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Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2024, together with comparative figures for the six months ended 30 June 2023, which have been reviewed by the Audit Committee.

In this announcement, “we”, “us”, and “our” refer to the Company and where the context otherwise requires, the Group. Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue	99,237	47,603
Gross profit	47,013	22,068
Loss before taxation	279,950	544,733
Loss for the period	279,950	544,733
Loss attributable to equity shareholders of the Company	277,161	539,012
Loss per share — Basic and diluted (in RMB)	0.29	0.56

The Group recorded a revenue of RMB99.2 million for the six months ended 30 June 2024, as compared to the revenue of RMB47.6 million for the six months ended 30 June 2023. The growth in the Group's revenue during the Reporting Period was mainly due to Toumai Laparoscopic Surgical Robot (“**Toumai**”), the core product of the Company, continued to maintain strong sales momentum in the domestic market; at the same time, Toumai has successfully achieved overseas commercialisation and generated revenue, further accelerated the overseas market expansion; and the SkyWalker Orthopedic Surgical Robot (“**SkyWalker**”) fully leveraged its synergies with MicroPort Group, realising sales in countries or regions such as the United States, Europe and Australia, with sales doubling over the same period last year.

The Group recorded a net loss of RMB280.0 million as of 30 June 2024, as compared to a net loss of RMB544.7 million for the six months ended 30 June 2023. The change was mainly due to: (i) the growth in revenue has brought about an increase in gross profit, and (ii) the Group's comprehensive implementation of strategic focus and various measures to reduce costs and increase efficiency since 2023 has resulted in a significant decrease in operating expenses. However, the impact of such factors was partially offset by (a) the impairment provision in relation to an overseas equity-accounted investee held by the Group, and (b) the net loss on changes in fair value of the overseas investments measured at fair value during the Reporting Period.

The Group recorded a net free cash outflow of RMB235.3 million during the Reporting Period, representing a decrease of 49.7% as compared to the six months ended 30 June 2023, which was mainly attributable to the increase in revenue as well as the narrowed loss under the multiple measures of strategic focus and cost reduction and efficiency increase.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2024 (unaudited)

(Expressed in Renminbi)

		Six months ended 30 June	
	Note	2024 RMB'000	2023 RMB'000
Revenue	3	99,237	47,603
Cost of sales		<u>(52,224)</u>	<u>(25,535)</u>
Gross profit		47,013	22,068
Other net income/(loss)	4	5,298	(23,214)
Selling and marketing expenses		(92,223)	(126,907)
Administrative expenses		(30,072)	(77,597)
Research and development costs		(164,149)	(311,696)
Net loss on financial instruments carried at fair value through profit or loss (“FVPL”)		<u>(10,443)</u>	<u>(1,916)</u>
Loss from operations		(244,576)	(519,262)
Finance costs	5(a)	(9,834)	(8,623)
Share of losses of equity-accounted investees		(9,843)	(16,848)
Impairment loss on an equity-accounted investee	5(b)	<u>(15,697)</u>	<u>—</u>
Loss before taxation	5	(279,950)	(544,733)
Income tax	6	<u>—</u>	<u>—</u>
Loss for the period		<u>(279,950)</u>	<u>(544,733)</u>
Attributable to:			
Equity shareholders of the Company		(277,161)	(539,012)
Non-controlling interests		<u>(2,789)</u>	<u>(5,721)</u>
Loss for the period		<u>(279,950)</u>	<u>(544,733)</u>
Loss per share			
Basic and diluted (RMB)	7	<u>(0.29)</u>	<u>(0.56)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the six months ended 30 June 2024 (unaudited)
(Expressed in Renminbi)*

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(279,950)	(544,733)
Other comprehensive income for the period, net of nil tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations, net of nil tax	<u>(70)</u>	<u>3,203</u>
Other comprehensive income for the period	<u>(70)</u>	<u>3,203</u>
Total comprehensive income for the period	<u>(280,020)</u>	<u>(541,530)</u>
Attributable to:		
Equity shareholders of the Company	<u>(277,222)</u>	<u>(535,809)</u>
Non-controlling interests	<u>(2,798)</u>	<u>(5,721)</u>
Total comprehensive income for the period	<u>(280,020)</u>	<u>(541,530)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 (unaudited)

(Expressed in Renminbi)

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	8	351,103	367,017
Intangible assets		7,390	9,537
Goodwill		1,482	1,482
Equity-accounted investees		123,797	148,282
Financial assets measured at FVPL		56,473	66,916
Other non-current assets		39,421	40,625
		579,666	633,859
Current assets			
Inventories		243,426	229,505
Trade and other receivables	9	77,650	55,749
Pledged deposits		1,090	1,083
Cash and cash equivalents		221,054	507,711
		543,220	794,048
Current liabilities			
Interest-bearing borrowings	10	194,764	375,357
Trade and other payables	11	202,881	244,943
Contract liabilities		16,813	11,118
Lease liabilities		47,959	47,879
Provisions		8,225	5,979
		470,642	685,276
Net current assets		72,578	108,772
Total assets less current liabilities		652,244	742,631

	<i>Note</i>	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Non-current liabilities			
Interest-bearing borrowings	10	237,734	99,700
Lease liabilities		60,520	72,507
Deferred income		88,781	64,682
Contract liabilities		7,475	3,905
Provisions		—	82
		<u>394,510</u>	<u>240,876</u>
NET ASSETS		<u>257,734</u>	<u>501,755</u>
CAPITAL AND RESERVES			
Share capital	12	958,594	958,594
Reserves		<u>(683,690)</u>	<u>(439,114)</u>
Total equity attributable to equity shareholders of the Company		274,904	519,480
Non-controlling interests		<u>(17,170)</u>	<u>(17,725)</u>
TOTAL EQUITY		<u>257,734</u>	<u>501,755</u>

Notes

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司) (the “**Company**”) and its subsidiaries (together, the “**Group**”) are principally engaged in the research and development, manufacturing and sale of surgical robots.

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“**HKAS**”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). It has been reviewed by the Audit Committee of the Company and was authorised for issue on 28 August 2024.

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

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, 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 the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

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

The financial information relating to the financial year ended 31 December 2023 that is included in the interim financial report as comparative information does not constitute the Company's annual consolidated financial statements for that financial year but is derived from those financial statements. The Company's annual consolidated financial statements for the year ended 31 December 2023 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2024.

As at 30 June 2024, the Group had short-term interest-bearing borrowings of RMB194,764,000. In addition, the Group incurred a net loss of RMB279,950,000 and had net operating cash outflow of RMB206,309,000 for the six-month period ended 30 June 2024. The directors of the Company (the "**Directors**") have reviewed the current performance and cash flow projection as part of their assessment of the Group's ability to continue as a going concern. The Directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to (1) the Group's plan on market expansion and strict control on operating costs; (2) the proceeds from placing completed in July 2024 (see note 13); and (3) the unused banking facilities.

The Directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

2 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial report for the current accounting period.

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been 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 derives revenue principally from the sale of medical devices through appointed distributors.

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	96,775	47,603
Service income — over time	945	—
Others — point in time	1,517	—
	<u>99,237</u>	<u>47,603</u>
Disaggregated by geographical location of customers		
— the PRC (country of domicile)	63,763	38,580
— the United States	1,467	9,023
— Europe	15,996	—
— Asia (other than the PRC)	9,236	—
— Africa	6,763	—
— Australia	2,012	—
	<u>99,237</u>	<u>47,603</u>

4 OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income on financial assets measured at amortised cost	651	4,207
Government grants	7,199	8,954
Net foreign exchange (loss)/gain	(1,504)	3,517
Net loss in relation to the termination of leases	(143)	(40,454)
Others	(905)	562
	<u>5,298</u>	<u>(23,214)</u>

5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest on interest-bearing borrowings	7,293	3,708
Interest on lease liabilities	2,456	4,788
	<u>9,749</u>	<u>8,496</u>
Total interest expense on financial liabilities not at FVPL	9,749	8,496
Others	85	127
	<u>9,834</u>	<u>8,623</u>

(b) Other items

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Amortisation of intangible assets	2,758	1,997
Depreciation of owned property, plant and equipment	38,599	33,050
Depreciation of right-of-use assets	20,082	26,334
Impairment loss on an equity-accounted investee (Note)	15,697	—

Note:

During the six months ended 30 June 2024, an impairment loss of RMB15,697,000 was recognised for an equity-accounted investee with impairment indicators, and the recoverable amount was determined based on a cash flow projection covering a ten-year period.

6 INCOME TAX

Pursuant to the Corporate Income Tax (“CIT”) Law of the PRC, the Company and its PRC subsidiaries are liable to PRC CIT at a rate of 25%.

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.

The Group has not recognised deferred tax assets in respect of cumulative unused tax losses as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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 RMB277,161,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB539,012,000) and the weighted average of 958,594,000 ordinary shares in issue during the six months ended 30 June 2024 (six months ended 30 June 2023: 958,594,000 ordinary shares).

(b) Diluted loss per share

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The calculation of diluted loss per share amount for the six months ended 30 June 2024 and 2023 has not included the potential effects of the warrants and share options issued by an equity-accounted investee of the Group, as they had anti-dilutive effects on the basic loss per share amount for the respective periods. Accordingly, diluted loss per share for the six months ended 30 June 2024 and 2023 are the same as basic loss per share of the respective periods.

8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2024, the Group acquired items of property, plant and equipment with a cost of RMB14,932,000 (six months ended 30 June 2023: RMB48,155,000).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade debtors, net of loss allowance	29,658	4,969
Value-added tax recoverable	33,267	25,786
Prepayments	8,095	13,787
Other debtors	6,630	11,207
	<u>77,650</u>	<u>55,749</u>

As at 30 June 2024 and 31 December 2023, the ageing of trade debtors are within 3 months, based on the invoice date. Trade debtors are due within 7 to 180 days from the date of billing. All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

10 INTEREST-BEARING BORROWINGS

As of the end of the reporting period, the interest-bearing borrowings were repayable as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 year	194,764	375,357
After 1 year but within 2 years	168,525	99,700
After 2 years but within 5 years	69,209	—
	<u>237,734</u>	<u>99,700</u>
	<u>432,498</u>	<u>475,057</u>

As of the end of the reporting period, the interest-bearing borrowings were secured as follows:

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Bank loans		
— secured	149,978	—
— unsecured	222,520	475,057
	372,498	475,057
Secured loans from a related party	60,000	—
	432,498	475,057

As at 30 June 2024, the bank facilities drawn down by the Group of RMB149,978,000 (2023: nil) were secured by certain patents held by the Group. The carrying amount of these patents is zero as they have not been capitalised as intangible assets.

One of the Group's banking facilities is subject to the fulfilment of certain covenants. If the Group were to breach the covenants, the drawdown facilities would become payable on demand. As at 30 June 2024, none of these covenants relating to drawdown facilities had been breached.

In June 2024, the Group entered into agreements with Shanghai MicroPort Tianniuyan Financial Leasing Co., Ltd. (上海微創天牛眼融資租賃有限公司, “**Tianniuyan**”), a related party of the Group, pursuant to which, the Group agreed to sell certain prototypes for the surgery system to Tianniuyan for a total consideration of RMB60,000,000, and Tianniuyan agreed to lease back these assets to the Group at a consideration of RMB66,000,000 by installments. The transaction was treated as loans from Tianniuyan.

11 TRADE AND OTHER PAYABLES

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

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Within 1 month	52,900	48,015
Over 1 month but within 3 months	16,277	13,181
Over 3 months but within 6 months	4,036	6,831
Over 6 months but within 1 year	1,733	2,695
Over 1 year	2,117	3,529
	<hr/>	<hr/>
Trade payables	77,063	74,251
Accrued payroll	46,708	78,661
Amounts due to related parties	15,240	17,259
Other creditors and accrued charges	63,870	74,772
	<hr/>	<hr/>
	202,881	244,943
	<hr/> <hr/>	<hr/> <hr/>

12 CAPITAL, RESERVES AND DIVIDENDS

The Directors did not propose the payment of any dividend during the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

13 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

In July 2024, the Company completed a placing and issued 12,900,000 shares at price of HK\$9.10 per share to several third-party investors with a net proceed of approximately HK\$114,824,000.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2024, while the international environment became more complex and severe, with the rising uncertainty of external situation, the domestic economy continued to maintain high-quality development, with the GDP growing by 5% as compared with the previous year. The import and export data in the first half of the year also showed a stable and recovering trend, and the fundamentals of stable operation and long-term positive trend remained unchanged. As China further deepens reform in a comprehensive manner and advances the pace of Chinese modernisation, the new quality productive forces and innovation-driven development strategy will be effectively implemented, thus empowering the overall improvement of the national innovation system and shaping the new momentum for high-quality economic development.

As one of the most important innovation breakthroughs in the field of high-end medical devices in recent years, the surgical robot has high clinical value, which can effectively improve the accuracy and stability of surgeries, shorten the postoperative recovery cycle of patients and reduce the occurrence of complications; also effectively shorten the learning curve of surgeons and reduce the radiation exposure of operators. The surgical robot market presents a rapid growth trend with the continuous development of the global surgical robot industry. As compared with the overseas surgical robot market, China's surgical robot industry is still in an early stage of development, and the penetration rate of robot-assisted surgery is relatively low. At the same time, China's vast population base, increasing public health awareness, the advantages of robot-assisted surgeries over traditional surgeries, and the fact that more and more physicians are becoming familiar with and proficient in operating robot-assisted surgeries will drive the continued expansion and the rapid increase in penetration rate of the overall market for surgical robots in China.

According to the relevant requirements of the “National Health Plan of the 14th Five-Year Plan” (《「十四五」國民健康規劃》), encouraging cutting-edge technologies and breakthroughs in the medical field will be one of the themes of China’s economic development in the “14th Five-Year Plan”, and even longer period. Following implementation of the “14th Five-Year Plan”, policies to support rapid development of medical industry were introduced successively. Driven by both policy benefits and market demand, the demand for high-end medical equipment is expected to usher in a major breakthrough in independent innovation and commercialisation. In March 2023, the National Health Commission issued the Large Medical Equipment Configuration License Management Catalog (2023), and in June 2023, it promulgated the “Notice on Allocation and Planning of Large-scale Medical Device of the 14th Five-Year Plan (《「十四五」大型醫用設備配置規劃的通知》)”. As compared with the “13th Five-Year Plan”, the number of planned allocation certificate for laparoscopic surgical system in the “14th Five-Year Plan” increased significantly. The “14th Five-Year Plan” also emphasises technological innovation orientation and enterprise innovation elements, indicating the absolute leading position of innovation entities in the development of the medical device industry.

In the current stage, procurement of high-end medical device in China is mainly attributable to large hospitals. In the future, with the continuous implementation of high-quality development strategies in the industry and the national push to expand and evenly distribute premium medical resources, the demand for high-end medical equipment, including surgical robots, is expected to gradually emerge in lower-tier markets. Domestic leading brands are poised to leverage their superior quality, widely recognised clinical value, high cost-effectiveness, and integration with new technologies such as 5G communications and artificial intelligence, to accelerate market share acquisition in broader markets, thereby aiding the expansion and equitable distribution of premium medical resources and providing more high-end treatments of more comprehensive and higher quality for doctors and patients in China.

Meanwhile, regarding high-end medical equipment, exemplified by surgical robots, national and local governments vigorously implement open strategies such as the “Belt and Road” Initiative, encouraging enterprises to “go global” and participate in global market competition. In recent years, China’s domestic surgical robots have made major breakthroughs in many fields of core technology, as well as the integration and application of new technologies such as 5G communication and artificial intelligence. They will enter the list of “going global” medical device products and create implementable and replicable integrated solutions with smart and precise medical services for countries along the “Belt and Road”. According to the statistics released by the General Administration of Customs, in the total import and export of medical devices in 2023, the export of medical equipment increased by 5.4% year-on-year, an increase of 54.8% as compared to 2019. More and more high-end medical equipment from China is going abroad, and “Intelligent Manufacturing in China” has been recognised by doctors and patients in more countries and regions around the world.

In March 2024, the State Council issued a notice on the Action Plan for Promoting Large-scale Equipment Renewal and Trade-in of Consumer Goods (《推動大規模設備更新和消費品以舊換新行動方案》) (the “**Action Plan**”), which specifies that by 2027, the scale of equipment investment in medical and other fields will increase by more than 25% as compared with 2023, emphasises the promotion of the iteration and upgrading of the equipment and informatisation facilities of medical and healthcare institutions, and encourages qualified medical institutions to accelerate the update and reconstruction of medical equipment such as surgical robots, which will bring unprecedented development opportunities for the domestic surgical robots industry. In July 2024, the National Development and Reform Commission and the Ministry of Finance issued a notice on Certain Measures to Further Support Large-Scale Equipment Renewal and Trade-in of Consumer Goods (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》), proposing the allocation of approximately RMB300 billion in ultra-long-term special treasury bonds to bolster large-scale equipment renewal and trade-in of consumer goods. According to some rough statistics, currently, more than 30 provinces, autonomous regions and municipalities in China have introduced specific plans for the update of medical equipment. With the successive introduction and implementation of the provincial plans, as well as the continuous enhancement of domestic brands’ technological innovation and product quality, the process of domestic substitution in the field of large-scale medical equipment will be accelerated.

As one of Shanghai's three key leading industries, the biopharmaceutical sector has become a crucial driver in forming new productive forces. In July 2024, the General Office of the Shanghai Municipal People's Government issued several opinions on supporting the full-chain innovative development of the biopharmaceutical industry, comprehensively covering critical aspects such as R&D, clinical trials, review and approval, application promotion, industrialisation, investment and financing, data resources, and internationalisation, providing comprehensive, specific, and actionable support for biopharmaceutical companies in Shanghai, including leading enterprises in the high-end medical device industry. To implement the Action Plan for the High-Quality Development of the Medical Equipment Industry (2023–2025) (《醫療裝備產業高品質發展行動計劃(2023–2025年)》) and further promote the high-quality development of Shanghai's medical robot industry, the Shanghai Municipal Economic and Informatisation Commission, the Science and Technology Commission of Shanghai Municipality, the Shanghai Municipal Health Commission, the Shanghai Municipal Medical Insurance Bureau, and the Shanghai Municipal Drug Administration have jointly developed the Shanghai Action Plan for Promoting the Development of the Medical Robot Industry (2023–2025) (《上海市促進醫療機器人產業發展行動方案(2023–2025年)》), which clarifies that one of the key tasks is to promote the development of overseas markets, supporting the 'Belt and Road' initiative, encouraging local medical robot enterprises to utilise multilateral and bilateral cooperation mechanisms to provide higher quality high-end medical equipment and solutions to 'Belt and Road' countries.

BUSINESS PROGRESS

In the first half of 2024, the Group was committed to its business-focused strategy, adhered to the primary objective of driving sustainable business development, and continuously and intensively enhanced its operational efficiency. During the Reporting Period, by virtue of its excellent product performance and industry-leading commercialisation strength, the Group accelerated the commercialisation of a number of its marketed products, which further consolidated and strengthened the its competitive edge in the domestic markets, and achieved breakthroughs in overseas markets.

During the Reporting Period, the Group recorded a revenue of RMB99.2 million, representing a significant increase of 108.5% as compared with the corresponding period in the previous year, mainly attributable to the fact that the Group's major products, Toumai and SkyWalker, were comprehensively commercialised in parallel in both domestic and overseas markets, and maintained a strong sales momentum. In addition to the rapid growth in revenue, the Group was able to effectively improve its cost and cash flow control level by focusing on research and development, optimising production processes, and enhancing operational management efficiency.

- **The commercialisation of our major products in China maintained a strong momentum, firmly ranking in the leading position of domestic brands**

- The Group's continuous leading technology advantages and commercialisation strength were strong engines driving the sustained revenue growth. Since the multi-disciplinary application of the Core Product, i.e. Toumai was approved by the NMPA in 2023, it has won the trust of doctors and gained high recognition from hospitals and the market by virtue of its excellent clinical value, forward-looking technological innovation capabilities and perfect training service system. During the Reporting Period, Toumai completed seven commercially installed units in the domestic market and recognised sales revenue. As of the date of this announcement, Toumai has completed the commercially installed units for 20 hospitals across the country, firmly ranking first in the market share among domestic laparoscopic surgical robots, with over half of which are top-tier or regional benchmark hospitals in China, which also confirms Toumai's absolute leading edge in domestic laparoscopic surgical robots, and lays a sound foundation for Toumai's continuous large-scale commercial applications.
- The Group continues to accelerate the clinical application of each product. As at the date of this announcement, over 1,300 clinical surgeries have been completed by commercialised Toumai. SkyWalker has accumulatively completed over 1,300 TKA surgeries in the world, covering orthopaedics and joint surgery in nearly 70 hospitals both at home and abroad. As a result of the large-scale clinical surgeries of the Group's products, the Group recorded its first revenue contribution from sales of surgical robot instruments and accessories and provision of services during the Reporting Period.
- Since R-ONE, a vascular interventional robot deployed by the Group in the panvascular domain through international cooperation, was approved by the NMPA in December 2023, the Group has accelerated its promotion in hospitals, accumulated a number of sales orders, and achieved the first two commercial installations in the Chinese market during the Reporting Period.

- **Overseas markets reached a milestone in commercialisation, accelerating globalisation strategy**
 - Toumai’s overseas market exploration achieved a milestone breakthrough. During the Reporting Period, Toumai successfully completed its first two commercially installed units in the overseas market and contributed revenue. This is a landmark milestone for Toumai to establish domestic presence, boldly explore the international market, and successfully achieve commercial transformation and enter into clinical application, which is of great significance to the Group’s development and globalisation strategy. As the first and currently the only domestic laparoscopic surgical robot to receive CE Mark from EU, Toumai has accumulated more than 10 overseas orders, covering a number of countries and regions, and has led the overseas commercialisation of domestic laparoscopic surgical robots, which fully demonstrates Toumai’s extensive recognition and strong potential in the international market.
 - As the Group’s first flagship product to achieve overseas sales, SkyWalker has gradually expanded its overseas presence to more than 20 countries in 5 continents by making full use of the synergistic effect with MicroPort Group. It achieved revenue in Europe, Australia and other countries and regions during the Reporting Period, with the sales volume doubled as compared with the same period last year. As of the date of this announcement, SkyWalker has accumulatively received nearly 30 overseas sales orders, and the total number of TKA surgeries in the world has exceeded 1,300 cases. Among them, over 300 of TKA surgeries have been accomplished in more than 10 medical institutions in the United States and Europe.
 - By successfully appearing, showcasing achievements and sharing experiences at international industry conferences and exhibitions, the Group has been able to rapidly build and enhance brand influence in the international market. Through demonstrating our flagship products, remote surgery and innovative concepts, MedBot, as a representative of domestic surgical robots, proved to international clinical experts the technical strength of “Intelligent Manufacturing in China”, helping more overseas medical experts, scholars and even patients to recognise and deeply understand the application level and development status of innovative medical technologies in the field of minimally invasive surgery in China. As our academic influence in the international field continues to increase, it will ultimately drive the huge potential for our products to be sold in overseas markets.

- **The application of 5G remote technology was promoted, leading the high-quality development of the industry**
 - The Group is committed to promoting the sharing of high-quality medical resources and bringing more health and well-being to people in remote areas such as border areas through the combination of new quality productive forces represented by surgical robots and cutting-edge medical technologies. Credited to our comprehensive mastery and continuous development of the underlying technology, joint application with 5G technology has been realised on many surgical robot products of the Group, including Toumai, SkyWalker and R-ONE. To date, Toumai has assisted in completing nearly 200 remote clinical surgeries in urology, general surgery, thoracic surgery, gynecology and paediatric surgery worldwide, with a 100% success rate, has set more than 20 records for the first of its kind in China and even the world, and has also verified the system stability, technical reliability and clinical safety of the surgical robots in different climatic and natural environments, such as plateaus, islands, gobi and mountainous areas.
 - Based on the technological advantages of the Group's various products and the practical experience in remote surgery accumulated both domestically and internationally, the Group has built the largest remote surgery network system in the world, which achieved full coverage of the domestic remote surgery network at multiple levels. In addition, it has gradually expanded its cross-national and cross-continental remote surgery coverage, striding forward towards the mid-to-high end of the global value chain, and empowering the medical treatment around the world with cutting-edge technology.
- **Cost reduction and efficiency improvement were implemented on all fronts, achieving remarkable results in cash flow management and control**
 - The Group continued to implement the strategy of strategic focus by focusing resources on the performance optimisation and iteration, commercial expansion and production process optimisation of key and commercial-stage products (including Toumai and SkyWalker, etc.) to consolidate our strong momentum of commercialisation in both domestic and overseas markets, thereby effectively enhancing the Group's competitive edge.

- During the Reporting Period, we continued to enhance our production and supply chain management capabilities, and drove effective cost reduction of products to enhance their market competitiveness through continuous optimisation of product design and processing technology. At the same time, the Group carefully reviewed and sorted out its overall operations, and effectively implemented measures to optimise and enhance research and development efficiency, with a view to strengthening its lean operation capability. During the Reporting Period, the Group's net loss narrowed by 48.6% year-on-year, thereby laying a good foundation for subsequent performance growth and profitability improvement.

- During the Reporting Period, the Group made full use of internal and external funding resources through the implementation of more efficient cash flow management and control measures, resulting in a year-on-year decrease in net free cash outflow by 49.7% to RMB235.3 million, which not only meets the core needs of the Company's current operations, but also paves the way for the Group's sustainable development in the future.

OUR RESEARCH AND DEVELOPMENT AND PRODUCT PIPELINE

With years of R&D innovation and industrial accumulation, the Group is the only surgical robot company in the world with a product portfolio covering the five major and fast growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, under which, several products are at the fast promotion stage of industrialisation projects.

During the Reporting Period, with our clear strategical focus and efficient operational management, the Group has put more research and development resources on the development, optimisation and upgrading of its products (including Toumai, our Core Product, and SkyWalker, our flagship product) in the stage of commercialisation, to provide surgeons and patients with more comprehensive, better and more innovative robotic surgical solutions as fast as possible. Leveraging on the Group's strong innovation capabilities and strict implementation of the above strategies, the Group's research and development as well as product pipelines have achieved satisfying progress during the Reporting Period.

The following table summarised our product portfolio as of the date of this announcement.

	Surgical Specialty	Product	Indicated Application	Medical device product classification	Development stage			
					Design Development	Design Validation	Clinical Trial/ Clinical Evaluation	Registration Application
Self Development	Laparoscopic Surgery	Toumai Laparoscopic Surgical Robot	Urologic surgery, Gynecologic surgery, Thoracic surgery, General surgery▲●	III	[Progress bar]			
				II(b)	[Progress bar] obtained CE Mark			
		Toumai Single-arm Laparoscopic Surgical Robot	Urologic surgery, gynecologic surgery and general surgery	III	[Progress bar]			
		DFVision 3D Electronic Laparoscope	Laparoscopic surgeries for abdominal, thoracic and pelvic organs▲●	II	[Progress bar] with real-time fluorescence imaging function			
	Orthopedic Surgery	SkyWalker Orthopedic Surgical Robot	Total knee arthroplast▲●	III	[Progress bar]			
				II(b)	[Progress bar] obtained certification from FDA, CE, ANVISA, TGA and CDSCO			
			Total knee arthroplast and Total hip arthroplasty▲	III	[Progress bar]			
Natural Orifice Surgery	Trans-bronchial Surgical Robot	Unicompartmental knee arthroplasty	III	[Progress bar]				
International Collaboration	Panvascular Surgery	R-ONE Vascular Interventional Surgical Robot	Coronary angioplasty▲	III	[Progress bar]			
	Percutaneous Surgery	iSR'obot Mona Lisa Robotic Transperineal Prostate Biopsy System	Transperineal prostate biopsy▲	III	[Progress bar]			

 Products entered into Green Path
 ▲Products approved by the NMPA
 ●Products with approval for launch overseas

Toumai Laparoscopic Surgical Robot — Our Core Product

Toumai, the Core Product of the Company, is a laparoscopic surgical robot designed and developed by the Group for a wide range of surgical procedures, which enables complex surgeries to adopt a minimally invasive approach. The agility of robotic arms allows greater precision in operations, enhances the safety of surgery and reduces surgeon fatigue. Seated comfortably at the console, a surgeon views an immersive 3DHD image of the surgical field and manipulates the surgical instruments inside the patient's body by controlling the robotic arms. Toumai provides surgeons with a range of motions analogous to those of human wrists, while filtering out the tremors inherent in human hands.

- **Several units of commercial installation completed in China, consolidating the leading position among domestic brands**

Since the multi-disciplinary application of Toumai was approved by the NMPA in 2023, it has won the trust of surgeons and gained high recognition from hospitals and the market by virtue of its excellent clinical value, forward-looking technological innovation capabilities and perfect training service system. During the Reporting Period, Toumai completed seven units of commercial installation in the domestic market and recognised sales revenue. As of the date of this announcement, Toumai has completed the commercial installation for twenty hospitals in various provinces nationwide, firmly ranking first in the market share of domestic laparoscopic surgical robots, with over half of which are top-tier or regional benchmark hospitals in China, which also confirms Toumai's absolute leading edge in domestic laparoscopic surgical robots, and lays a sound foundation for Toumai's continuous large-scale commercial applications.

- **Obtained CE Mark, accelerating the realisation of overseas market layout**

In May 2024, Toumai successfully obtained the CE Mark from EU and took the lead in entering the international mainstream market. It can be used in urology, general surgery, thoracic surgery and gynaecological endoscopic surgery, and became the first and only domestic laparoscopic surgical robot to obtain the CE Mark from EU, which represents the full affirmation of the international market for its leading technological strength and product performance, laying a significant foundation for the future commercial exploration and large-scale clinical applications of Toumai in the European market and even in the global market; which also marks the official ushering in the Chinese robotic intelligent surgical total solutions that can prolong and reshape the lives of patients in the field of global minimally invasive surgery, opening up a new era in the internationalisation of the domestic surgical robots industry.

During the Reporting Period, Toumai successfully completed two units of commercial installation in overseas market and achieved a revenue breakthrough, especially after obtaining the CE Mark, the progress of overseas market expansion further accelerated, and the accumulative overseas orders exceeded ten units. To date, Toumai has successfully carried out nearly 100 clinical surgeries in overseas markets, actively engaged in the integration of domestic and overseas resources and globalisation, and communicated with industry peers from all over the world to lead the innovative breakthroughs of domestic laparoscopic surgical robots in terms of multi-disciplinary clinical applications, remote technology and international market development, so that China's intelligent manufacturing can benefit patients around the world as soon as possible.

Since its debut in the international vision, through industry exhibitions around the world, Toumai has demonstrated its high-level clinical performance and technical level to top overseas clinical experts, and shared the exploration experience of MedBot in the field of remote surgery. During the 2024 annual meeting of the Society of Robotic Surgery (SRS), a globally renowned academic conference, more than 1,700 top experts from all over the world attended the conference to discuss the latest technologies and clinical applications of surgical robots. Hundreds of experts test-drove Toumai, and they unanimously evaluated the overall performance of Toumai to rank among the top in the world.

- **Scaled surgical operations accelerated, demonstrating its excellent clinical value**

With a clear commercialisation strategy, Toumai continued to proceed physician training and clinical validation during the Reporting Period. Toumai's exceptional product performance and stability have been thoroughly validated, leading to a rapid increase in its recognition and acceptance among hospitals and surgeons. The Group has accumulatively established nearly 40 clinical application and training centers for Toumai worldwide, and completed certification training sessions for more than 100 surgeons during the Reporting Period.

In terms of human clinical application, as of the date of this announcement, more than 1,300 clinical surgeries were completed by commercially installed Toumai, continually achieving remarkable results in multiple consecutive surgeries and becoming the first to pass the threshold of large-scale application of domestic laparoscopic surgical robots. As one of the representative hospitals for Toumai's rapid clinical application promotion, The First Affiliated Hospital of Jinzhou Medical University performed 29 surgeries within less than a month post its commercial installation, widely covering general surgery, urology, and gynecology, assisting experts in achieving new records in the number, complexity, and quality of surgeries in the first month of installation, thus providing high-quality and affordable medical robotic solutions to local patients and doctors.

With the large-scale and routine clinical application of Toumai, its innovation, stability, safety, and effectiveness have been validated in large samples and diversified clinical trials, benefiting an increasing number of patients with high-quality medical treatment enabled by surgical robot technology. As of now, Toumai's clinical application covers nearly 200 indications across multiple specialties and diverse procedures, successfully completing several "ceiling" level high-difficulty surgeries within the industry, laying a solid foundation for continuous commercial expansion and rapid increase in surgical volume.

- **Overcome challenges in routine application, advancing remote robotic surgery into a new era**

The application of 5G technology to realise the standardisation of remote robotic surgery is conducive to the realisation of allocation of quality medical resources to lower-tier cities, which in turns benefiting patients in extensive remote areas, and it is also one of the key directions for the Company’s continuous research and active progress. As of the date of this announcement, Toumai has taken the lead in exploring nearly 200 5G remote human clinical surgeries in the world, with a 100% success rate, covering nearly 30 cities, connecting more than 30 hospitals, with accumulative transmission distance of over 150,000 kilometers, and has taken the lead in overcoming the challenges of routine remote surgery application worldwide and verifying Toumai’s stability, technical reliability, and clinical safety in various climates and environments, including plateaus, islands, deserts, and mountainous areas. At the same time, Toumai has also assisted and completed a series of pioneering achievements — the longest surgical distance (over 5,000 kilometres), the most complex surgical procedures (over 150 tertiary and quaternary surgeries), the widest range of indications, more than 10 consecutive surgeries (with a maximum of 3 consecutive surgeries), the most first records in the world — nearly 20 records for the first in its kind remote surgery in China and even the world.

The Group’s breakthrough innovation in the field of 5G applications and its forward-looking research and leading exploration in international cutting-edge fields such as remote surgery and intellectual surgery have enabled Toumai to assist clinical experts at home and abroad in achieving a new milestone in remote surgery. At the 49th session of Arab Health and the first session of SRS Telesurgery Consensus Conference held in early 2024, China’s 5G remote surgery technology went abroad, as Toumai completed the world’s first transnational 5G ultra-remote simulated surgery verification across 12,900 kilometres, and successfully implemented the world’s first “global” robotic remote surgery operation verification. It fully demonstrated to authoritative experts and scholars from Asia, Europe, America and other countries and regions that China’s independently developed laparoscopic surgical robots have extraordinary technical strength and extremely stable and reliable performance, and breakthrough clinical applications.

As at the date of this announcement, Toumai remote laparoscopic surgery system has commenced the NMPA registrational clinical trial, and is in the process of clinical trial enrollment.

Warning under Rule 18A.08(3) of the Listing Rules: We cannot assure that our Core Product may ultimately be successfully commercialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

Toumai Single-arm Laparoscopic Surgical Robot (“Toumai Single-arm”)

Toumai Single-arm Laparoscopic Surgical Robot, independently developed by the Group, is featured by a unique single-arm structure with self-developed intellectual property rights, flexible movement, as well as a convenient set-up. Its device in snake design can achieve seven degrees of freedom within a narrow space, which is more sophisticated than multi-arm robots. Toumai Single-arm performs laparoscopic surgery on a single-port basis, which has clinical values such as smaller wound, less pain and improved post-operative aesthetics compared to traditional multi-port surgeries.

As at the date of this announcement, Toumai Single-arm Laparoscopic Surgical Robot has completed the submission of registration and is under the NMPA review. As Toumai Single-arm started application of single-port clinical procedures in various departments including gynecologic, urologic and general surgeries, expecting to provide further proof for the technological stability and safety of Toumai Single-arm, and to benefit more physicians and patients with its excellent performance and reliable services.

DFVision 3D Electronic Laparoscope

DFVision is a 3D electronic laparoscope independently developed by the Group, which can be used for examination and imaging in laparoscope surgeries, to observe, diagnose, take photos on or treat in organs such as abdominal cavity and thoracic cavity. Through the application of high-resolution imaging objective lens and electronic lens structure, it presents full HD two-way images, provides the operator with the 3D sense of surgical field of vision and natural depth of field, to satisfy the anatomical demand of high precision and high stereoscopic level in clinical application, which is of great significance to the precise freeing, suturing and knotting during surgery. It can reduce the operation time, reduce surgical errors, improve the quality of surgery, and increase the efficiency of surgery. It breaks through the limitations of the traditional two-dimensional laparoscopic surgery, making it applicable to surgeries in different departments including urological surgery, general surgery, thoracic surgery and gynecological surgery.

DFVision obtained the marketing registration certificate issued by the NMPA in June 2021 and realised sales in second half of 2021. As the Group's high-end vision platform that connects the technical equipment with underlying algorithms and surgical robot products, DFDVision's performance and technical level have been improved gradually. The new generation of DFDVision was granted with the marketing registration certificate issued by the Shanghai Medical Products Administration in 2023 and the CE Mark from EU through approval by the British Standards Institution (BSI), and laid a solid foundation for the Group to overseas commercialisation in the future. In July 2024, 3D electronic thoracoabdominal endoscopy system with real-time fluorescence imaging function independently developed by the Group was approved by NMPA, which can greatly reduce the difficulty of surgery, shorten the operation time, promote the improvement of the intelligence level and safety of robotic surgery, and ultimately benefit the majority of patients.

SkyWalker Orthopedic Surgical Robot

SkyWalker has the platform-based, standardised, precise and personalised features. Its preoperative planning system establishes three-dimensional models of knee joints and hip joints based on the patient's preoperative CT scan data, and generates personalised prosthetic implant surgical solutions based on the patient's physiological and anatomical characteristics. During the operation, a self-developed highly dexterous and lightweight robotic arm is used, and precise osteotomy and grinding are completed through man-machine collaboration. After the operation, the alignment correction of the lower limbs is significantly better than traditional surgery, improving surgical accuracy and efficiency. SkyWalker can precisely position during the operation, precisely perform knee osteotomy and acetabular grinding, and precisely restore the patient's lower limb alignment. It can achieve more precise and efficient osteotomy, bone grinding and prosthetic installation than traditional hip and knee replacement. Its intelligent assistance system can avoid damage caused by intramedullary positioning in traditional surgery, reduce the risk of dislocation or surgical failure caused by implantation position of the acetabular cup, decrease surgical complications, and help patients recover quickly after surgery. As the instruments for hip grinding, acetabular cup installation and knee joint osteotomy are basically the same as those used in traditional surgery, it can greatly shorten the learning curve of doctors and facilitate their rapid proficiency.

SkyWalker (being used for total knee replacement surgery and total hip replacement surgery) obtained the registration certificate for launch issued by NMPA in 2023, becoming the first and, to date, the only domestic hip and knee integrated orthopaedic surgery robot equipped with self-developed robotic arm and approved for launch. In terms of overseas market expansion, SkyWalker (being used for total knee replacement surgery) has managed to obtain the 510(k) clearance from the FDA, the CE Mark from EU, the certification from Brazil ANVISA, the certification from Australia TGA and CDSCO of India successively, making it the first and only domestic surgical robot that has obtained marketing approval in major markets of surgical robots including China, the United States, Europe, Brazil, Australia and India.

In terms of clinical application and promotion, with its advantages of customised planning and precise surgical operation, SkyWalker can reduce wounds of patients and avoid over-reliance on physicians' skills and experience in traditional joint replacement surgery. It can optimise surgical results and benefit the patients. Benefited from the Group's extensive and targeted marketing promotion and physicians' training for SkyWalker, as well as the effective synergy and full utilisation of good brand reputation and solid market foundation of MicroPort Group in overseas orthopaedic market, SkyWalker rapidly converted its initial achievement upon its commercialisation. During the Reporting Period, SkyWalker's overseas territory has gradually expanded to cover more than 20 countries in five continents, and has realised sales revenue in countries and regions including Europe and Australia, with sales volume doubling compared with the same period of last year.

SkyWalker is committed to providing more excellent clinical solutions for joint replacement for surgeons and patients around the world. By continuously meeting the clinical practice in the mainstream countries of the world's high-end medical equipment, as well as the clinical needs of the mature markets, we have won the wider recognition of the clinical staff in various countries, which will also provide continuous impetus for the continuous improvement of SkyWalker's performance and the creation of a more forward-looking competitive advantage. As at the date of this announcement, SkyWalker has completed more than 1,300 TKA procedures worldwide, with clinical applications covering orthopedics, joint surgery departments of nearly 70 hospitals in China and overseas. Among them, more than 10 medical institutions in the United States and Europe have completed over 300 TKA procedures. Meanwhile, SkyWalker has successfully conducted various cases of 5G remote joint replacement surgeries, which holds practical and far-reaching significance in expansion of its application to hospitals in third and fourth tier cities and remote areas, as well as in establishment of medical communities in the future.

Trans-bronchial Surgical Robot (“Trans-bronchial Surgical Robot”)

The Robot-assisted Bronchoscopy Navigation System independently developed by the Group is a non-invasive natural orifice transluminal robotic platform. The system features an ultra-smooth, ultra-thin snake-shaped robotic catheter, which can access hard-to-reach and narrow lesions through human’s natural orifice without making any wound on the body. It has significant meaning in early diagnosis and treatment of small pulmonary nodule and other cancer.

The clinical trial and validation of the Trans-bronchial Surgical Robot are progressing smoothly, it has completed a robot-assisted transbronchial lung nodules biopsy, which is the first-in-man (FIM) clinical trial completed by a Chinese-developed trans-bronchial surgical robot.

R-ONE Vascular Interventional Surgical Robot

The R-ONE introduced by Shanghai Cathbot, a joint venture established in China by the Company and Robocath in France, is an innovative robotics product in the field of pan-vascular. R-ONE is a vascular intervention navigation control system based on master-slave control technology, which is designed to assist cardiovascular interventional physicians in conducting percutaneous coronary intervention (“PCI”) surgeries to locate lesions precisely, optimise the delivery of balloons and stent catheters, thereby standardising the surgical process, improving the surgical accuracy, and reducing surgical complications. Furthermore, surgeons can sit at the anti-radiation console to complete remote control, effectively reducing the exposure time under the radiation while accurately operating the operation.

R-ONE has accelerated its in-hospital rollout since the approval of NMPA in December 2023. Leveraging the high degree of synergy with the cardiovascular business of MicroPort Group, R-ONE has already obtained a number of sales orders and achieved the first two units of commercial installation in the China market during the Reporting Period.

Through integrated application of 5G technology, during the Reporting Period, R-ONE assisted experts from the National Institute of Cardiovascular Diseases (NICVD) in Bangladesh to successfully perform a number of vascular interventional operations for complex lesions, and completed the world’s first robotic PCI remote surgery for two consecutive operations, and the world’s first robotic remote surgery for the implantation of two stents for complex coronary lesions at one time, and the local surgery to implant three stents at one time for multi-vessel coronary lesions for two consecutive operations. It fills a number of gaps in the field of interventional treatment worldwide, proving that robotic remote surgery can also complete the interventional treatment of complex coronary lesions.

iSR'obot Mona Lisa Robotic Transperineal Prostate Biopsy System

Mona Lisa, a product of Shanghai Intbot, a joint venture company jointly established by the Company and Biobot in China is an innovative robotics product in the field of percutaneous puncture of the Group. Mona Lisa enables physicians to conduct biopsy sampling more precisely and easily: before the procedure, physicians can conduct surgical planning and interactive adjustment through intelligent software; in the course of procedure, a powerful elastic MRI-ultrasound fusion algorithm can guide physicians immediately, allowing target sites to be easily and accurately sampled regardless of whether they are located in the prostate sharp, base bottom or peripheral belt. The innovative two-point needling approach can minimise the interference of the bones, reduce the incisions of patients, and achieve full prostate coverage; after the procedure, Mona Lisa can generate a complete report containing 3D images and clinical data.

Mona Lisa has been commercialised since it was approved by the NMPA in 2023. It forms an integrated solution for diagnosis and treatment of prostate cancer with the Company's Core Product, Toumai, and facilitate the improvement of diagnosis and treatment models for prostate diseases. As the first prostate puncture robot obtained the approval in the field of urology in China, Mona Lisa can improve the positive detection rate of patients, reduce manual error and omission diagnostic rate, assist clinical physicians to complete biopsy puncture surgeries more accurately and efficiently, and at the same time reduce the pain of patients. The product provides more medical options and better conditions for patients requiring prostate biopsy puncture, which fills the gap in the domestic market for robot-assisted puncture products.

CUTTING-EDGE TECHNOLOGY

With the continuous progress of technologies, such as big data, AI, human-computer interaction technology, 5G communication, etc., surgical robots will lead the intelligent transformation in the medical field continuously, making surgery more accurate, smarter, safer, more affordable and more minimally-invasive. During the Reporting Period, while deeply engaged in the R&D of five core underlying technologies of surgical robots, the Group persisted on an innovation-driven approach, committed to meeting the demand for robotic surgery.

The technology of 5G remote surgeries is one of our key R&D directions that we continuously tackle and focus on, which reflects our implementation of and response to the guidance on the construction of regional medical communities under the “Healthy China” strategy. Free from the constraint of physical distance, it is a powerful tool for resolving the grassroots’ difficulties in seeking healthcare services, and represents our pragmatic approach to our belief of “Make surgery easier, safer and less invasive”. The Group is committed to assisting doctors to create integrated solutions for intelligent and precise medical care that can be implemented and replicated, promoting robot-assisted surgery towards inclusiveness, and enhancing the influence of China’s innovative medical technology and remote surgery technology in neighbouring countries and even in the world. Based on the comprehensive mastery of the underlying technology, the Group’s multi-track surgical robot products, such as Toumai, SkyWalker and R-ONE, have achieved the joint application with 5G technology, and have successfully achieved a large number of clinical practices of ultra-remote robot-assisted surgery at home and abroad, which has won wide attention and praise from experts at home and abroad.

Meanwhile, based on the diversified layout of its products as well as its solid technical accumulation and rich clinical experience in the field of remote surgery, the Group has constructed the largest remote surgery network system in the world, with a view to realising the full coverage of the multilevel remote surgery network covering the domestic provinces, cities and counties, and even realising cross-country and cross-continental remote surgery on human beings in the near future.

The Group continued to put efforts in promoting the application of remote technology in robot-assisted surgeries, with an aim to help establishment of regional medical partnership. The Group has jointly established the world's first 5G remote precise minimally invasive surgery training center with 301 Hospital, which provides assistance for the standardised training and promotion of domestic robotic surgery technology, facilitated the flow of advanced diagnosis and treatment technology to lower-tier, and promoted the improvement of primary medical and health service capacity in China.

RESEARCH AND DEVELOPMENT

We have fully mastered the five core underlying technologies of surgical robots (i.e. robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging). Through years of solid accumulation in the five technical fields, the Group has been able to establish an innovative surgical robot platform and maintain the ability to develop new products continuously.

At present, the Group has two China R&D centers respectively in Shanghai and Shenzhen. Meanwhile, as part of the globalisation strategy, the Group also has established overseas R&D centers in Singapore, the United States and other countries, aiming at breaking through the core technology of minimally-invasive surgical robots, providing the whole chain of scientific and technological innovation services of surgical robots, and preparing for the Group's R&D, upgrade and iteration of the Group's products in the future. The Group also made full advantages of medical and engineering integration, and has reacted promptly to clinical needs. We have vigorously carried out multi-center clinical trials led by clinicians, promoted industrial upgrading and product iteration, and realised the transformation of underlying research results. Our Shanghai Engineering Research Center of Minimally Invasive Surgical Robots (上海微創手術機器人工程技術研究中心) is the first provincial surgical robot engineering centre. It created an open service platform covering research and development, verification, clinical and industrialisation support, aiming at promoting cooperation throughout the industry chain, including scientific research institution under medical device testing organisations. The platform cooperated with the institutions to establish standards for surgical robots and construct experimental testing capabilities for surgical robots.

CAPABILITY OF COMMERCIALISATION

The Group has established a well-trained and fully responsible consultant marketing team to provide hospitals with comprehensive services, such as training, surgery support, maintenance, as well as equipment adjustment and testing and so on. During the Reporting Period, the Group has promoted establishment of a targeted training system, helping the Group to continuously improve its product marketing system, further optimise service capabilities and continuously enhance brand influence. To date, the Group has established nearly 40 clinical application and training centers for Toumai and 20 for SkyWalker worldwide. The Group conducted over 1,000 surgical robot clinical application and training events to enhance communication with surgeons and patient education year to date, so as to build its brand reputation, laying a solid foundation for further enhancing the recognition of the Group's innovative products, as well as their subsequent large-scale sales. We have collected ample feedback from doctors through trainings and communication activities, thereby providing critical clinical support for the continuous upgrading of the Group's products and improving product's functions. At the same time, we continued to conduct large-scale clinical validation surgeries based on real clinical application scenarios and needs. The Group has achieved conductive transformation reflected in sales results with the efficient implementation of various and comprehensive marketing, physician training and clinical validation activities.

MedBot Mobile Demonstration & Training Center (微創機器人移動培訓展示平台) developed by the Group is equipped with Toumai and SkyWalker surgical robot systems. During the Reporting Period, through continuous promotion and application of those systems, we promoted the surgical robot technology of "Intelligent Manufacturing in China" across the country, providing a platform for more healthcare professionals to access and experience surgical robots without having to travel long distances, which would help alleviate current shortage of domestic surgical robot training resources, and accelerate the popularisation of affordable robotic surgeries.

MANUFACTURING AND SUPPLY CHAIN

The Group's internal manufacturing and supply chain team is responsible for managing our manufacturing, supply and transportation. We currently have two production bases in China, located in Shanghai and Suzhou respectively. We established a multi-level supply chain system covering precision parts, consumables, core components and system integration and have achieved production capacity at scale for a number of marketed surgical robots and its complementary consumables. The Group engaged in system integration and hierarchical assembly and testing of core components through its subsidiary Shanghai MicroPort Shuzhi Technology Co., Ltd. (上海微創樞知科技有限公司), and expedited the research and development of core parts prototype and the products iteration through its subsidiary Jiaxing Weizhuo Technology Co., Ltd. (嘉興微琢科技有限公司). Through strategic and refined procurement management as well as the effective measures, the Group continuously optimises sampling and product iteration efficiency and improves product delivery rate.

HUMAN RESOURCES AND PERSONNEL TRAINING

After years of accumulation, we have a surgical robot industrialisation team that involves in the full cycle of surgical robot development covering R&D, clinical trial and registration, supply chain management and commercialisation and marketing. During the Reporting Period, based on the business development condition and demand, the Company optimised and streamlined its organisational structure to facilitate the sustainable development of the Company in the future. As at 30 June 2024, the Group had around 560 employees. The Group's internal talent growth platform stayed closely aligned with our business. On the basis of the existing diversified course system comprising basic knowledge, management knowledge, professional knowledge and project experience sharing, the Group has added new overseas training camp projects tailored to the needs of the overseas business, placing importance on overseas case studies and practical courses on overseas skills to provide a strong talent pool for the globalisation of the business.

INTELLECTUAL PROPERTY

As at 30 June 2024, we have filed 1,314 patents application worldwide, of which 459 patents have been granted patents in China or overseas, including 304 Chinese patents and 155 overseas patents. The remaining 855 patents are still under application, covering cutting-edge areas such as clinical applications, automated surgery and AI technology. In the first half of 2024, the Group was granted 64 new patents, including 23 overseas patents for inventions, completing the overseas deployment of core technologies. According to the branding, marketing and compliance protection strategy, we have completed the layout of domestic and foreign trademarks, and accumulated 292 trademark registrations as at 30 June 2024, having established the trademark system of launched products and corporate brands.

OUTLOOK

With the growing recognition of the advantages of surgical robots by the public, the continuous improvement of global medical infrastructure, the active guidance and support of the Chinese government for innovative medical devices, and the increasing investment in the field of surgical robots on the capital market, we expect the market of surgical robots to grow sustainably. Facing the fast-growing demand for surgical robots, we will adhere to the management credo of “Eyes For Greatness, Hands On Details” and firmly implement a positive and efficient business strategy, including but not limited to the following:

1. Continue to strengthen product portfolio to build a multi-specialty surgical platform

We will continue fulfilling our commitment to meeting the frontier demand for minimally-invasive surgery. By integrating the cutting-edge research and robot ontology, control algorithms, electrical engineering, image-based navigation and precision imaging, we provide comprehensive intelligent surgical solutions to prolong and reshape the lives of patients. Based on the five major and fast-growing surgical specialties, we will adhere to our strategic focus, optimise and upgrade existing products continuously through independent development and external cooperation, actively promoting the development of innovative products, as well as the application of surgical robots in more clinical fields.

2. Accelerate the commercialisation, and improve the market penetration

With the continuous surgical robot products launch, we will establish more training and education centers for surgical robots, strengthen communication with doctors and patients, improve clinical application experience, standardise robot operation processes and standards, accelerate the popularisation of surgical robots, empower the total solution of high-quality medical robots assisted surgery to lower-tier medical institutions all over China, and realise our belief of “Make surgery easier, safer and less invasive”.

3. Continue to Promote globalisation strategy

We will build a globalised medical robots total solution innovation platform and integrate potential resources to improve the commercialisation and supply chain capacity of the Group overseas, paving the way for the launch of our surgical robot products in overseas markets in the future. To cooperate with the implementation of the globalisation strategy, we plan to cooperate with the top hospitals and well-known research institutions all over the world to enhance our soft power in the industry.

FINANCIAL REVIEW

Overview

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

Revenue

The Group recorded revenue of RMB99.2 million for the six months ended 30 June 2024, representing an increase of 108.5% from RMB47.6 million for the six months ended 30 June 2023, which was mainly due to the core product Toumai, continued to maintain strong sales momentum in the domestic market; at the same time, Toumai has successfully achieved overseas commercialisation and generated revenue, further accelerated the overseas market expansion; and SkyWalker fully leveraged its synergies with MicroPort Group, realising sales in countries and regions such as the United States, Europe and Australia, with sales doubling over the same period last year.

Gross Profit and Gross Profit Margin

Gross profit increased by 113.0% from RMB22.1 million for the six months ended 30 June 2023 to RMB47.0 million for the six months ended 30 June 2024, which was due to the increase in sales of various major product categories. Gross profit margin for the six months ended 30 June 2024 was 47.4%, compared to 46.4% for the same period last year.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 27.3% from RMB126.9 million for the six months ended 30 June 2023 to RMB92.2 million for the six months ended 30 June 2024. The decrease was attributable to the adjustment of the commercialisation strategy in the second half of 2023, resulting in the optimisation of the resources allocation for marketing team and the decrease in labor costs.

Administrative Expenses

Administrative expenses decreased by 61.2% from RMB77.6 million for the six months ended 30 June 2023 to RMB30.1 million for the six months ended 30 June 2024. The reduction of administrative expenses was primarily due to the decrease in labor costs as a result of the streamlining of the management functional team upon completion of measures for optimisation of operational efficiency, as well as the decrease in other administrative expenses.

Research and Development Costs

Research and development costs decreased by 47.3% from RMB311.7 million for the six months ended 30 June 2023 to RMB164.1 million for the six months ended 30 June 2024. The decrease was primarily due to the fact that the core product Toumai and the flagship product SkyWalker have achieved phased results. Meanwhile, the Company focuses on the performance optimisation and iteration of the product pipeline at the stage of commercialisation and the improvement on R&D efficiency.

The following table provides information regarding the breakdown of the research and development costs of the Group for the periods indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Staff costs	102,284	189,997
Cost of materials and consumables	17,097	60,702
Contracting costs	14,152	23,332
Depreciation and amortisation	18,601	17,831
Clinical trial expenses	6,218	7,858
Others	5,797	11,976
Total	164,149	311,696

Other Net Income/(Loss)

For the six months ended 30 June 2024, the Group recorded other net income of RMB5.3 million, which primarily due to recognition of the government grants (primarily including government subsidies to support our research and development activities on surgical robots) of RMB7.2 million, as compared to other net loss of RMB23.2 million for the six months ended 30 June 2023.

Net Loss on Financial Instruments Carried at FVPL

For the six months ended 30 June 2024, the Group recorded a net loss of RMB10.4 million on financial instruments carried at FVPL as compared to a net loss of RMB1.9 million for the six months ended 30 June 2023, which was primarily due to the further decrease in the fair value of the NDR investment.

Finance Costs

The finance costs of the Group increased from RMB8.6 million for the six months ended 30 June 2023 to RMB9.8 million for the six months ended 30 June 2024, primarily due to increased interest on bank loans.

Share of Losses of Equity-Accounted Investees

Share of losses of equity-accounted investees decreased by 41.6% from RMB16.8 million for the six months ended 30 June 2023 to RMB9.8 million for the six months ended 30 June 2024. Our equity-accounted investees are still in research and development or early commercialisation stage and recorded net loss during the Reporting Period.

Impairment Loss on an Equity-Accounted Investee

The Group made provision for impairment of its investment in Robocath of RMB15.7 million during the six months ended 30 June 2024, due to the decrease in the recoverable amount of the Group's equity investment in Robocath. The Group observed that the recoverable amount of the investment in Robocath was affected by Robocath's delayed commercialisation process and recent financial performance. The Group conducted an impairment test by comparing its recoverable amount with the carrying amount, and made the above impairment provision.

Non-HKFRS Measures

To supplement our unaudited consolidated statement of profit or loss and other comprehensive income which is presented in accordance with HKFRSs, we also use adjusted net loss as a non-HKFRS measure, which is not required by HKFRS, or presented in accordance with IFRS. We believe that the presentation of non-HKFRS measure when shown in conjunction with the corresponding HKFRS measures provides useful data to investors and management in facilitating a comparison of our operating performance from period to period by eliminating potential impacts of certain items that do not affect our ongoing operating performance. Such non-HKFRS measure allows investors to consider metrics used by our management in evaluating our performance. However, the use of the non-HKFRS measures has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for or superior to analysis of, our results of operations or financial condition as reported under HKFRS. In addition, the non-HKFRS financial measure may be defined differently from similar terms used by other companies and therefore may not be comparable to similar measures presented by other companies.

For illustrative purpose only, the following table shows our adjusted net loss and its reconciliation to loss for the period indicated:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Loss for the period	(279,950)	(544,733)
Add:		
Share-based payment expenses ⁽¹⁾	35,398	71,170
Changes in the fair value of financial instruments ⁽²⁾	10,443	1,916
Impairment loss on an equity-accounted investee ⁽³⁾	15,697	—
Adjusted net loss for the period	<u>(218,412)</u>	<u>(471,647)</u>

Notes:

- (1) Share-based payment expenses are regarded as non-cash items, arising from granting shares or share options to certain employees of the Group, the amount of which may not solely correlate with the underlying performance of our business operations, and is also affected by non-operating performance related factors that are not closely or directly related to our business activities.
- (2) The change in fair value of financial instruments represents the fair value changes of the equity investments of NDR and Biobot held by the Group.
- (3) The impairment loss on an equity-accounted investee was due to the decrease in the recoverable amount of the equity investment of Robocath held by the Group.

Inventories

Inventories of the Group consist of raw materials, work-in-process, finished goods and low value consumables. The inventories of the Group amounted to RMB243.4 million as at 30 June 2024. We are of the view that our inventories are mostly moving items that are suitable for sale. We also regularly monitor inventory level for slow-moving and obsolete items.

Lease Liabilities

As at 30 June 2024, the Group's lease liabilities was RMB108.5 million, which were primarily related to the Group's leasing of properties for office premises, manufacturing and R&D.

Capital Expenditure

Our capital expenditure amounted to RMB15.0 million during the Reporting Period, including the payments for property, plant and equipment.

Contingent Liabilities

As at 30 June 2024, the Group did not have any material contingent liabilities.

Employees and Remuneration Policies

As at 30 June 2024, the Group had approximately 560 employees. The remuneration package of our employees includes salaries, bonus and welfare and share-based payments which shall be determined based on their respective qualification, experience, position and performance. We make social insurance and housing provident fund contributions as required by the laws and regulations of the PRC.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL MANAGEMENT

Cash Position

The cash and cash equivalents of the Group decreased from RMB507.7 million as at 31 December 2023 to RMB221.1 million as at 30 June 2024, primarily due to the fact that commercialisation is still in its early stages, as a result of marketing activities, ongoing R&D activities and commencement of scale production and repayment of borrowings from financial institutions.

Capital Management

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

Exposure to Foreign Exchange Fluctuation

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. It is exposed to currency risk primarily from purchases which give rise to payables that are denominated in a foreign currency. Currently, it does not have a foreign currency hedging policy. However, the management would monitor the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Borrowings and Gearing Ratio

As at 30 June 2024, the total interest-bearing borrowings of the Group amounted to RMB432.5 million, decreased by RMB42.6 million as compared to RMB475.1 million as at 31 December 2023. As at 30 June 2024, the Group's debt-to-asset ratio of consolidated financial statements was 77.0%, as compared to 64.9% as at 31 December 2023.

Net Current Assets

The Group's net current assets as at 30 June 2024 were RMB72.6 million, as compared to RMB108.8 million as at 31 December 2023. Such decrease was mainly attributable to a decline in the Group's cash position resulting from its continued expenditures on research and development, clinical registration, and commercialisation activities during the Reporting Period.

Charge on Assets

As at 30 June 2024, the Group had pledged certain patents for the purpose of securing bank loans with a carrying value of RMB150.0 million. Details refer to note 10 of the Financial Statements.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There is no plan authorised by the Board for any material investments or capital assets during the six months ended 30 June 2024.

USE OF NET PROCEEDS

Net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$1,682.6 million (equivalent to approximately RMB1,375.4 million). All the net proceeds from the Listing were remitted to the PRC and completed the foreign exchange settlement procedures in January 2022.

The original plan for utilisation of the net proceeds raised from the Listing and its changes has been disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus and the announcement dated 29 June 2023. The further change would allow the Group to more effectively allocate its proceeds and utilise its capital resources, so as to enhance product performance and market competitiveness and expand market coverage, which is in line with the current operation demand of the Group and is beneficial to the long-term sustainable development of the Group, the Board has resolved to change the use of part of the unutilised proceeds from the Listing (the “**Change**”), details of which have been disclosed in the announcement of the Company dated 28 June 2024.

The following table sets forth details of the net proceeds as at 30 June 2024:

	Original allocation of net proceeds (HK\$ million)	Revised allocation of the net proceeds following the Change (HK\$ million)	Amount of unutilised net proceeds as at 1 January 2024 ^(note 1) (HK\$ million)	Actual use of net proceeds for the six months ended 30 June 2024 (HK\$ million)	Amount of unutilised net proceeds as at 30 June 2024 (HK\$ million)	Expected timeline of the intended use of the net proceeds following the Change
A. For Toumai	588.91	793.13	114.41	79.51	34.90	By the end of 2024
— ongoing R&D activities of Toumai	336.52	511.74	85.41	74.50	10.91	By the end of 2024
• for further refinement	33.65	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)
• for application expansion to gynecologic, thoracic and general surgeries	100.96	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)
• for product refinement per clinical feedback and product upgrade toward the next generation of Toumai	201.91	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)	— ^(note 2)
— the commercialisation of Toumai	252.39	281.39	29.00	5.01	23.99	By the end of 2024
B. For orthopedic surgical robots	353.35	304.35	46.50	34.57	11.93	By the end of 2024
— ongoing R&D of SkyWalker	168.26	179.26	32.79	24.21	8.58	By the end of 2024
• for application expansion to other joint replacement procedures	92.54	107.54	17.10	14.56	2.54	By the end of 2024
• for continuous refinements and upgrades	75.72	71.72	15.69	9.65	6.04	By the end of 2024
— commercialisation of SkyWalker	107.69	97.69	13.61	10.26	3.35	By the end of 2024
— research and development of other orthopedic surgical robots	77.40	27.40	0.10	0.10	—	—

	Original allocation of net proceeds (HK\$ million)	Revised allocation of the net proceeds following the Change (HK\$ million)	Amount of unutilised net proceeds as at 1 January 2024 ^(note 1) (HK\$ million)	Actual use of net proceeds for the six months ended 30 June 2024 (HK\$ million)	Amount of unutilised net proceeds as at 30 June 2024 (HK\$ million)	Expected timeline of the intended use of the net proceeds following the Change
C. For the Group's other product candidates	319.69	240.74	4.90	4.90	—	—
— (i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline	235.56	235.56	—	—	—	—
— the development and commercialisation of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot	84.13	5.18	4.90	4.90	—	—
D. Enhance our manufacturing capacities and supply chain management capabilities	84.13	90.23	6.10	0.01	6.09	By the end of 2024
E. Expand our product portfolio with innovative robotic technologies and products	168.26	85.89	—	—	—	—
F. Working capital and general corporate purposes	168.26	168.26	8.46	8.46	—	—
Total	<u>1,682.60</u>	<u>1,682.60</u>	<u>180.37</u>	<u>127.45</u>	<u>52.92</u>	

Notes:

1. The amount of unutilized net proceeds as at 1 January 2024 was restated as if the Change had taken place at 1 January 2024.
2. These sub-categories are consolidated to their super-category of “ongoing R&D activities of Toumai” following the Change.

Save for the above, the Directors were not aware of any material change to the planned use of proceeds as of 30 June 2024.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company has no significant investments or material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CONNECTED TRANSACTION RELATED TO DAILY OPERATIONS

On 25 June 2024, Suzhou MicroPort OrthoBot Co., Ltd. (蘇州微創暢行機器人有限公司) (a subsidiary of the Company) as the lessee entered into a Transfer Contract and Finance Lease Agreement with Shanghai MicroPort Tianniuyan Financial Leasing Co., Ltd. (上海微創天牛眼融資租賃有限公司) (“**Tianniuyan**”) (an indirect wholly-owned subsidiary of MicroPort, a controlling shareholder of the Company) as the lessor. Pursuant to which, the lessee agreed to sell prototypes for the orthopaedic surgery navigation positioning system and other selected hard tissue surgery navigation positioning system to the lessor for a total consideration of RMB60,000,000, and the lessor agreed to lease back the aforesaid Prototypes to the lessee at a lease consideration of RMB66,000,000, which includes a principal lease amount of RMB60,000,000 and lease interest of RMB6,000,000 for a term of three years. MicroPort is the controlling shareholder of the Company, and as such, Tianniuyan is a connected person of the Company, the aforesaid financial leasing arrangement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements under Chapter 14A of the Listing Rules. For details, please see the announcement of the Company dated 25 June 2024.

Save as disclosed above, the Group did not enter into any new connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules during the Reporting Period and up to the date of this announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

CORPORATE GOVERNANCE PRACTICES

The Company aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of the Shareholders. The Board reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code during the Reporting Period.

The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the guidelines for the Directors' and Supervisors' dealings in the securities of the Company since the Listing. Following specific enquiries to each of the Directors and Supervisors, all the Directors and Supervisors have confirmed their compliance with the required standards set out in the Model Code during the Reporting Period.

INDEPENDENT REVIEW OF AUDITOR

The interim financial report for the six months ended 30 June 2024 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the 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, with the primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process. As at the date of this announcement, the Audit Committee comprises three members, namely Mr. Chung Wai Man (chairman), Mr. Chen Xinxing and Dr. Li Minghua.

The Audit Committee has reviewed and discussed the interim results for the six months ended 30 June 2024.

SUBSEQUENT EVENTS

Placing of New H Shares under General Mandate

On 26 June 2024, the Company and a placing agent entered into the placing agreement, in relation to the placing of 12,900,000 new H Shares at the placing price of HK\$9.10 per H Share to no less than six placees, who, together with their respective ultimate beneficial owners, are independent third parties, under general mandate of the Company (the “**Placing**”). The completion of the Placing took place on 5 July 2024. A total of 12,900,000 H Shares have been successfully placed at the Placing Price of HK\$9.10 per H Share to no less than six placees. The net proceeds of the Placing were fully imported and settled in foreign exchange in August 2024. Up to the date of this announcement, the net proceeds from the Placing have not been utilised. The Company intends to use the net proceeds from the Placing for the following aspects: (i) 40% for the development of core business and ecosystem layout, including but not limited to overseas registration approval of its products and the research and development of improvements that may be required, domestic and overseas commercialisation such as academic promotion, medical training, after-sales service, etc.; (ii) 30% for the continuous improvement, optimisation, improvement and upgrading of products; and (iii) 30% for supplement working capital and general corporate purposes. For details, please see the announcements of the Company dated 27 June 2024 and 5 July 2024.

Change of Directors

On 28 June 2024, Mr. Mui Wing Hong resigned as an independent non-executive Director of the Company, the chairperson of the audit committee and a member of the nomination committee of the Company, with the effective date of 18 July 2024.

On 28 June 2024, Ms. Fang Cong was proposed to be appointed as an executive Director of the Company, Mr. Chung Wai Man was proposed to be appointed as an independent non-executive Director, the chairperson of the audit committee and a member of the nomination committee of the Company and were elected at the Company’s 2024 first Extraordinary General Meeting on 18 July 2024.

Change of Company Secretary and Authorised Representative

On 14 August 2024, Ms. Hui Yin Shan resigned as the company secretary of the Company, and Ms. Yeung Siu Lam has been appointed as the company secretary of the Company and the authorised representative of the Company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) and Rule 3.05 of the Listing Rules in replacement of Ms. Hui Yin Shan on the same day. Details of the changes have been set out in the announcement of the Company dated 14 August 2024.

Amendments to Articles of Association

Since the State Council of the PRC (the “**State Council**”) published the Decision of the State Council to Repeal Certain Administrative Regulations and Documents (Order No. 758 of the State Council of the People’s Republic of China) (《國務院關於廢止部分行政法規和文件的決定》), which includes the repeal of Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (《國務院關於股份有限公司境外募集股份及上市的特別規定》) issued by the State Council on 4 August 1994; and the China Securities Regulatory Commission issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) and relevant guidelines, which includes the repeal of the Notice on the Implementation of the Mandatory Provisions for Companies Listing Overseas (《關於執行<到境外上市公司章程必備條款>的通知》), effective since 31 March 2023, the Stock Exchange has made consequential amendments to the Listing Rules which have come into effect since 1 August 2023. Furthermore, the Stock Exchange made amendments to the Listing Rules regarding the expansion of the paperless listing regime to streamline listed issuers’ communications with the Stock Exchange and their shareholders, which have come into effect since 31 December 2023. Meanwhile, the Company Law of the People’s Republic of China (as amended in 2023) (《中華人民共和國公司法》(二零二三年修訂)) took effect on 1 July 2024 (the “**New Company Law**”).

Therefore, the Company amended the Articles of Association. The amendments mainly include (a) deletion or addition of wordings to reflect the PRC Regulation Changes and corresponding updates of the Listing Rules; (b) amendments to certain provisions relating to the Company’s dissemination of corporate communications for the purposes of clarifying existing practice to provide more detailed guidance in relation thereto and align with the paperless listing regime of the Stock Exchange; (c) deletion or addition of wordings to reflect the New Company Law; and (d) certain housekeeping amendments to update outdated references and correct clerical inconsistencies with certain laws and regulations of the PRC, etc.

In view of the above amendments, the Company also amended the Rules of Procedure for the General Meetings, the Rules of Procedure for the Board of Directors and the Rules of Procedure for the Supervisory Committee (the “**Procedures Amendments**”) accordingly. The resolutions on amendments to the Articles of Association and Procedures Amendments have been approved by the Shareholders at the 2023 Annual General Meeting, 2024 First Domestic Shareholders’ Class Meeting and 2024 First H Shareholders’ Class Meeting of the Company on 25 June 2024 and have become effective on 1 July 2024.

In addition, in accordance with the general requirements of the New Company Law and taking into account the actual operation of the Company’s corporate governance, the Company further amended the Articles of Association. The amendments mainly include: (a) reflecting the further amendments to the New Company Law in the Articles of Association; and (b) making other consequential, tidy-up and housekeeping amendments.

In view of the above amendments, the Company also amended the Rules of Procedure for the Board of Directors accordingly. The resolution on amendments to the Articles of Association and the Rules of Procedure for the Board of Directors has been approved by the Shareholders at the 2024 first Extraordinary General Meeting of the Company on 18 July 2024 and has become effective on 18 July 2024.

Save as disclosed above, during the Reporting Period and up to the date of this announcement, there had been no material change to the Articles of Association. The Articles of Association is available on the websites of the Company and the Stock Exchange.

Save as disclosed and as at the date of this announcement, the Group did not have any other significant event subsequent to the Reporting Period.

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2024 to the Shareholders.

FORWARD-LOOKING STATEMENTS

This results announcement includes certain forward-looking statements which involve the financial conditions, results and businesses of the Group. These forward-looking statements are the Group's expectation or beliefs on future events and they involve known and unknown risks and uncertainties, which may cause actual results, performance or development of the situation to differ materially from the situation expressed or implied by these statements.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.medbotsurgical.com>). The 2024 interim report of the Company will be published on the websites above in due course.

APPRECIATION

The Board would like to express its sincere gratitude to our Shareholders, management team, employees, business partners and customers for their support and contribution to the Group.

DEFINITIONS

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

“ANVISA”	Brazilian Health Regulatory Agency
“Audit Committee”	the audit committee of the Company
“Biobot”	Biobot Surgical Pte. Ltd., a company established in Singapore with limited liability on 28 August 2007
“Board”	the board of Directors
“CG Code”	the corporate governance code contained in Appendix C1 to the Listing Rules
“Company” or “we” or “us” or “our”	Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司), a company incorporated in the People’s Republic of China, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2252)
“Core Product” or “Toumai”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to, Toumai® (圖邁®) Laparoscopic Surgical Robot (registered name in China)
“DFVision”	DFVision® (蜻蜓眼®) 3D Electronic Laparoscope (registered name in China)
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“EU”	European Union
“FDA”	the U.S. Food and Drug Administration

“Free Cash Flow”	the sum of net cash used in operating activities, net cash used for purchase of property, plant and equipment and intangible assets, and net cash used for payment of lease rentals and deposits
“Green Path”	the special approval procedure for innovative medical devices of the NMPA
“Group”	the Company and its subsidiaries
“SkyWalker”	SkyWalker® (鴻鵠®) Orthopedic Surgical Robot (registered name in China)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the Main Board of the Stock Exchange and such Domestic Shares converted into H Shares upon the Domestic Shares been approved for full circulation under the full circulation scheme
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	2 November 2021, the date on which dealings in the H Shares on the Main Board first commenced
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MicroPort”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 July 2006 whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 853)
“MicroPort Group”	MicroPort and its subsidiaries
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules

“Mona Lisa”	iSR’obot® Mona Lisa Robotic Transperined Prostate Biopsy System (the registered name in China)
“National Health Commission”	National Health Commission of the PRC
“NDR”	NDR Medical Technology Private Limited, a company incorporated in Singapore with limited liability on 20 October 2014
“NMPA”	National Medical Products Administration of the PRC
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall not include Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 21 October 2021
“Reporting Period”	for the six months ended 30 June 2024
“Robocath”	Robocath S.A.S, a company incorporated in France with limited liability on 9 October 2009
“R-ONE”	R-ONE Vascular Interventional Surgical Robot
“Shanghai Cathbot”	Cathbot (Shanghai) Robot Co., Ltd. (知脈(上海)機器人有限公司), a company established in the PRC with limited liability on 19 March 2021 which is owned as to 51% by the Company and 49% by Robocath
“Shanghai Intbot”	Shanghai Intbot Robotics Co., Ltd. (上海介航機器人有限公司), a company established in the PRC with limited liability on 12 March 2021 which is owned as to 40% by the Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center LLP (上海聆敏企業管理諮詢中心(有限合夥))
“Share(s)”	ordinary share(s) of the Company, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“TGA”	Therapeutic Goods Administration
“TKA”	Total Knee Arthroplasty
“United States” or “US”	the United States of America
“%”	per cent

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

Shanghai, China, 28 August 2024

As at the date of this announcement, the executive Directors are Dr. He Chao and Ms. Fang Cong, the non-executive Directors are Mr. Sun Hongbin, Mr. Chen Xinxing and Mr. Chen Chen, and the independent non-executive Directors are Dr. Li Minghua, Mr. Yao Haisong and Mr. Chung Wai Man.