China's first 5G ultra-remote hepatobiliary surgery, China's first 5G remote robot radical gastrectomy for gastric cancer, the world's first 5G remote robot radical prostatectomy and the world's first 5G ultra-remote panhysterectomy + bilateral salpingo oophorectomy +Bilateral salpingectomy; R-ONE® Vascular Interventional Robot also assisted in completing China's first 5G ultra-remote PCI surgery spanning 2,800 kilometers in July 2023, breaking the limitations of time and space, effectively saving medical time and improving treatment efficiency. With the continuous maturity and iterative upgrading of the combination of 5G technology and domestic surgical robot technology, as well as its large-scale and mature application in the clinical field, 5G remote robot-assisted surgery is expected to provide strong support for constructing regional medical centers, providing high-quality medical resources to patients in remote areas, and alleviating and resolving the imbalance between supply and demand of medical services as soon as possible.

In the surgical devices business, the Group has complete expertise in all the fundamental technologies in the extracorporeal membrane oxygenation ("ECMO") system, it continuously promoted the innovation and iteration of the product, and constantly optimized blood pumps, oxygenators, intubation and monitoring technologies to enhance integration of the extracorporeal life support (ECLS) system. During the Reporting Period, the Group has successfully promoted its self-developed FILAVENT™ Disposable Arteriovenous Cannula ("FILAVENT™ Arteriovenous Cannula") to be approved for registration by the NMPA. As the first peripheral cannula made of domestically-produced polyurethane ("TPU") material, the product features reinforced thin-walled structure design, which ensures hemodynamic stability while simultaneously improving blood compatibility. In the overseas markets, the MOBYBOX™ system, an extracorporeal life support product developed by Hemovent GmbH, a wholly-owned subsidiary of the Group, completed the CE MDR certification procedures during the Reporting Period. Based on the ECLS system, which does not require any plug-in support, the Group has made every effort to build a mobile critical care unit focusing on pre-hospital emergency care by ECMO and suitable for air transportation and air-ground intermodal transportation; we are committed to continuously enhancing the treatment efficiency and the success rate of emergency treatment for patients with acute and critical diseases. As of August 2023, the Group's self-developed pump head and host machine of the integrated ECMO have completed the pre-animal experiment and were about to enter the animal experiment stage.

FINANCIAL REVIEW

Overview

Despite facing the impact of the increasingly fierce competition brought by the rapidly growing medical device industry in China and abroad, the revenue of the Group for the six months ended 30 June 2023 increased by 24.8% excluding the foreign exchange impact or increased by 19.2% in US$ as compared to the six months ended 30 June 2022. The Group persisted in continuously providing a diversified product portfolio and continued to carry out its globalization strategy, with non-China sales contributing to 48.6% of the total revenue. The Group aims to continuously bring its innovations, technologies and services to millions of global patients and become a patient-oriented global leading enterprise in high-tech medical segments represented by minimal invasive treatment and other emerging medical markets.

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

Revenue

US$'000	**Six months ended 30 June**		**Percent change**	
	2023	2022	In US$	Excluding the foreign exchange impact
Cardiovascular devices business	**79,216**	60,684	30.5%	42.4%
Orthopedics devices business	**115,861**	107,711	7.6%	10.0%
CRM business	**108,272**	104,394	3.7%	4.7%
Endovascular and peripheral vascular devices business	**88,985**	70,765	25.7%	35.5%
Neurovascular devices business	**42,614**	31,326	36.0%	45.2%
Heart valve business	**25,035**	18,987	31.9%	41.4%
Surgical robot business	**4,895**	156	3,037.8%	3,110.2%
Surgical devices business	**3,121**	2,433	28.3%	39.4%
Other business *(Note)*	**14,606**	8,528	71.3%	92.9%
Total	**482,605**	404,984	19.2%	24.8%

Note:

The revenue of other business segments did not meet the quantitative thresholds for determining reportable segments.

The Group's revenue for the six months ended 30 June 2023 was US$482.6 million, representing an increase of 19.2% compared to US$405.0 million for the six months ended 30 June 2022. The Group's reported revenue was impacted by the fluctuation of the US dollars against functional currencies in the process of converting from non-dollar functional currencies of the Group's subsidiaries to US dollars, the presentation currency of the Group. Excluding the foreign exchange impact, the Group's revenue increased by 24.8%. Such increase was principally attributable to the rapid market penetration and new product revenue contribution. The following discussion was made based on the Group's major business segments.

– *Cardiovascular Devices Business*

The cardiovascular devices business recorded revenue of US$79.2 million for the six months ended 30 June 2023, representing an increase of 42.4% excluding the foreign exchange impact or an increase of 30.5% in US$ compared to the six months ended 30 June 2022. Such increase in revenue was mainly attributable to: (i) the accelerated development of overseas markets in key regions of Asia Pacific, EMEA and Latin America, through bid wins, agent model optimization, sales channels expansion and product iteration; (ii) continued China market growth attributable to increases in both volume and centralized procurement price of coronary stents.

– *Orthopedics Devices Business*

US$'000	**Six months ended 30 June**		Percent change	
	2023	2022	In US$	Excluding the foreign exchange impact
Orthopedics Devices Business	**115,861**	107,711	7.6%	10.0%
– US	**44,845**	43,707	2.6%	2.6%
– Europe, Middle East and Africa	**35,386**	30,380	16.5%	17.9%
– Japan	**15,336**	16,585	(7.5%)	1.6%
– the PRC	**11,617**	7,990	45.4%	51.1%
– Others	**8,677**	9,049	(4.1%)	10.2%

The orthopedics devices segment recorded revenue of US$115.9 million for the six months ended 30 June 2023, representing an increase of 10.0% excluding the foreign exchange impact or an increase of 7.6% in US$ compared to the six months ended 30 June 2022. Such increase in revenue was mainly attributable to the widespread recognition of the Group's unique knee prosthesis design among clinicians and patients in China and abroad and its promotion and application through combining with the new technologies such as surgical robots and navigation systems.

– *CRM Business*

US$'000	**Six months ended 30 June**		Percent change	
	2023	2022	In US$	Excluding the foreign exchange impact
CRM business	**108,272**	104,394	3.7%	4.7%
– Europe, Middle East and Africa	**91,588**	89,181	2.7%	2.7%
– the PRC	**7,782**	5,485	41.9%	50.5%
– Japan	**5,413**	6,135	(11.8%)	(4.7%)
– US	**806**	1,256	(35.8%)	(35.8%)
– Others	**2,683**	2,337	14.8%	24.2%

CRM business recorded revenue of US$108.3 million for the six months ended 30 June 2023, representing an increase of 4.7% excluding the foreign exchange impact or an increase of 3.7% in US$ compared to the six months ended 30 June 2022, which was mainly attributable to: (i) an increase in the number of implants for major products resulting from the increase in elective surgeries during the Reporting Period; (ii) continued growth of the new generation of pacemakers and defibrillators featuring Bluetooth connectivity and MRI compatibility which has been widely recognised by local clinicians and patients since launch, despite temporary product availability issue during the Reporting Period.

– *Endovascular and Peripheral Vascular Devices Business*

The endovascular and peripheral vascular devices business recorded revenue of US$89.0 million for the six months ended 30 June 2023, representing an increase of 35.5% excluding the foreign exchange impact or an increase of 25.7% in US$ compared to the six months ended 30 June 2022. Such increase was mainly attributable to: (i) the rapid increase in surgeries and strong demand for major products resulting from the quick recovery to normal medical order for the hospitals across the country during the Reporting Period; (ii) continuous efforts on the admission, promotion and sales of products in various regions under the market sinking strategy; (iii) the rapid growth of the new products Fontus® Branched Surgical Stent Graft System and Talos® Thoracic Stent Graft System in terms of hospital coverage and the number of implants.

– *Neurovascular Devices Business*

The neurovascular devices business recorded revenue of US$42.6 million for the six months ended 30 June 2023, representing an increase of 45.2% excluding the foreign exchange impact or an increase of 36.0% in US$ compared to the six months ended 30 June 2022. Such increase was mainly attributable to: (i) the continuous increase in the market penetration rate, the further consolidation of competitive advantages and maintenance of good growth trends for products with leading market shares (including the Tubridge® Flow-Diverting Stent); (ii) continuous promotion of the admission of multiple new products launched in recent years (including NUMEN® Coil Embolization System, Bridge® Rapamycin Target Eluting Vertebral Artery Stent System and U-track® Intracranial Support Catheter System), which helped explore uncharted markets; (iii) the acceleration of market expansion for products newly approved in 2022 (including Neurohawk® Intracranial Thrombectomy Stent and Diveer® Intracranial Balloon Dilatation Catheter).

– *Heart Valve Business*

The heart valve business recorded revenue of US$25.0 million for the six months ended 30 June 2023, representing an increase of 41.4% excluding the foreign exchange impact or an increase of 31.9% in US$ compared to the six months ended 30 June 2022. Such increase was mainly attributable to the increased market recognition and sales volume for VitaFlow® and VitaFlow Liberty®.

– *Surgical Robot Business*

The surgical robot business recorded revenue of US$4.9 million for the six months ended 30 June 2023, representing an increase of 3,110.2% excluding the foreign exchange impact or an increase of 3,037.8% in US$ compared to the six months ended 30 June 2022. It was mainly because: (i) the core product Toumai® Laparoscopic Surgical Robot began to expand its market share and rapidly increased the sales volume in 2023 after achieving its first commercialisation at the end of 2022; (ii) the flagship product DFVision® 3D Electronic Laparoscope further enhanced the market competitiveness and steadily increased its sales volume.

– *Surgical Devices Business*

The surgical devices business recorded revenue of US$3.1 million for the six months ended 30 June 2023, representing an increase of 39.4% excluding the foreign exchange impact or an increase of 28.3% in US$ compared to the six months ended 30 June 2022.

– *Other Business*

The Group's other business recorded revenue of US$14.6 million for the six months ended 30 June 2023, representing an increase of 92.9% excluding the foreign exchange impact or 71.3% in US$ compared to the six months ended 30 June 2022. Such increase was mainly attributable to the contribution of the multifold growth in sales revenue from interventional imaging, non-vascular intervention and other emerging business segments of the Group. The revenue of other businesses individually did not meet the quantitative thresholds for determining reportable segments.

Cost of Sales

For the six months ended 30 June 2023, the Group's cost of sales was US$194.2 million, representing an increase of 23.5% compared to US$157.3 million for the six months ended 30 June 2022. Such increase was primarily attributable to the increased sales volume of the major business.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit increased by 16.4% from US$247.7 million for the six months ended 30 June 2022 to US$288.4 million for the six months ended 30 June 2023. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin for the six months ended 30 June 2023 decreased slightly to 59.8% as compared to the gross profit margin of 61.2% for the six months ended 30 June 2022, mainly due to unfavorable sales mix and increased costs caused by inflation.

Other Net Income

Other net income decreased by 58.8% from US$41.4 million for the six months ended 30 June 2022 to US$17.0 million for the six months ended 30 June 2023. Such decrease was primarily attributable to the increase in the loss on financial instruments carried at fair value and a loss on the disposal of a lease premise during the Reporting Period.

Research and Development Costs

The Group's research and development costs for the six months ended 30 June 2023 was US$187.3 million, which was relatively flat as compared to US$186.4 million for the six months ended 30 June 2022. The proportion of research and development costs to revenue decreased significantly as result of the proactive cost control initiatives by prioritizing and focusing on core projects and improving R&D efficiency.

Distribution Costs

Distribution costs increased by 15.8% from US$146.6 million for the six months ended 30 June 2022 to US$169.8 million for the six months ended 30 June 2023. Such increase was attributable to the corresponding increase in market development, product promotion activities and sales commissions for each major business in line with the increase of revenue.

Administrative Expenses

Administrative expenses decreased by 28.0% from US$133.3 million for the six months ended 30 June 2022 to US$95.9 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the Group's effective cost controls and the leverage of global resources to further enhance operating efficiencies across the Group.

Other Operating Costs

Other operating costs increased by 48.6% from US$8.3 million for the six months ended 30 June 2022 to US$12.4 million for the six months ended 30 June 2023. Such change was mainly attributable to an increase in donation expenses during the Reporting Period.

Finance Costs

Finance costs decreased by 19.1% from US$46.1 million for the six months ended 30 June 2022 to US$37.3 million for the six months ended 30 June 2023. Such decrease was mainly attributable to the decrease in the accrued interest on preferred shares issued by the subsidiaries of the Group during the Reporting Period.

Income Tax

Income tax increased from US$5.4 million for the six months ended 30 June 2022 to US$13.7 million for the six months ended 30 June 2023. Such change was mainly due to the increase in profit before tax earned by the PRC subsidiaries of the Group.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth, safeguard its normal operations and maximize shareholders' value. The Group reviews and manages its capital structure on a regular basis, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign the capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible securities.

Liquidity and Financial Resources

As at 30 June 2023, the Group had US$843.4 million of cash and cash equivalents on hand, as compared to US$1,203.0 million as at 31 December 2022. Such decrease was mainly attributable to: (i) the increase in the Group's pledged deposits and time deposits; (ii) operating expenditure on actively carrying out the research and development, registration, and commercialisation of business such as surgical robots and heart valves; and (iii) capitalised expenditure of the Group. The Board's approach to managing liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities in order to avoid any unacceptable losses or damage to the Group's reputation.

Borrowings and Gearing Ratio

Total borrowings of the Group, including interest-bearing borrowings and convertible bonds, as at 30 June 2023 were US$1,423.3 million, representing an increase of US$131.7 million as compared to US$1,291.6 million as at 31 December 2022. During the Reporting Period, the gearing ratio (calculated as total liabilities divided by total assets) of the Group increased from 55.1% as at 31 December 2022 to 59.8% as at 30 June 2023.

Net Current Assets

The Group's net current assets as at 30 June 2023 were US$459.2 million, as compared to US$1,277.1 million as at 31 December 2022.

Foreign Exchange Exposure

The Group is exposed to currency risk primarily from sales, purchases, borrowing and lending which give rises to receivables and payables that are denominated not in US dollars (mainly RMB, Euro and JPY). For the six months ended 30 June 2023, the Group recorded a net exchange loss of US$2.1 million, as compared to a net exchange gain of US$6.0 million for the six months ended 30 June 2022. The Group did not have any significant hedging arrangements to manage foreign exchange risk but has been actively monitoring and overseeing its foreign exchange risk.

Capital Expenditure

During the six months ended 30 June 2023, the Group's total capital expenditure amounted to approximately US$102.0 million, which was used in (i) construction of buildings; (ii) acquiring equipment and machinery; and (iii) expenditures for R&D projects in development stage.

Charge on Assets

As at 30 June 2023, the Group had mortgaged its production buildings held for own use and land use right for the purpose of securing bank loans with a carrying value of US$109.2 million, and pledged the equity interest held by the Group in Suzhou MicroPort Argus Medtech Co., Ltd., Shanghai Huanbo Digital Technology Co., Ltd., MicroPort Vision Power MedTech (Shanghai) Co., Ltd., Fujian Kerui Pharmaceutical Co., Ltd. and Hemovent GmbH for the purpose of securing bank loans for acquisitions or capital contribution with a carrying value of US$145.2 million.

HUMAN RESOURCES AND TRAINING

As of the end of the Reporting Period (30 June 2023), the Group had a total of 8,884 employees around the world, of which 1,890 or 21.27% were overseas employees in the Asia Pacific region, Europe, the Middle East, Africa, North America, South America and Australia.

Through the construction mechanism of organisational competence, the Group improves organisational efficiency and the overall ability of employees, and establishes a comprehensive talent development platform. Focus is placed on the enhancement and development of the intellectual, emotional, reactive and instrumental quotient of staff and the organic integration within the organisation. Adhering to the principle of "maturity, usage, cultivation, remuneration and care" regarding human resources, and the employee career path of "2 ways, 3 levels, 6 paths, 18 steps and 108 posts", we provide employees with sufficient room for advancement in combined directions horizontally and vertically. Through the four internal learning institutions within the enterprise, namely the "Earth-Down Leadership Academy", "Innovation Qualification & Competency Institute", "Emerging Technology Knowledge & Action Institute", and "Culture & Philosophy Academy", the Group extracts the internal knowledge and experience, refines MicroPort's culture, inherits the teaching spirit of "passing on the knowledge to others", comprehensively cultivates "professional, excellent, special and uncommon" technical talents and future enterprise leaders, accompanies its employees to grow together by building a learning organisation, and works together to achieve its belief of "helping hundreds of millions of earthlings to have a lifespan of over 115 years old in a healthy manner".

PROSPECTS

With the expanding ageing population in the world, the improved living standards of the people and the economic growth of the developing countries, the global market demand for medical devices has steadily increased. As for the PRC market, thanks to the economic and social development, the health awareness among its people has been raised significantly, and the reform of the medical system has also brought policy bonuses. The medical device market in China has huge development opportunities, while at the same time attracting more and more multinational medical enterprises. In order to seize the development opportunities and enhance the Group's core competitiveness in the increasingly fierce market competition, the Group will continue to actively implement its business strategies, including but not limited to the following:

1. Consolidating its leading position in the medical device market in the PRC. With its strong brand recognition, extensive distribution network, and the economies of scale achieved by the deployment of multiple channels, the Group will further increase its market share in the PRC and continue to give full play to the advantages of being a leading enterprise in the industry and make all-round breakthroughs in the domestic high-end medical device industry, thereby maximising value for the shareholders, customers, employees and society.

2. Expediting the global penetration to realise integration of our brand and global operations. The Group will continuously deepen the globalised branding and operation strategy based on localization by consistently implementing the operation model of "globalisation in operational strategy, localised implementation, deployment with diversification, and unified positioning", thereby realising global deployment through effective integration of resources and markets around the world, which in turn will bring the products of MicroPort® to more countries or regions and benefit patients and doctors around the world.

3. Constantly improving its existing products and actively promoting the development of innovative products to create a diversified product portfolio. While continuously improving the performance and manufacturing processes of existing products and carrying out a vast variety of R&D activities, the Group will expedite the R&D and commercialisation of innovative products which align with the Group's strategy, with an aim to provide patients and doctors with quality integrated medical solutions at affordable charges.

4. Deepening the reform of its management system. In order to further enhance its competitiveness and risk prevention capability, the Group will constantly improve the system development and enhance the efficiency of internal governance by integrating resources and streamlining processes, thereby maintaining the unique entrepreneurial vitality, flexibility and efficiency of MicroPort® to the greatest extent while expanding its business scale rapidly.

SUPPLEMENTAL INFORMATION

Purchase, Sale or Redemption of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

Code of Conduct Regarding Securities Transactions by Directors

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding securities transactions by Directors. Having made specific enquiry with all the Directors, the Company confirmed that all the Directors have complied with the requirements as set out in the Model Code throughout the period of the six months ended 30 June 2023.

Compliance with the Code on Corporate Governance Practices

Throughout the period of the six months ended 30 June 2023, except for the deviation as noted below, the Company had complied with all the applicable code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules.

Pursuant to the Code Provision C.2.1, the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing. Dr. Zhaohua Chang ("Dr. Chang") has assumed the responsibility of the executive Director and the chairman of the Board and is responsible for managing the Board and the Group's business. As the Board considers that Dr. Chang has in-depth knowledge in the Group's business and can make appropriate decisions promptly and efficiently, he has also assumed the position of the chief executive officer of the Company. Nevertheless, the Board will continue to review the efficacy of the Group's corporate governance structure to assess whether the separation of the positions of chairman and chief executive officer of the Company is necessary.

Independent Review of Auditor

The interim financial report for the six months ended 30 June 2023 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.

Audit Committee and Review of Financial Statements

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members: Mr. Jonathan H. Chou (Chairman), Mr. Norihiro Ashida and Mr. Chunyang Shao.

The Audit Committee has reviewed and discussed the interim results and interim report for the six months ended 30 June 2023.

Disclosure of Information

The interim report of the Group for the six months ended 30 June 2023 containing all the relevant information required by the Listing Rules will be published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.microport.com), in accordance with the Listing Rules in due course.

By Order of the Board
MicroPort Scientific Corporation
Dr. Zhaohua Chang
Chairman

Shanghai, the PRC, 30 August 2023

As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Hiroshi Shirafuji, Mr. Norihiro Ashida, Ms. Weiqin Sun and Dr. Qiyi Luo; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu, and Mr. Chunyang Shao.

* *for identification purpose only*