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MicroPort Scientific Corporation

微創醫療科學有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 00853)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	Financial year ended		
	2020	2019	Change
	US$'000	*US$'000*	*%*
Revenue	**648,732**	793,493	(18.2%)
Gross profit	**436,032**	564,425	(22.7%)
(Loss)/profit for the year	**(223,348)**	29,009	(869.9%)
(Loss)/profit attributable to equity shareholders of the Company	**(191,252)**	46,281	(513.2%)
(Loss)/earnings per share –			
Basic (in cents)	**(10.97)**	2.92	(475.7%)
Diluted (in cents)	**(11.11)**	1.98	(661.1%)

For the year ended 31 December 2020 ("the Reporting Period"), MicroPort Scientific Corporation (the "Company", or "MicroPort") and its subsidiaries (collectively, the "Group") recorded revenue of US$648.7 million, representing a decline of 18.8% (excluding the foreign exchange impact) or a decline of 18.2% in US$ as compared to 2019 driven by the postponement of surgeries due to the COVID-19 pandemic. However, the heart valve business, endovascular and peripheral vascular devices business, and neurovascular devices business continued to maintain rapid growth, with revenue growth of 383.4%, 40.9% and 17.5% (excluding the foreign exchange impact) respectively compared to last year.

The Group recorded a loss of US$223.3 million (loss attributable to equity shareholders: US$191.3 million) for the year ended 31 December 2020, as compared with a profit of US$29.0 million (profit attributable to equity shareholders: US$46.3 million) for the year ended 31 December 2019. Such change was principally attributable to (i) the impact of the COVID-19 pandemic and centralized procurement policy for coronary stents of the PRC, which resulted in the decrease of revenue; (ii) increased investments in the on-going and newly kicked off research and development projects, (iii) the incentive shares granted to certain employees (including an executive director) pursuant to the Share Award Scheme of the Group during the Reporting Period; and (iv) the lack of the one-time investment gain on partial disposal of equity interests in Shanghai MicroPort EP MedTech Co., Ltd. ("MP EP") for the same period of last year.

During the Reporting Period, the Group and its associates have successfully raised a total of approximately US$1 billion in external financing. In addition, during the Reporting Period the Group disposed of partial equity interests in MicroPort CardioFlow Medtech Corporation ("MP CardioFlowCayman") and Shanghai MicroPort MedBot (Group) Co., Ltd. ("MP MedBot") while retaining control over the two companies. The net gains of tax of US$173.7 million on such transactions were recognised through capital reserve of the Group as at 31 December 2020.

As a subsequent event, MP CardioFlow Cayman was successfully listed on the main board of the Hong Kong Stock Exchange on 4 February 2021.

* *For identification purpose only*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020
(Expressed in United States dollars)

	Note	**2020**	2019
		US$'000	*US$'000*
Revenue	*4*	**648,732**	793,493
Cost of sales		**(212,700)**	(229,068)
Gross profit		**436,032**	564,425
Other net income	*5*	**32,924**	18,667
Research and development costs		**(192,629)**	(151,486)
Distribution costs		**(254,105)**	(275,266)
Administrative expenses		**(170,105)**	(119,345)
Other operating costs	*6(c)*	**(19,678)**	(8,538)
(Loss)/profit from operations		**(167,561)**	28,457
Finance costs	*6(a)*	**(39,712)**	(22,698)
Gain on disposal of subsidiaries		**–**	63,105
Gain on disposal of interests in equity-accounted investees		**1,062**	–
Share of profits less losses of equity-accounted investees		**(6,730)**	(5,656)
(Loss)/profit before taxation	*6*	**(212,941)**	63,208
Income tax	*7(a)*	**(10,407)**	(34,199)
(Loss)/profit for the year		**(223,348)**	29,009
Attributable to:			
Equity shareholders of the Company		**(191,252)**	46,281
Non-controlling interests		**(32,096)**	(17,272)
(Loss)/profit for the year		**(223,348)**	29,009
(Loss)/earnings per share	*8*		
Basic (in cents)		**(10.97)**	2.92
Diluted (in cents)		**(11.11)**	1.98

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020
(Expressed in United States dollars)

	2020	2019
	US$'000	*US$'000*
(Loss)/profit for the year	**(223,348)**	29,009
Other comprehensive income for the year, net of tax		
Items that will not be reclassified to profit or loss:		
Remeasurement of net defined benefit liabilities	**(592)**	(786)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements, net of nil tax	**117,657**	(13,703)
Other comprehensive income for the year	**117,065**	(14,489)
Total comprehensive income for the year	**(106,283)**	14,520
Attributable to:		
Equity shareholders of the Company	**(90,973)**	34,399
Non-controlling interests	**(15,310)**	(19,879)
Total comprehensive income for the year	**(106,283)**	14,520

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in United States dollars)

	Note	31 December 2020 US$'000	31 December 2019 US$'000
Non-current assets			
Investment properties		**5,284**	5,222
Other property, plant and equipment		**481,203**	428,786
		486,487	434,008
Intangible assets		**138,397**	125,811
Goodwill		**159,483**	160,520
Equity-accounted investees		**87,063**	54,183
Other financial assets		**19,605**	20,125
Deferred tax assets		**15,502**	13,171
Prepayments for non-current assets		**7,724**	7,551
Other non-current assets		**75,009**	41,628
		989,270	856,997
Current assets			
Inventories		**240,187**	192,321
Trade and other receivables	*9*	**236,976**	266,789
Pledged deposits and time deposits		**623**	1,767
Cash and cash equivalents		**1,002,077**	280,077
		1,479,863	740,954
Current liabilities			
Trade and other payables	*10*	**372,472**	283,780
Contract liabilities		**62,008**	9,522
Interest-bearing borrowings	*11*	**10,891**	32,092
Convertible bonds		**–**	83,107
Lease liabilities		**12,074**	10,178
Income tax payable		**52,682**	13,122
Derivative financial liabilities		**9,252**	–
		519,379	431,801
Net current assets		**960,484**	309,153
Total assets less current liabilities		**1,949,754**	1,166,150

	Note	31 December 2020 *US$'000*	31 December 2019 *US$'000*
Non-current liabilities			
Interest-bearing borrowings	*11*	**181,988**	288,107
Lease liabilities		**42,774**	44,527
Deferred income		**37,844**	24,895
Contract liabilities		**29,855**	21,463
Convertible bonds		**48,583**	–
Other payables	*10*	**203,023**	116,789
Deferred tax liabilities		**4,122**	3,600
Derivative financial liabilities		**13,619**	12,804
		561,808	512,185
NET ASSETS		**1,387,946**	653,965
CAPITAL AND RESERVES			
Share capital	*13*	**18**	16
Reserves		**1,127,945**	519,008
Total equity attributable to equity shareholders of the Company		**1,127,963**	519,024
Non-controlling interests		**259,983**	134,941
TOTAL EQUITY		**1,387,946**	653,965

1 Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

2 Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity-accounted investees.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value:

– investments in debt and equity securities; and

– derivative financial instruments

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3 Changes in accounting policies

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended HKFRSs are discussed below:

Amendments to HKFRS 3, *Definition of a Business*

The amendments clarify the definition of a business and provide further guidance on how to determine whether a transaction represents a business combination. In addition, the amendments introduce an optional "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group has applied the amendments prospectively to transactions for which the acquisition date is on or after 1 January 2020.

Amendment to HKFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 January 2020.

4 Revenue and segment reporting

(a) Revenue

The Group derives revenue principally from the sales of medical devices through appointed distributors and direct sales force, as well as rendering of post-sales services primarily for CRM business. Further details regarding the Group's principal activities are disclosed in note 4(b).

(i) Disaggregation of revenue

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

	2020	2019
	US$'000	*US$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
– Sales of medical devices	**636,092**	779,557
– Revenue from post-sales services	**12,132**	13,701
	648,224	793,258
Revenue from other sources		
– Gross rentals from investment properties	**508**	235
	648,732	793,493

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 4(b)(i) and 4(b)(iii) respectively.

The Group's customer base is diversified. For the years ended 31 December 2020 and 2019, there was no customer with whom transactions have exceeded 10% of the Group's revenue.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was US$54,776,000 (2019: US$29,097,000). This amount represents revenue expected to be recognised in the future from rendering post-sales services. The Group will recognise the expected revenue in future when or as the service is rendered, which is expected to occur over the estimated product lives of different implanted devices.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of medical devices that had an original expected duration of one year or less.

(b) Segment reporting

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

- Cardiovascular devices business: sales, manufacture, research and development of cardiovascular devices, such as drug eluting stents.
- Orthopedics devices business: sales, manufacture, research and development of orthopedics devices.
- CRM business: sales, manufacture, research and development of cardiac rhythm management devices.
- Endovascular and peripheral vascular devices business: sales, manufacture, research and development of endovascular and peripheral vascular devices.
- Neurovascular devices business: sales, manufacture, research and development of neurovascular devices.
- Heart valve business: sales, manufacture, research and development of heart valve devices.
- Surgical robot business: sales, manufacture, research and development of surgical robot devices.
- Surgical devices business: sales, manufacture, research and development of surgical devices.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of corporate assets. Segment liabilities include trade and other payables and deferred income attributable to the activities of each individual segment and interest-bearing borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment sales, assistance provided by one segment to another, including sharing of assets and technical know-how, is not measured.

The measure used for reporting segment profit/(loss) is "reportable segment net profit/(loss)". Items that are not specifically attributed to individual segments, such as unallocated exchange gain/(loss), unallocated corporate income and expenses, equity-settled share-based payment expenses and the PRC dividends withholding tax are excluded from segment net profit/(loss).

In addition to receiving segment information concerning reportable segment net profit/(loss), management is provided with segment information concerning revenue from external customers, depreciation and amortisation, income tax, write-down of inventories, impairment losses of non-current assets and additions to non-current segment assets used by the segments in their operations.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2020 and 2019 is set out below.

	2020									
	Cardiovascular devices business *US$'000*	**Orthopedics devices business** *US$'000*	**CRM business** *US$'000*	**Endovascular and peripheral vascular devices business** *US$'000*	**Neurovascular devices business** *US$'000*	**Heart valve business** *US$'000*	**Surgical robot business** *US$'000*	**Surgical devices business** *US$'000*	**Others*** *US$'000*	**Total** *US$'000*
Disaggregated by timing of revenue recognition										
Point in time – sales of medical devices	144,655	201,348	168,167	68,487	32,790	15,204	–	4,627	814	636,092
Over time – post-sales services	–	–	12,132	–	–	–	–	–	–	12,132
Over time – rental income	105	260	–	–	143	–	–	–	–	508
	144,760	201,608	180,299	68,487	32,933	15,204	–	4,627	814	648,732
Reportable segment net profit/ (loss)	18,857	(61,433)	(47,245)	30,766	5,037	(57,867)	(25,328)	(3,349)	(18,463)	(159,025)
Interest income from bank deposits and structured deposits	578	–	–	1,261	31	758	1,167	6	16	3,817
Interest expense	900	5,018	6,414	174	563	20,821	11	–	–	33,901
Depreciation and amortisation for the year	20,763	27,754	12,181	2,964	2,587	3,110	361	897	201	70,818
Income tax	(767)	1,760	1,739	5,890	555	–	–	1	–	9,178
Increase/(decrease) of inventory provision	1,800	2,472	(2,899)	(299)	276	563	–	(4)	19	1,928
Provision/(reversal of) for impairment of:										
– Property, plant and equipment	–	114	–	–	–	–	–	–	–	114
– Trade and other receivables	75	1,052	–	112	3	–	–	(401)	–	841
– intangible assets	–	1,835	–	–	–	–	–	–	–	1,835
Reportable segment assets	749,809	449,729	393,256	213,536	123,957	169,152	262,223	23,787	80,010	2,465,459
Additions to non-current segment assets during the year	48,015	26,559	9,925	3,672	7,557	7,149	19,477	2,010	10,966	135,330
Reportable segment liabilities	137,905	245,525	239,745	25,680	63,121	221,945	31,848	9,200	3,043	978,012

	2019									
	Cardiovascular devices business *US$'000*	Orthopedics devices business *US$'000*	CRM business *US$'000*	Endovascular and peripheral vascular devices business *US$'000*	Neurovascular devices business *US$'000*	Heart valve business *US$'000*	Surgical robot business *US$'000*	Surgical devices business *US$'000*	Others* *US$'000*	Total *US$'000*
Disaggregated by timing of revenue recognition										
Point in time – sales of medical devices	264,607	232,232	195,324	48,527	27,631	3,119	–	4,695	3,422	779,557
Over time – post-sales services	–	–	13,701	–	–	–	–	–	–	13,701
Over time – rental income	26	209	–	–	–	–	–	–	–	235
	264,633	232,441	209,025	48,527	27,631	3,119	–	4,695	3,422	793,493
Reportable segment net profit/ (loss)	111,357	(30,794)	(54,837)	20,465	5,050	(20,962)	(6,735)	(5,192)	(11,877)	6,475
Interest income from bank deposits and structured deposits	541	56	5	1,351	15	9	98	6	5	2,086
Interest expense	212	5,088	5,512	159	242	1,389	–	6	55	12,663
Depreciation and amortisation for the year	14,907	26,539	13,257	2,012	1,587	1,643	187	842	208	61,182
Income tax	18,869	976	(1,224)	3,574	1,120	–	–	125	–	23,440
Increase/(decrease) of inventory provision	1,116	2,632	(2,166)	219	373	–	–	200	–	2,374
Provision for/(reversal of) impairment of:										
– Property, plant and equipment	418	32	–	–	–	–	–	–	–	450
– Trade and other receivables	123	(266)	–	82	–	–	–	–	–	(61)
Reportable segment assets	506,566	420,770	341,016	168,139	50,996	76,638	15,814	33,710	47,316	1,660,965
Additions to non-current segment assets during the year	45,925	38,051	13,085	3,887	9,669	8,680	2,536	2,290	236	124,359
Reportable segment liabilities	111,886	226,645	212,613	16,109	17,590	57,392	3,981	19,787	397	666,400

* Revenues and results from segments below the quantitative thresholds are mainly attributable to electrophysiology devices business, which was disposed during the year ended 31 December 2019, diabetes and endocrinal devices business, etc. None of those segments individually met any of the quantitative thresholds for reportable segments.

(ii) Reconciliation of reportable segment profit or loss, assets and liabilities

	2020	2019
	US$'000	*US$'000*
Profit or loss		
Reportable segment net (loss)/profit	**(159,025)**	6,475
Share awards scheme *(Note)*	**(35,285)**	(2,993)
Other equity-settled share-based payment expenses	**(5,409)**	(7,258)
Unallocated exchange (loss)/gain	**(509)**	1,385
Gain on disposal of subsidiaries, net of tax	**–**	55,843
Unallocated expenses, net	**(23,120)**	(24,443)
Consolidated (loss)/profit for the year	**(223,348)**	29,009
Assets		
Reportable segment assets	**2,465,459**	1,660,965
Elimination of inter-segment assets	**(74,469)**	(89,517)
Unallocated corporate assets:		
– Cash and cash equivalents	**44,782**	20,850
– Other receivables	**1,658**	–
– Investments in debt and equity securities	**3,613**	5,527
– Loans to a related party	**26,700**	–
– Others	**1,390**	126
Consolidated total assets	**2,469,133**	1,597,951
Liabilities		
Reportable segment liabilities	**978,012**	666,400
Elimination of inter-segment liabilities	**(74,469)**	(89,517)
Derivative financial liabilities	**11,116**	11,162
Convertible bonds	**–**	83,107
Interest-bearing borrowings	**–**	169,142
Share repurchase obligations *(note 10(ii))*	**98,020**	89,701
Income tax payable arising from partial disposal of equity interests in a subsidiary	**57,419**	–
Unallocated corporate liabilities	**11,089**	13,991
Consolidated total liabilities	**1,081,187**	943,986

Note: The amount of share award scheme during the year ended 31 December 2020 includes the impact of restricted share units granted to the chairman amounting to US$32,747,000.

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, other property, plant and equipment, intangible assets, goodwill and investments in equity-accounted investees ("specified non-current assets"). The geographical location of customers is based on the location at which the goods are delivered and services are rendered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in case of intangible assets and goodwill, and the location of operations, in case of investments in equity-accounted investees.

Revenue from external customers

	2020	2019
	US$'000	*US$'000*
The PRC (country of domicile)	**289,403**	361,242
North America	**87,800**	105,373
Europe	**206,510**	248,713
Asia (excluding the PRC)	**57,196**	56,338
South America	**5,748**	13,783
Others	**2,075**	8,044
	359,329	432,251
	648,732	793,493

Specified non-current assets

	2020	2019
	US$'000	*US$'000*
The PRC (country of domicile)	**539,576**	458,072
North America	**107,041**	121,378
Europe	**202,554**	176,876
Asia (excluding the PRC)	**27,346**	13,971
South America	**2,241**	4,225
Others	**396**	–
	339,578	316,450
	879,154	774,522

5 Other net income

	2020	2019
	US$'000	*US$'000*
Government grants (i)	**28,412**	16,345
Interest income on bank deposits and structured deposits	**4,777**	2,674
Interest income on financial assets carried at amortised cost	**1,488**	867
Net (loss)/gain on disposal of property, plant and equipment	**(570)**	594
Net foreign exchange gain	**2,019**	176
Net realised and unrealised losses on financial instruments carried at fair value through profit or loss ("FVPL")	**(13,246)**	(2,005)
Gain on modification of the convertible bonds	**–**	1,012
Refund from an arbitration in relation to an acquisition in previous year (ii)	**16,420**	–
Others	**(6,376)**	(996)
	32,924	18,667

Note:

i Majority of the government grants are subsidies received from government for encouragement of research and development projects. Government grants recognised in "other net income" included unconditional grants of US$21,378,000 (2019: US$15,108,000) to compensate the Group for research expenses already incurred and conditional grants of US$7,034,000 (2019: US$1,237,000) transferred from deferred income as the conditions attaching to the grant were complied with during the year ended 31 December 2020.

ii Under the term of a stock and asset purchase agreement dated 8 March 2018 in relation to the acquisition of the CRM business from LivaNova PLC ("LivaNova"), the purchase price consideration is subject to an adjustment after the initial closing (the "Adjustment Amount"). In March 2020, the arbitrator appointed by the Group and LivaNova determined that LivaNova shall refund a total of US$16,420,000 as the Adjustment Amount to the Group. The Adjustment Amount was fully received by the Group and recognised in profit or loss directly for the year ended 31 December 2020.

6 (Loss)/profit before taxation

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

(a) Finance costs

	2020	2019
	US$'000	*US$'000*
Interest on the convertible bonds	**439**	2,902
Interest on interest-bearing borrowings	**10,120**	13,487
Interest on preferred shares issued by subsidiaries *(note 10(ii))*	**24,303**	1,099
Interest on lease liabilities	**2,455**	2,469
Total interest expense on financial liabilities not at fair value through profit or loss	**37,317**	19,957
Interest accrued on advance payments from customers	**69**	1,761
Others	**2,326**	1,372
Less: Interest expense capitalised into properties under development at a rate of 4.7% per annum	**–**	(392)
	39,712	22,698

(b) Staff costs

	2020	2019
	US$'000	*US$'000*
Contributions to defined contribution retirement plans	**10,411**	18,916
Expenses recognised in respect of defined benefit retirement plans	**617**	381
Equity-settled share-based payment expenses	**55,665**	18,526
Cash-settled share-based payment expenses	**3,828**	541
Salaries, wages and other benefits	**311,844**	284,959
	382,365	323,323

(i) Defined contribution retirement plans

The PRC

As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at approximately 13% to 16% of the eligible employees' salaries for the year ended 31 December 2020.

The United States (the "US")

The Group sponsors a defined contribution plan under Section 401(k) of the Internal Revenue Code, which covers US employees who are 21 years of age and over. Under this plan, the Group matches voluntary employee contributions at a rate of 100% for the first 2% of an employee's annual compensation and at a rate of 50% for the next 2% of an employee's annual compensation. Employees vest in the employer contributions after three years of service.

(ii) Defined benefit retirement plans

The Group makes contribution to several defined benefit retirement plans in Italy, France and Japan. In Italy and France, the Group maintains a severance defined benefit plan that obligates the employer to pay a severance payment in case of resignation, dismissal or retirement. In other jurisdictions, non-contributory defined benefit plans are designated to provide a guaranteed minimum retirement benefits to eligible employees.

The defined benefit plans expose the Group to various demographic and economic risks such as longevity risk, investment risks, currency and interest risk and inflation risk. When calculating the defined benefit liabilities, the Group estimated the key assumptions by reference to actuarial valuations. The Group recorded the present value of funded obligation of approximately US$11,420,000 as at 31 December 2020 (31 December 2019: US$9,046,000), with actuarial loss of US$592,000 being recorded in other comprehensive income for the year ended 31 December 2020 (31 December 2019: US$786,000).

(c) Other operating costs

	2020	2019
	US$'000	*US$'000*
Legal and profession fee	**14,413**	5,289
Impairment loss of non-current assets	**1,949**	450
Donations	**1,953**	780
Redundancy cost	**1,029**	1,887
Others	**334**	132
	19,678	8,538

(d) Other items

	2020	2019
	US$'000	*US$'000*
Amortisation of intangible assets*	**12,000**	9,770
Depreciation charge*		
– owned property, plant and equipment	**44,785**	40,978
– right-of-use assets	**12,320**	11,083
Less: Amounts capitalised as development costs	**(352)**	(654)
	56,753	51,407
Provision for/(reversal of) impairment of:		
– trade and other receivables	**841**	(61)
– property, plant and equipment	**114**	450
– intangible assets	**1,835**	–
	2,790	389
Research and development costs	**208,207**	170,660
Less: Amortisation of capitalised development costs	**(5,674)**	(4,035)
Costs capitalised into intangible assets	**(15,578)**	(18,960)
	186,955	147,665
Rental income from investment properties	**508**	235
Cost of inventories*	**246,721**	244,389
Auditors' remuneration		
– audit services	**2,234**	2,178
– non-audit services	**417**	1,120
	2,651	3,298

* Cost of inventories includes US$83,776,000 (2019: US$98,792,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 Income tax in the consolidated statement of profit or loss

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

	2020	2019
	US$'000	*US$'000*
Current tax - PRC Corporate Income Tax ("CIT")		
Provision for the year	**9,104**	32,719
(Over)/under-provision in respect of prior years	**(524)**	579
	8,580	33,298
Current tax - other jurisdictions		
Provision for the year	**1,543**	2,580
Over-provision in respect of prior years	**(6)**	(65)
	1,537	2,515
	10,117	35,813
Deferred tax		
Origination and reversal of temporary differences	**290**	(1,614)
	10,407	34,199

Pursuant to the CIT Law of the PRC, all of the Company's PRC subsidiaries are liable to PRC CIT at a rate of 25% except for 9 entities entitled to a preferential income tax rate of 15% as they are certified as "High and New Technology Enterprise" ("HNTE"). According to Guoshuihan 2009 No. 203, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

Taxation for other entities of the Group is charged at their respective applicable income tax rates ruling in the relevant jurisdictions.

(b) Reconciliation between income tax expense and accounting (loss)/profit at applicable tax rates:

	2020	2019
	US$'000	*US$'000*
(Loss)/profit before taxation	**(212,941)**	63,208
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profit in the countries concerned	**(26,847)**	41,478
Effect of the PRC preferential tax rate	**(1,007)**	(17,348)
Effect of other non-deductible expenses	**3,599**	4,073
Effect of additional deduction on research and development expenses	**(9,195)**	(2,778)
Effect of tax losses not recognised	**51,604**	20,369
Effect of non-taxable income	**(1,257)**	(9,832)
Effect of utilisation of temporary differences not recognised in previous years	**–**	(3,366)
Withholding tax on profit distributions	**846**	287
(Over)/under-provision in respect of prior years	**(530)**	514
Others	**(6,806)**	802
Actual tax expenses	**10,407**	34,199

8 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of US$191,252,000 (2019: profit of US$46,281,000) and the weighted average number of ordinary shares of 1,742,736,000 shares (2019: 1,583,651,000 shares) in issue during the year, calculated as follows:

(i) Weighted average number of ordinary shares

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 January	**1,622,778**	1,602,326
Effect of issue of shares in lieu of cash dividends	**683**	1,473
Effect of issue of shares upon a placing *(note 13(i))*	**32,889**	–
Effect of share options exercised	**15,242**	1,516
Effect of treasury shares held	**(10,347)**	(24,651)
Effect of the conversion of the convertible bonds issued by the Company	**81,491**	2,987
Weighted average number of ordinary shares at 31 December	**1,742,736**	1,583,651

(b) Diluted (loss)/earnings per share

The calculation of diluted (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of US$199,623,000 (2019: profit of US$33,245,000) and the weighted average number of ordinary shares of 1,796,441,000 shares (2019: 1,674,874,000 shares) after adjusting the effects of dilutive potential issuable ordinary shares under a put option granted to Sino Rhythm Limited ("SRL") that may be settled in ordinary shares of the Company, calculated as follows.

(i) (Loss)/profit attributable to ordinary equity shareholders of the Company (diluted)

	2020	2019
	US$'000	*US$'000*
(Loss)/profit attributable to ordinary equity shareholders	**(191,252)**	46,281
Effect of deemed exercise of put option granted to SRL in respect of share repurchase obligation	**(8,371)**	(13,036)
(Loss)/profit attributable to ordinary equity shareholders (diluted)	**(199,623)**	33,245

(ii) Weighted average number of ordinary shares (diluted)

	2020	2019
	'000	*'000*
Weighted average number of ordinary shares at 31 December	**1,742,736**	1,583,651
Effect of deemed exercise of put option granted to SRL in respect of share repurchase obligation	**53,705**	53,247
Effect of deemed issue of shares under the Company's share option scheme	**–**	37,976
Weighted average number of ordinary shares (diluted) at 31 December	**1,796,441**	1,674,874

The calculation of diluted loss per share amount for the year ended 31 December 2020 has not included the potential effects of the deemed issue of shares under the share option schemes, the deemed conversion of the convertible bonds and preferred shares issued by subsidiaries during 2020 (see note 10(ii)) into ordinary shares during the year, as they had anti-dilutive effects on the basic loss per share amount for the year.

The calculation of diluted earnings per share amount for the year ended 31 December 2019 has not included the potential effect of the deemed conversion of the convertible bonds and series C convertible preferred shares issued by a subsidiary during 2019 into ordinary shares during the year, as they had anti-dilutive effects on the basic earnings per share amount for the year.

9 Trade and other receivables

	31 December 2020	31 December 2019
	US$'000	*US$'000*
Trade debtors and bills receivable due from:		
– third party customers	**168,068**	216,489
– related parties	**2,448**	3,849
	170,516	220,338
Less: Allowance for doubtful debts	**(9,699)**	(9,680)
	160,817	210,658
Other debtors	**31,939**	31,013
Income tax recoverable	**8,373**	3,765
Deposits and prepayments	**35,847**	21,353
	236,976	266,789

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable based on the invoice date (or date of revenue recognition, if earlier) and net of allowance, is as follows:

	2020	2019
	US$'000	*US$'000*
Within 1 month	**59,803**	98,515
1 to 3 months	**72,606**	82,625
3 to 12 months	**26,212**	23,419
More than 12 months	**2,196**	6,099
	160,817	210,658

Trade debtors and bills receivable are due within 30 to 360 days from the date of billing.

10 Trade and other payables

	31 December 2020	31 December 2019
	US$'000	*US$'000*
Current		
Trade payables due to:		
– third party suppliers	**60,363**	90,120
– a related party	**25**	–
Total trade payables (i)	**60,388**	90,120
Dividends payable to ordinary shareholders	**95**	83
Share repurchase obligations (ii)	**195,875**	46,099
Other payables and accrued charges	**116,114**	147,478
	372,472	283,780
Non-current		
Share repurchase obligations (ii)	**167,082**	89,701
Defined benefit retirement obligation *(note 6(b)(ii))*	**11,420**	9,046
Other payables (iii)	**24,521**	18,042
	203,023	116,789

Note:

(i) As of the end of the reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020	2019
	US$'000	*US$'000*
Within 1 month	**41,340**	52,173
Over 1 month but within 3 months	**9,613**	15,495
Over 3 months but within 6 months	**1,730**	1,921
Over 6 months but within 1 year	**1,237**	2,862
Over 1 year	**6,468**	17,669
	60,388	90,120

(ii) During the year ended 31 December 2020, MicroPort CardioFlow Medtech Corporation ("MP CardioFlow Cayman") completed the series D financing (note 14(a)) and MicroPort Cardiac Rhythm Management Limited ("CRM Cayman") completed the series B financing.

As at 31 December 2020, MP CardioFlow Cayman had issued 24,212,383 voting redeemable series B preferred shares (the "CardioFlow Series B Preferred Shares"), 11,250,000 voting redeemable series C preferred shares (the "CardioFlow Series C Preferred Shares") and 11,670,455 voting redeemable series D preferred shares (the "CardioFlow Series D Preferred Shares") to several investors, respectively, and CRM Cayman issued 28,252,054 voting redeemable series B preferred shares (the "CRM Series B Preferred Shares") to certain third party investors.

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

	CardioFlow Series B Preferred Shares *US$'000*	**CardioFlow Series C Preferred Shares** *US$'000*	**CardioFlow Series D Preferred Shares** *US$'000*	**CRM Series B Preferred Shares** *US$'000*	**Total** *US$'000*
As at 1 January 2020	**89,701**	**46,099**	**–**	**–**	**135,800**
Issuance during the year, net of transaction costs	**–**	**–**	**129,000**	**65,535**	**194,535**
Charge to equity	**8,319**	**–**	**–**	**–**	**8,319**
Charge to finance costs *(note 6(a))*	**–**	**6,935**	**13,841**	**3,527**	**24,303**
As at 31 December 2020	**98,020**	**53,034**	**142,841**	**69,062**	**362,957**
Representing					
Current portion	**–**	**53,034**	**142,841**	**–**	**195,875**
Non-current portion	**98,020**	**–**	**–**	**69,062**	**167,082**
	98,020	**53,034**	**142,841**	**69,062**	**362,957**

As at 31 December 2020, CardioFlow Series C Preferred Shares and CardioFlow Series D Preferred Shares were classified as current liabilities as the Group did not have unconditional right to defer redemption of these preferred shares for at least twelve months after 31 December 2020 and CardioFlow Series B Preferred Shares and CRM Series B Preferred Shares were classified as non-current liabilities because the Group did not have any obligation to redeem these preferred shares within twelve months after the reporting period.

(iii) The Group provided a financial guarantee to Oxford Finance LLC in respect of the senior debts of an entity the Group invested in but disposed during the year ended 31 December 2020. As at 31 December 2020, the Company made a further provision of the financial guarantee considering the risk that the entity may default on the senior debts has been heightened (2019: US$4,201,000).

11 Interest-bearing borrowings

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

	2020	2019
	US$'000	*US$'000*
Within 1 year or on demand	**10,891**	32,092
After 1 year but within 2 years	**73,526**	57,606
After 2 years but within 5 years	**75,092**	230,501
After 5 years	**33,370**	–
	181,988	288,107
	192,879	320,199

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

	2020	2019
	US$'000	*US$'000*
Bank loans		
– secured	**98,982**	127,602
– unsecured	**93,897**	192,597
	192,879	320,199

At 31 December 2020, the bank facilities drawn down by the Group of US$98,982,000 (2019: US$43,753,000) were secured by right-of-use assets and buildings held for own use with net book value of US$4,187,000 and US$50,239,000, respectively (2019: pledged deposits of US$1,147,000, right-of-use assets of US$4,010,000 and buildings held for own use of US$51,090,000, respectively).

In July 2020, a bank loan of the Company amounting to US$83,849,000 borrowed in connection with the acquisition of CRM business was repaid in advance.

Part of the Group's banking facilities are subject to the fulfilment of covenants relating to certain of the Group's balance sheet ratios, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. As at 31 December 2020 and 2019, none of the covenants relating to drawn down facilities had been breached.

12 Dividends

At the meeting of the board of directors held on 30 March 2020, the board of directors recommended the payment of a final dividend of HK5.3 cents (2019: HK2.9 cents) per ordinary share of the Company for the year ended 31 December 2019 (the "2019 Final Dividend") by way of cash, with an option to elect to receive new fully paid shares of the Company in lieu of cash. The 2019 Final Dividend totalling US$11,723,000 was approved at the annual general meeting of the Company held on 18 June 2020 and is payable to shareholders of the Company whose names appeared on the register of members of the Company on 29 June 2020.

Of the 2019 Final Dividend, amount of US$6,661,000 (2019: US$3,430,000) was distributed in cash dividends, and amount of US$5,062,000 (2019: US$2,521,000) which was credited to share premium was distributed in 1,833,502 ordinary shares (2019: 3,896,181 ordinary shares) at an issue price of HK$22.032 per share (2019: HK$5.047).

After the period end, the directors of the Company proposed a final dividend for the year ended 31 December 2020 of HK4.3 cents per ordinary share, which has not been recognised as a liability at 31 December 2020.

13 Share capital

(i) Ordinary shares

	2020		2019	
	Number of shares	**Amount**	Number of shares	Amount
	'000	***US$'000***	*'000*	*US$'000*
Authorised:				
Ordinary shares of US$0.00001 each	**5,000,000**	**50**	5,000,000	50
Ordinary shares, issued and fully paid:				
At 1 January	**1,622,778**	**16**	1,602,326	16
Share issued upon a placing	**65,958**	**1**	–	–
Shares issued under share option plans	**23,021**	**–**	5,210	–
Shares issued in lieu of cash dividends *(note 12)*	**1,834**	**–**	3,896	–
Shares issued in respect of conversion of convertible bonds	**95,949**	**1**	11,346	–
At 31 December	**1,809,540**	**18**	1,622,778	16

On 2 July 2020, the Company completed a placing of 65,598,000 new ordinary shares of the Company at a price of HK$23.5 per share and received cash of US$198,927,000.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Purchase of own shares

During the year, the Company purchased its own ordinary shares on The Stock Exchange of Hong Kong Limited under the share award scheme as follows:

Month/year	No. of shares repurchased	Highest price paid per share *US$*	Lowest price paid per share *US$*	Aggregate considerations paid *US$'000*
October 2020	700,000	4.48	3.79	2,869
November 2020	158,000	4.18	3.86	627
	858,000			3,496

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

(iii) Shares issued under the share option plans

During the year ended 31 December 2020, 23,021,310 (2019: 5,210,600) share options were exercised to subscribe for 23,021,310 (2019: 5,210,600) ordinary shares in the Company at a total consideration of US$10,976,000 (2019: US$2,607,000), of which nil (2019: nil) and US$10,976,000 (2019: US$2,607,000) was credited to share capital and share premium, respectively. During the year ended 31 December 2020, the Group received cash amount of US$11,729,000, of which, US$753,000 was amount of share options exercised in 2019. In addition, an amount of US$3,841,000 (2019: US$874,000) was transferred from the capital reserve to the share premium account.

14 Disposal/dilution of interests in subsidiaries

(a) MP CardioFlow Cayman

In April 2020, MP CardioFlow Cayman completed a series D financing (the "CardioFlow Series D Financing"), pursuant to which, certain investors (the "CardioFlow Series D Investors") agreed to (i) subscribe for 8,977,273 CardioFlow Series D Preferred Shares at an aggregated cash consideration of US$100 million and (ii) acquire 2,693,182 ordinary shares of MP CardioFlow Cayman held by the Group at an aggregated cash consideration of US$30 million. The shares acquired from the Group were converted to CardioFlow Series D Preferred Shares immediately.

Upon the completion of the CardioFlow Series D Financing, the Group's voting rights in MP CardioFlow Cayman were diluted to approximately 50.06% and retained control over MP CardioFlow Cayman.

Such disposal of partial equity interest in MP CardioFlow Cayman was treated as a transaction within its shareholders in their capacity as equity holders. As a result, the amount of US$9,731,000, being the gains on the disposal of equity interests in MP CardioFlow Cayman of US$10,809,000 and net of the direct tax effects relating to the disposal equity interests in MP CardioFlow Cayman of US$1,078,000, was credited to "capital reserve" account of the Group.

(b) Suzhou MP Orthopedics

On 13 May 2020, the Group entered into agreements with certain investors, pursuant to which, these investors agreed to contribute in aggregate RMB580 million (equivalent to US$81,525,000) to the capital of Suzhou MicroPort Orthopedics Scientific (Group) Co., Ltd ("Suzhou MP Orthopedics"). Among these investors, entities held by employees of the Group (the "Employee Investors") contributed in aggregate RMB100 million (equivalent to US$14,033,000), of which RMB55 million (equivalent to US$7,741,000) was from Hopeway Biotechnology Co., Ltd. ("Hopeway Biotech") which pledged its equity interests in Suzhou MP Orthopedics as security for a loan from MicroPort (Shanghai) MedTech Investment Co., Ltd. ("MP Investment", a wholly-owned subsidiary of the Group). The contributions paid by the Employee Investors including Hopeway Biotech were determined at the same rate as agreed between the Group and the non-employee investors.

Upon the completion of the transaction, the Group's effective interest in Suzhou MP Orthopedics was diluted from 100% to 85.17% and Suzhou MP Orthopedics remained a subsidiary of the Group. Such contribution from non-controlling interests in Suzhou MP Orthopedics was treated as a transaction within its shareholders in their capacity as equity holders. Accordingly, the amount of US$48,699,000 being the difference between the cash contributions made by these investors of US$81,525,000 and the carrying amount of net assets in proportion of the diluted equity interests in Suzhou MP Orthopedics as at the date of dilution was credited to capital reserve of the Group.

(c) MP MedBot

During the year ended 31 December 2020, the Group, Shanghai MicroPort MedBot (Group) Co., Ltd. ("MP MedBot") and other shareholders of MP MedBot entered into a series of agreements with several investors as below:

(i) the Group transferred 7.14% of the registered capital in MP MedBot to the investors at the cash consideration of RMB1,500 million (equivalent to US$218,643,000);

(ii) the investors contributed additional capital to MP MedBot in the aggregate amount of RMB1,509 million (equivalent to US$221,303,000).

(iii) several partnership firms whose shareholder consists of the employees of the Group subscribed for newly issued registered capital of MP MedBot at a cash consideration of RMB60,730,000 (equivalent to US$8,576,000).

Upon the completion of these transactions, the Group's effective interest in MP MedBot decreased to 53.75% and MP MedBot remained a subsidiary of the Group. The above transactions were all treated as transactions within its shareholders in their capacity as equity holders.

The amount of US$164,013,000, being the difference between the cash consideration of equity interest transferred in the transaction (i) above and the carrying amount of net assets in proportion of the disposed equity interests in MP MedBot as at the date of disposal of US$218,384,000 and net of the direct tax effects in relation to the disposal of equity interest in MP MedBot of US$54,371,000, was credited to capital reserve of the Group.

The amount of US$124,937,000, being the difference between the cash contribution made by these investors in the transactions (ii) and (iii) above and the carrying amount of net assets in proportion of the diluted equity interests in MP MedBot as at the date of dilution, was credited to capital reserve of the Group.

BUSINESS OVERVIEW

Overview

In 2020, the entire world faced unprecedented challenges brought on by the COVID-19 pandemic. With the global efforts to combat the pandemic, the impact of the pandemic is generally manageable, but the situation in many other regions is still uncertain. In the short term, outpatient visits and elective surgeries for purposes other than COVID-19 treatment were postponed, which made a deep impact on some industries; but in the long run, the ageing population and the pursuit of higher quality of life have led to increasing medical demand and steady growth of the medical industry in general.

In China, the State Council issued "Opinions on Deepening the Reform of the Medical Security System". This aimed to standardise the scope of payment for medical service facilities through calling for improvements to medical insurance catalogues' dynamic adjustment mechanism, namely by incorporating drugs, diagnosis and treatment items, and medical consumables with high clinical value and good economic value into the scope of medical insurance payment. Also ongoing is the reform of centralised volume-based procurement for medical consumables. This involves combining bidding with purchasing, linking prices with volume, and implementing volume-based procurement of medical consumables for the ultimate purpose of establishing a nationwide procurement system. Moreover, the National Medical Security Administration promulgated the "Medical Security Disease Diagnosis Related Groups (CHS-DRG) Subdivision Group Plan (Version 1.0)" during the Reporting Period, which further refined group division. The government also demanded greater effort to be put in policy research and more guidance for pilot cities to facilitate a sustainable and healthy pilot development. The payment system will be implemented in each pilot city starting from 2021. The National Medical Security Administration also launched the Diagnosis-Intervention Packet (DIP) pilot programme, which connects the aggregate regional medical insurance budget with a point-based system to enable a diversified and compound payment method in which hospitalisation bills are DIP-based. There is a possibility that two sets of payment methods will prevail concurrently in the future. Hospitals will tend to use consumables that are cost-effective, which in turn is conducive to enterprises that produce high-quality products at lower cost. At the same time, the National Health Commission has issued a notice on the issuance of the Management Measures for Hospital Consortium (Trial), which sets out the rules and requirements for the construction of four different types of consortium: urban medical groups, county medical communities, specialist alliances and remote medical collaboration networks ("Hospital Consortium"). In terms of policy requirements, the members of the Hospital Consortium will gradually form a common entity in terms of services, responsibilities, benefits and management, and the procurement, distribution and settlement of drugs and consumables will also be unified, thus creating synergy in the reform of health insurance and medicine. In general, while the government will focus on reducing the burden on patients, it will also gradually pay attention to the impact on corporate profits, product innovation and medical institutions, which will ultimately lead to the concentration of the industry in the top companies that can maintain quality and quantity, have a diversified product line and possess advanced technology and innovation capabilities.

In respect of overseas regions, the outbreak of the COVID-19 pandemic had an impact on the global economy, the international trade situation is complex and volatile, and market entry barriers are gradually higher. Only enterprises with extensive overseas exposure may be viable players internationally.

During the Reporting Period, in terms of reportable segments based on financial reporting, the Group has eight major business segments: cardiovascular devices, orthopedics devices, CRM, endovascular and peripheral vascular devices, neurovascular devices, heart valve, surgical robot and surgical devices. In all, the Group offers more than 300 varieties of medical devices, and provides nearly 300 medical solutions to doctors and patients in more than 10,000 hospitals across over 80 countries or regions. In 2020, the Group's cardiovascular devices business, orthopedics devices business and CRM business remained at the forefront of the global market, meanwhile the endovascular devices business and neurovascular devices business continued to maintain their leading positions in China market.

As the pandemic raged in 2020, MicroPort staff made every effort to ensure that production and operations were maintained and corporate and social responsibilities were fulfilled. The Group's global resources were coordinated to overcome the attendant challenges. Though overseas markets were affected by the volatile nature of the pandemic, the Group managed to expedite business recovery in China, maintain leading position in the market and make key progress in research and development. Each business segment has built up a rich product pipeline and continues to incubate new growth drivers to create inclusive and quality integrated healthcare solutions in various disease areas.

During the Reporting Period, the Group achieved revenue of US$648.7 million, of which 22.3% was derived from the cardiovascular devices business, 31.1% from the orthopedics devices business, 27.8% from the CRM business, 10.6% from the endovascular and peripheral vascular devices business, 5.1% from the neurovascular devices business, 2.3% from the heart valve business and 0.7% from the surgical devices business. Overall revenue declined by 18.2% year-on-year due to the impact of the pandemic to various degrees in all regions, both domestically and internationally. However, it is encouraging to note that even with the impact of the pandemic, the Group's endovascular and peripheral vascular devices business, neurovascular devices business and heart valve business still achieved rapid revenue growth of 40.9%, 17.5% and 383.4% excluding foreign exchange impact respectively year-on-year. The Group reported a net loss for the year of US$223.3 million (loss attributable to equity shareholders of the Company: US$191.3 million).

In addition, during the Reporting Period, the Group and its associated companies raised external financing of approximately US$1 billion, including approximately HK$1.54 billion for the Company's new placement, approximately RMB3.0 billion for the surgical robot business, approximately US$130 million for the heart valve business, approximately US$75.0 million for the CRM business, approximately RMB580 million for the orthopedics devices business, approximately RMB300 million for the electrophysiology devices business and approximately RMB90.0 million for the assisted reproduction business. The above financing will enable the Group to continue to invest in research and development to generate a constant flow of innovation.

As a subsequent event, MicroPort CardioFlow Medtech Corporation (Stock code: 02160) was successfully listed on the Main Board of the Hong Kong Stock Exchange on 4 February 2021 and became the second subsidiary of the Group to achieve a spin-off listing, which will provide the business with sufficient capital to expand its product market, improve its production capacity, and support its ongoing R&D activities.

Cardiovascular Devices Business

The Group's cardiovascular devices business offers products and services for the treatment of coronary artery-related diseases. The Group is committed to developing, manufacturing and commercialising market-leading coronary stents and the related delivery systems, along with balloon catheters and accessories.

Until now, such business has four drug eluting stents ("DES") and four balloon products on sale in nearly 30 countries and regions around the globe. For the year ended 31 December 2020, the Group's cardiovascular devices business recorded a revenue of US$144.8 million, representing a 44.6% decrease (excluding foreign exchange impact) compared with the previous year, mainly due to the pandemic and the impact of national volume-based procurement policies which has led to price adjustments for stent products that have been sold but not yet implanted in the channels.

In terms of product usage, China has become the largest PCI country in the world, but there is still a large gap between the number of PCI cases per million population and that of developed countries, and with the gradual improvement in the PCI capacity of county hospitals, the overall demand for coronary interventions in the country will maintain a steady growth trend. In the international market, the use of coronary stents has been growing steadily. The Group serves the needs of physicians and patients worldwide, and is actively investing in research and development to provide precise services and promote integrated cardiovascular solutions.

During the Reporting Period, the Group continued to strengthen and build its solid team, and focused on increasing market penetration, particularly at the county level. The Group's DES covered more than 2,400 hospitals during the Reporting Period, with Firehawk® coverage increasing by 27% and Firebird2® coverage increasing by 14% as compared to the previous year. In addition to the four existing DESs and four balloon products, the Group also achieved milestones in various product areas such as bioresorbable stent, coronary atherectomy catheter, coronary intravascular lithothipsy balloon and drug balloon during the Reporting Period. In 2020, the PRC centralised volume-based procurement for coronary stents was rolled out, which caused a reshuffling of the domestic market. The Group's self-developed Firebird2® Rapamycin-Eluting CoCr Coronary Stent System ("Firebird2®") and Firekingfisher® Coronary Rapamycin-Eluting CoCr Coronary Stent ("Firekingfisher®") which obtained registration approval during the year, were both shortlisted, making the Group the only domestic company with two shortlisted products. These products also rank first in terms of total intentional purchase volume, which will help boost the Group's market share and cement leading position of orthopedic of the Group in the PRC market.

In the overseas markets, due to the impacts of the COVID-19 pandemic, revenue derived from stents was US$11.4 million, representing a drop of 31.3% from the corresponding period of last year (excluding the impact of foreign exchange), while, sales in Europe continued to grow steadily. During the year, the Group strengthened its efforts to access global markets despite the pandemic, with DES securing 14 initial registrations in 10 countries or regions, and being launched in 30 countries and regions. Firehawk® has been included in the medical insurance reimbursement list of 9 countries, including France, Belgium and Spain etc. The Group is also active in mainstream markets around the world. Firehawk® completed its first subject enrolment for TARGET IV NA clinical trials, which creates a foundation for penetrating into the three major international markets of the USA, Japan and Canada. In Brazil, the Group has changed its distribution model into direct sales and achieved steady sales for the year. In India, the Group formed a joint venture with local enterprise to bring more MicroPort products to the Indian market through their matured sales network.

The Group's balloon product business maintained its growth momentum and recorded a revenue of US$10.6 million, representing a 4.0% increase from the corresponding period of last year (excluding the impact of foreign exchange). In the domestic market, three balloon products were sold in about 800 hospitals, representing 24.5% growth compared with the corresponding period of the previous year. In particular, the release of the Firefighter™ PTCA balloon catheter helped to add approximately 100 hospitals to the Group's business portfolio during the year, and its excellent performance was praised by industry experts. In the overseas markets, four balloon products expanded their global presence during the year by securing 24 registration certificates in 13 countries or regions.

Orthopedics Devices Business

The orthopedics devices business offers an extensive product range that includes reconstructive joints, spine and trauma, and other professional implants and equipment.

Globally, the Group's orthopedics devices business achieved sales of US$201.6 million, representing a 13.7% decline compared with the previous year (excluding the impact of foreign exchange). This was mainly caused by the postponement of elective surgery due to the outbreak of the COVID-19. During the Reporting Period, the Group continued its transformation to a direct sales model in suitable regions to achieve more effective sales management, while the domestic and overseas production and supply chain teams carrying out in-depth collaboration to enhance efficiency and reduce costs. The global orthopedics R&D team integrates resources to build a diversified layout of global orthopedic implants and tools.

During the Reporting Period, the international (non-China) orthopedics devices business recorded a revenue of US$171.7 million, representing a 16.8% decline compared with the previous year (excluding the impact of foreign exchange). Almost all overseas regions had demonstrated strong growth momentum at the beginning of the Reporting Period. Sales were significantly affected due to COVID-19 outbreaks in the second quarter. Sales momentum picked up quickly during the third quarter, with year-on-year growth resuming in a number of major markets. However, the volatility of the pandemic caused this to slow during the fourth quarter. Regionally, revenue from the US market dropped by 12.3% compared to the previous year (excluding the impact of foreign exchange), sales in some European direct sales territories were better than the market average, and revenue from Japan achieved an annual growth. During the year, the Group advanced its R&D projects and completed the design, development and approval for several new products, including PROFEMUR® cementless monolithic HA-coated collared GLADIATOR® femoral hip stem and PROFEMUR® cemented monolithic collared GLADIATOR® femoral hip stem obtained FDA approval in the US, while the PROCOTYL® P acetabular cup system, additional femoral heads of PROFEMUR® femoral stems, the new generation Evolution® NitrX™ Knee System for patients with allergies to certain metallic ions and Evolution™ stemmed CS Knee System also obtained CE marks, constantly enriching its product portfolio. In addition, domestic and overseas teams have worked together to optimise production efficiency and introduce automated equipment, effectively reducing production costs and customising ICE instruments for use with the sale of Evolution® knee joint products, significantly reducing instrument costs.

Orthopedics devices business in China recorded a revenue of US$29.9 million, representing an increase of 10.1% compared with the previous year (excluding the impact of foreign exchange), mainly benefited from a rapid growth of 93.3% in domestic joint product revenue (excluding the impact of foreign exchange). During the Reporting Period, the Group vigorously promoted the admission of domestic joints to hospitals, with 165 new hospitals for domestic knee joints and 178 hospitals for domestic hip joints. The domestic Bipolar Easy® Hemiarthroplasty System was certified and launched during the Reporting Period, which marked the completion of the Group's domestic primary joints replacement product line, and will accelerate the process of nationalization. The Group promoted with great effort its SuperPATH® hip replacement minimally invasive surgery, the world's first of its kind featuring quick recovery, as at the end of 2020, with more than 700 surgeons from over 550 hospitals in China receiving training for mastering and practicing the technique which will drive the implant business of the Group's hip replacement products. Revenue from the spine and trauma business continued to experience rapid growth. For example, the PKP balloon product, which was launched in 2019, is now sold in over 100 hospitals. During the year, the Group obtained approval for five surgical instrument kits and consistently improved its gross profit margin. The orthopedic instruments business saw better intra-group coordination during the Reporting Period and improvements to resource utilisation, which helped promote sales of joint products in China and abroad and further cost optimisation.

CRM Business

The CRM business principally develops, manufactures and markets products including pacemakers, defibrillators and cardiac resynchronisation therapy devices, and for the diagnosis, treatment and management of heart rhythm disorders and heart failure, and are committed to creating the world's leading all round CRM solutions.

Affected by the global pandemic, the CRM business recorded a revenue of US$180.3 million in 2020, representing a 16.2% (excluding the impact of foreign exchange) drop from the previous year. During the Reporting Period, the domestic and overseas teams coordinated to carry out R&D projects. The domestic pacemaker Rega™ effectively drove the recovery of the China business after the pandemic and the China CRM business achieved positive revenue growth for the year.

In 2020, the international (non-China) CRM business generated steady positive results in January and February, but encountered severe challenges from mid-March due to the spread of COVID-19. Though the business showed signs of recovery in the third quarter, annual revenue decreased by 16.9% (excluding the impact of foreign exchange) to US$172.2 million, due to the resurgence of the pandemic. Remarkable success was achieved in Japan in transforming the direct sales model, creating steady growth momentum in each quarter. Facing COVID-19, by taking a flexible approach, the Group increased its investment in R&D, and gained excellent results during the year. The Group has submitted registration applications for the Alizea™, Borea™ and Celea™ pacemakers, all of which are equipped with Bluetooth and controllable by SmartView Connect™ – a remote monitoring instrument used at home – to European, US and Japanese authorities respectively, and obtained CE certification in January 2021, it will further provide support to their commercialisation. In the US, the entire Vega™ pacing lead pacemaker system, which is compatible with MRI, has been submitted for registration. Such move will significantly strengthen the Group's competitiveness in the US market. The CE registration for the ARC and 2D Navigo™ pacing leads, which is used in resynchronising the left ventricular, has also been submitted for registration. The Invicta™ defibrillation lead has undergone technical verification and commenced production. The Axone™ pacing lead, which is used in cardiac resynchronisation therapy, has entered Astral-4LV clinical trials and completed its first implantation. The Axone™ pacing lead will be a major breakthrough in the application of cardiac resynchronisation therapy in the treatment of heart failure.

MicroPort Soaring CRM (Shanghai) Co., Ltd ("MSC") manages the R&D, production and marketing of the CRM business in China. Revenue for the year was US$8.1 million, representing an increase of 1.8% over the previous year (excluding the impact of foreign exchange). Despite the impact of the pandemic in the first half of the year, the sales volume recovered in the second half of the year, with revenue up 15.5% (excluding the impact of foreign exchange) as compared to the same period of previous year. As the first domestic pacemaker with internationally leading quality, the Group's brand recognition for made-in-china pacemakers continued to grow and hospital penetiation was accelerated, with year on year growth in revenue of by 24.7% (excluding the impact of foreign exchange) during the Reporting Period.

In 2020, domestic pacemakers paretrated 168 hospitals, and by end of 2020, domestic pacemakers has covered 480 hospitals, further solidified its market leading position. The Group also advanced its domestic R&D activities. For example, the Group submitted a registration application for Kora 100, a thoracic nucleus magnetic resonance compatible pacemaker. During the year, the BonaFire passive pacing lead completed its first enrolment, and the ENO™ series pacemaker and Vega™ pacing lead completed their type testing and the pre-market 1.5+3.0T whole body MRI compatible clinical trial will be launched soon. The leadless pacemaker project was also officially launched in the PRC.

Endovascular and Peripheral Vascular Devices Business

The endovascular and peripheral vascular devices business provides a range of products and services for the interventional treatment of thoracic and abdominal aortic aneurysm, peripheral vascular disease, aortic dissection, and other endovascular related diseases.

During the Reporting Period, the business maintained excellent growth momentum and recorded a revenue of US$68.5 million, representing a 40.9% increase compared with the previous year (excluding the impact of foreign exchange). In particular, the Castor® Branched Aortic Stent-Graft System ("Castor®"), the world's first thoracic branch stent, continued to maintain a rapid growth of sales volume owing to its remarkable clinical performance. During the Reporting Period, it is being applied by more than 550 hospitals in China. The Minos® Abdominal Aortic Aneurysm and Delivery System ("Minos®") and Reewarm® PTX Drug Balloon Dilation Catheter ("Reewarm®"), have advanced further in the hospital tendering process and contributed more revenue. The Company also strengthened its R&D efforts in peripheral area. In addition to Reewarm® during the Reporting Period, the venous stent system has also completed the first clinical implantation. At the same time, during the Reporting Period, the Group completed capital injection to its subsidiary, Shanghai Blue Vein Medical Technology Co., Ltd., and established a new wholly-owned subsidiary, Shanghai Hongmai Medical Technology Co. Ltd., to further increase its investment in research and development in the field of peripheral artery and venous vascular intervention.

In the international market, Minos® has entered the market of nine overseas countries and completed its first implantation in several European countries during the year. With its impressive clinical performance, the device had gained recognition from surgeons. Castor® completed its first implantation in Poland as its first overseas market. Hercules® Aneurysm and Delivery System and Reewarm® both obtained CE marks, further bolstering the international product portfolio, accelerating the expansion into overseas market and offering more high quality and affordable "Chinese Solutions" to patients around the world.

Neurovascular Devices Business

The neurovascular devices business specialises in products and services for the treatment of neurovascular diseases, including cerebral aneurysms, intracranial atherosclerotic diseases (ICAD), carotid artery diseases (CAD), and other neurovasculature-related diseases.

During the Reporting Period, benefitted from the continued rapid growth of Tubridge® Vascular Reconstruction Device ("Tubridge®") and contribution from other new products, the segment recorded a revenue of US$32.9 million, representing a year-on-year growth of 17.5% over the previous year (excluding the impact of foreign exchange). The Group also strengthened its promotion of the Tubridge® in major hospitals. Tubridge® has continued to expand its clinical application. With the introduction of the hierarchical medical system that leads to further market penetration, Tubridge® has continued to increase its market share by covering 100 new hospitals during the Reporting Period and accumulate 277 hospitals by the end of 2020. Since its launch, the APOLLO™ stent has leveraged its safety and effectiveness, cementing its absolute leadership in ischemic stroke treatments. The Numen® Coil Embolization System, the Bridge® Rapamycin Target Eluting Vertebral Artery Stent System and the U-track® Intracranial Support Catheter System – all of which obtained certification during the year – have also contributed to the segment's growth momentum and laid a solid foundation for a comprehensive solution for cerebral stroke. The Group obtained six registration certificates in four overseas countries during the Reporting Period, a further step towards its global business penetration.

Heart Valve Business

The heart valve business focuses on the development and commercialization of innovative transcatheter and surgical solutions in the field of heart valve disease. The product on sale in this segment is the VitaFlow® Transcatheter Aortic Valve System ("VitaFlow®"), together with the self-developd Alwide™ balloon catheter and Alpass™ catheter sheath, providing a more comprehensive treatment solution for domestic surgeons.

During Reporting Period, the heart valve business recorded a revenue of US$15.2 million, an increase of 383.4% compared with the previous year (excluding the impact of foreign exchange). In the two years since its launch, the VitaFlow® has given excellent clinical performance and been well recognised by industry experts. As of the end of 2020, it was sold in 144 hospitals in 28 provinces and cities across the PRC, including 18 of the top 20 Transcatheter Aortic Valve Implantation ("TAVI") hospitals. It has secured the largest market share in some major hospitals and cemented a leading market position in some provinces. During the Reporting Period, the Group applied to the NMPA for the registration of the VitaFlow® II Transcatheter Aortic Valve an Retrieval System ("VitaFlow® II"), the second generation TAVI product. The Group has been taking measured steps to move its business abroad, which saw it obtaining registration certificates for VitaFlow® in Argentina and Thailand during the Reporting Period. VitaFlow® II has conducted clinical trials in Europe, becoming the only made-in-China TAVI product to do so. With multiple product lines, other than the TAVI product, the Group also has five transcatheter mitral valve ("TMV") products currently under development, aiming to penetrate the vast mitral regurgitation market.

Surgical Robot Business

The surgical robot business is committed to cutting-edge research and technology integration in the fields of robotics, intelligent control and information to provide innovative medical products.

In 2020, the Group bolstered its strategic presence in the surgical robot business by establishing a diversified product portfolio that covers five "golden tracks" of surgical robots, including endoscopy, orthopedics, vascular intervention, natural cavity and percutaneous puncture. Clinical breakthroughs have been made in various research and development projects during the Reporting Period. The Group's self-developed Toumai® Endoscopic Surgery Robotic System (Toumai® Robot) has completed patient enrollment for clinical trials in January 2021, being China's first domestically manufactured endoscopic robot for multicenter clinical trials in the field of urology. The self-developed Skywalker™ Orthopedic Surgery Navigation and Positioning System (Skywalker™ Orthopedic Robot) has entered the Green Path and started its first-in-man (FIM) clinical trial during the Reporting Period. Additionally, the in-house developed DFVision® 3D Electronic Laparoscope and medical endoscope cold light were given clinical exemptions and have been submitted for registration. During the Reporting Period, the Group expanded into the fields of vascular robotics and percutaneous puncture robotics by investing in Robocath (a French vascular robotic company), NDR (a Singaporean percutaneous puncture robotic company) and Biobot (a Singaporean prostate puncture robotic company). In particular, the vascular robotic system has initiated type testing in China.

Surgical Devices Business

The surgical devices business focuses on extracorporeal circulation products used for cardiac surgery and occlusion series products used for congenital heart disease. These products include extracorporeal circulation series consumable products such as Oxygenation System (artificial lungs), occlusion series products used in congenital heart disease treatment (Atrial Septal Defect Occluder ("ASD Occluder") and Delivery System, Ductus Arteriosus Occluder ("PDA Occluder") and Delivery System, Ventricle Septal Defect Occluder ("VSD Occluder") and Delivery System) and general surgical polypropylene herniorrhaphy series products.

In 2020, the business recorded a revenue of US$4.6 million, an increase of 3.2% from the previous year (excluding the impact of foreign exchange). During the year, a new generation of membrane oxygenator completed the entire enrolment process and received excellent clinical feedback.

RESEARCH AND DEVELOPMENT ("R&D")

Effective R&D is a key driver for the sustainable development of a medical devices Group with a mission to "provide doctors with access to the best medical solutions for prolonging and reshaping the lives of patients". With the goal of import substitution and building Chinese our brands, the Group is committed to maintaining higher standards, introducing better practices, and R&D leading to innovative world-class technologies. The aim is to create a technological innovation system combining production, education and research, and providing quality products and services to the global market, giving a strong drive to the sustainable development of the Group.

In 2020, the Group reaped fruitful rewards from its R&D projects with a total of 30 products obtaining registration certificates from the National Medical Products Administration (NMPA). Two products entered the Green Path. As of the end of 2020, the Group had a total of 20 products that have been approved to enter the Green Path, the most in medical device industry for six consecutive years. The Group also had 4 products obtaining approvals from FDA and 14 products obtaining CE marks in the overseas market.

For the cardiovascular devices business, the Firekingfisher® Coronary Rapamycin-Eluting CoCr Coronary Stent System, which has upgraded the delivery system based on Firebird2®, obtained certification during the year. A number of upgraded products were under development to further enrich the product line and better meet market needs. These include drug-coated balloons, coronary atherectomy catheter, microcatheter, intravascular lithotripsy balloon and intra-Aortic balloon pump system. For overseas market, at the PCR e-Course EuroPCR 2020, the Group released the latest three-year follow-up data for the TARGET All Comers (TARGET AC) clinical trial and two-year data for the Dual-Antiplatelet Therapy (DAPT) subgroup for Firehawk® stent. Results showed that Firehawk® can achieve identical clinical efficacy and safety with the first-in-class DES. The over one-year target lesion revascularisation failure (TLF) rates were lower and similar in both groups, and the stent thrombosis rates in the real-world population study were lower in the Firehawk® group. Two-year data for the DAPT subgroup of the TARGET AC study showed that the TLF rate in the DAPT interrupted treatment subgroup in the Firehawk® group had a lower trend than the control group. Results of the study were published online in EuroIntervention, an international medical journal. Additionally, the Group has officially launched the TARGET IV NA clinical study of the Firehawk® stent in the US and completed its first patient enrolment, representing a critical milestone in the product's overseas mainstream market expansion. The study programme plans to enroll approximately 1,616 patients from about 100 clinical centres in countries and regions such as the US, Canada, Europe and Japan, from whom it will collect five-year follow-up data to assess the safety and effectiveness of the Firehawk® stent. This will help Firehawk® to enter the three main markets of the US, Canada and Japan. Also, the Firesorb® Bioresorbable Rapamycin Target Eluting Coronary Scaffold System ("Firesorb®") commenced its Future-III clinical trial and has completed the first patient enrollment.

In respect to the international (non-China) orthopedics devices business, two products namely the Profemur® Cementless Monolithic HA-coated Collared Gladiator® Femoral Hip Stem and the Profemur® Cemented Monolithic Collared Gladiator® Femoral Hip Stem were approved in the US and Canada during the Reporting Period, together with the Profemur® Gladiator® Plasma Femoral Stem currently available in the market, a complete Gladiator® Femoral Stem product family has been formed. It can be applied to the Group's newly approved innovative AnteriorPATH® anterior hip arthroplasty, providing surgeons with more flexible options so that meet various demands of patients with only one set of device. The Procotyl® P Acetabular Cup System, additional femoral heads of Profemur® Femoral Stem product families, the Evolution® NitrX® Knee System and the Evolution® Stemmed CS Knee System obtained CE marks. Additionally, the multi-hole version and constrained liner of Prime® Acetabular Cup, the Dynasty® Dual Mobility Acetabular Cup and the Additive Manufactured Prime® Acetabular Cup have been submitted for FDA review. The Profemur® Cemented XM™ Femoral Stem has been submitted for CE registration. The Group introduced ICE tools for the Evolution® total knee replacement system to reduce costs. In China market, the made-in-China Goral™ Total Hip Arthroplasty System ("Goral™ System") obtained NMPA approval, and completed its first implantation during the Reporting Period. The Bipolar Easy® Hemiarthroplasty Bipolar System was also approved during the Reporting Period. This product can be used together with the Goral™ System, which complements the product line of domestic primary hip replacement system of the Group, and can meet the clinical needs of elderly patients with femoral neck fractures. Moreover, these two systems can be used in conjunction with the Group's unique SuperPATH® minimally invasive total hip arthroplasty. Besides, the Group's self-developed Tibial Resection Alignment System won the Reddot Best Design Award in 2020. The system features newly designed artificial knee replacement surgical instruments to help doctors perform tibia osteotomy alignment more quickly, and to accurately adjust the joints' position for better post-surgery clinical results. In the field of spinal trauma, the Piscis® II Injectable Artificial Bone Fusion Cage and Takin® II Hollow Spine Minimally Invasive System were launched in China during the Reporting Period.

In the CRM business, the Axone™ pacing lead can be used in cardiac resynchronisation therapy (CRT) for heart failure patients requiring the implantation of cardiac resynchronization pacemaker (CRT-P) or cardiac resynchronization defibrillator (CRT-D). During the year, the Group released pre-clinical research data for the animal model of the self-developed Axone™ Lead. The three-month follow-up data showed that the product offers good position fixation stability, electrical parameter performance and biocompatibility. The research data was published in the electronic catalogue of the 2020 Annual Meeting of American Heart Rhythm Society in the form of academic posters. The Group also commissioned the Astral-4LV clinical trial for the Axone™ pacing lead and the research data will be used to support the CE certification application. The entire pacemaker system with MRI-compatible Vega™ lead wire has been submitted for FDA registration, and the ARC and 2D Navigo™ lead wire for left ventricular resynchronization has also been submitted for CE registration. Invicta™ defibrillation lead has passed all technical verifications and entered the production stage. The new-generation Alizea™, Borea™ and Celea™ pacemakers equipped with Bluetooth and wireless remote monitoring functions, have all submitted CE registration data and approvals were obtained in January 2021. The Group also cooperated with a French enterprise for remote-controlled monitoring APP for data collection, aiming to improve the caring for heart failure patients through the application of intelligent system and ultimately to be able to detect early incidents of cardiac decompensation.

In the endovascular and peripheral vascular devices business, the self-developed Reewarm® PTX Drug Balloon Dilation Catheter has both obtained NMPA registration certificate. The new generation Fontus surgery stent system is under registration. As for the new generation Talos breast main stent system, a clinical follow-up was completed and registration materials submitted for consideration, while the venous stent system has completed its first clinical implantation. In the overseas market, following the approval of the EU CE certificate for the Minos® Bifurcated Stent-Graft System, Reewarm® and Hercules® Aneurysm and Delivery Systems have obtained the EU CE certificate during the Reporting Period, further strengthening our product lines in the EU and related overseas markets.

In the neurovascular devices business, the Tigertriever™ clot retriever of Rapid Medical, which is invested by the Group, has been granted Green Path status. The Bridge® Rapamycin Target Eluting Vertebral Artery Stent System, the Numen® Coil Embolization System and the U-track® Intracranial Support Catheter System have all obtained NMPA registration certificates. These products will provide doctors and patients with more options and create an integrated neurovascular solution.

In the heart valve business, the Group submitted an application for the registration of VitaFlow® II while commencing its clinical trial in Europe. VitaFlow®" obtained certificates for launch in Argentina and Thailand, gradually expanding its global presence. The Group released the first four-year clinical data for VitaFlow® applicable to patients with severe aortic valve calcification in China, and confirmed the safety and efficacy of VitaFlow® for the treatment of patients with severe aortic calcification. The Group further bolstered its product mix by extending its presence in aortic valve, mitral valve, tricuspid valve, surgical valve and surgical ancillary products, offering a comprehensive treatment solution for valvular heart diseases. Animal research on the Group's self-developed TMV replacement products has commenced and positive results were observed in the three-month follow-up study. The Group invested in ValCare and Amend, the TMV restoring product jointly developed by the Group with ValCare is undergoing feasibility study in human body, the first phase of multi-regional clinical trial (MRCT) in humans was completed in Israel and Europe. Corona, a TMV replacement product developed jointly with ValCare, is in the process of animal research. Initial stage of human feasibility study on AltaValve, an innovative TMV replacement medical device under development by 4C Medical, another investment of the Company, has been launched.

In the surgical robot business, Toumai® Robot assisted clinical experts to achieve a number of breakthroughs with important clinical value and milestone significance, including the first robot-assisted partial nephrectomy, extraperitoneal radical prostatectomy, partial nephrectomy for completely endophytic renal tumor combined with intraoperative ultrasound, and the first robot-assisted single-port procedure on 1 January 2021, which proved that the made-in-China endoscopic surgery robot is capable of assisting surgeons to perform complex surgeries in limited anatomical space, being the first product of domestic intelligent manufacturing in this field. Skywalker™ Orthopedic Robot has completed patient enrollment for clinical trials in January 2021, being the first total knee replacement robot designed and developed in China that has completed case enrollment for pre-marketing multicenter clinical trial.

Manufacturing

In 2020, the Group continued to focus on the refined management of the supply chain process and the digitalized construction of the production process by implementating a series of automation and digital transformation measures on the production process while actively deploying overseas factory construction, so as to meet the needs of the Group's globalized operation. Moreover, the Group continued to incorporate green and sustainable development into its business philosophy, actively promoted environmental management and clean production, and was committed to creating an eco-friendly management and development model.

Quality Assurance

Quality is a fundamental value of the Group, as human lives depend on the quality of its products. The Group has established and continued to maintain a quality management team to carry out quality management in different dimensions throughout the product life cycle. At the same time, the Group has also established a Quality and Standardization Committee, which insists on combining R&D and standard formulation to ensure that there are "standards to be followed, and standards must be followed", so as to ensure the establishment and perfect operation of the organization's quality system.

In 2020, through a series of measures such as standardizing laboratory quality control and improving the intelligent level of quality testing, the Group ensured that the Company's products meet the requirements of regulatory agencies and the expectations of patients. The excellent quality brand of the Group was fully recognized by the society. In recent years, the Group has received a series of important awards and honours, including the Golden Quality Award of Shanghai Municipality in 2018, the Quality Benchmark of Shanghai Municipality and the National Quality Benchmark in the consecutive years of 2019 and 2020. The Group was also the only Chinese enterprise awarded the 2020 Global Performance Excellence Award (Best in Class) by Asia Pacific Quality Organization (APQO) for two consecutive years.

Competition

The environment in which the Group operates is constantly evolving. As a market leader among PRC medical device manufacturers, it faces both domestic and international competition. In response, the Group pursues an independent course of innovation in order to strengthen its core competitiveness and create high-quality products that enable it to maintain its leadership. The Group's products and brand are both widely recognised and highly regarded. Therefore, the Group is confident that it will maintain its current domestic market position and continue to expand its overseas market share.

Intellectual Property

Intellectual property is an important intangible asset of the Group and also an inherent driver to enhance its core competitiveness in the medical devices market. Thus, while being committed to technological innovation, the Group also regards intellectual property protections such as patent application, trademark registration, business secrets control and copyright registration as vital and conducive to the Group's healthy and sustainable long-term development. In 2020, the Group filed 988 patent applications and 582 trademark applications domestically and internationally. As of the end of 2020, the Group held a total of 5097 patents (including applications) covering 28 countries and 2766 trademarks covering 66 countries.

FINANCIAL REVIEW

Overview

Faced with an increasingly fierce competition in the rapidly growing medical device industry in China and abroad as well as the impact of the COVID-19 pandemic, the revenue of the Group decreased by 18.2% for the year ended 31 December 2020 as compared to the year ended 31 December 2019. The Group persisted in providing a diversified product portfolio and pursued the Group's globalization strategy with non-China sales contributing to 55.4% of the total revenue. The Group aims to continuously bring its innovations, technologies and services to millions of global patients and become a patient oriented global enterprise capable of leading minimally invasive and other emerging medical technologies.

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

Revenue

US$'000	**Financial year ended**		**Percent change**	
	2020	2019	in US$	excluding the foreign exchange impact
Cardiovascular devices business	**144,760**	264,633	(45.3%)	(44.6%)
Orthopedics devices business	**201,608**	232,441	(13.3%)	(13.7%)
CRM business	**180,299**	209,025	(13.7%)	(16.2%)
Endovascular and peripheral vascular devices business	**68,487**	48,527	41.1%	40.9%
Neurovascular devices business	**32,933**	27,631	19.2%	17.5%
Heart valve business	**15,204**	3,119	387.5%	383.4%
Surgical devices business	**4,627**	4,695	(1.4%)	3.2%
Other business *(Note)*	**814**	3,422	(76.2%)	(76.7%)
Total	**648,732**	793,493	(18.2%)	(18.8%)

Note:

Other business did not meet the quantitative thresholds for determining reportable segments.

The Group's revenue for the year ended 31 December 2020 was US$648.7 million, decreasing by 18.2% compared to US$793.5 million for the year ended 31 December 2019. The Group's reported revenue was impacted by translation from functional currencies of the Group's subsidiaries to US$, the presentation currency of the Group, due to the appreciation or depreciation of US$ against functional currencies. Excluding the foreign exchange impact, the Group's revenue declined by 18.8%. Such decrease was primarily driven by the impact of (i) the postponement of outpatient visits and surgeries in medical institutions resulting from the COVID-19 pandemic, (ii) and the provision for price subsidy with reference to the 2021 implementation price for stent products that have been sold but not yet implanted in the channels due to centralized procurement policy for coronary stents of the PRC in the fourth quarter. The following discussion is based on the Group's major business segments.

— *Cardiovascular Devices Business*

The Group's cardiovascular devices business recorded a revenue of US$144.8 million for the year ended 31 December 2020, representing a decrease of 44.6% (excluding the foreign exchange impact) or a decrease of 45.3% (in US$) compared to the year ended 31 December 2019. Such decrease was mainly attributable to (i) the postponement of outpatient visits and surgeries in medical institutions due to the impact of the COVID-19 pandemic, resulting in a year-on-year decrease in the number of implants, and (ii) the provision for price subsidy with reference to the 2021 implementation price for stent products that have been sold but not yet implanted in the channels due to centralized procurement policy for coronary stents of the PRC in the fourth quarter.

— *Orthopedics Devices Business*

US$'000	**Financial year ended**		**Percent change**	
	2020	2019	in US$	excluding the foreign exchange impact
Orthopedics Devices Business	**201,608**	232,441	(13.3%)	(13.7%)
—US	**81,260**	92,641	(12.3%)	(12.3%)
—Europe, Middle East and Africa	**39,507**	55,672	(29.0%)	(30.1%)
—Japan	**36,045**	35,127	2.6%	0.5%
—the PRC	**29,903**	26,939	11.0%	10.1%
—Others	**14,893**	22,062	(32.5%)	(30.0%)

The Group's orthopedics devices business recorded a revenue of US$201.6 million for the year ended 31 December 2020, representing a decrease of 13.7% (excluding the foreign exchange impact) or 13.3% (in US$) compared to the year ended 31 December 2019. Such decrease was mainly attributable to the postponement of outpatient visits and surgeries in medical institutions due to the impact of the COVID-19 pandemic, resulting in a year-on-year decrease in the number of implants.

— *CRM Business*

US$'000	**Financial year ended**		**Percent change**	
	2020	2019	in US$	excluding the foreign exchange impact
CRM Business	**180,299**	209,025	(13.7%)	(16.2%)
—US	**2,061**	4,278	(51.8%)	(51.8%)
– Europe, Middle East and Africa	**161,118**	190,488	(15.4%)	(18.1%)
– Japan	**5,951**	2,707	119.8%	117.8%
– the PRC	**8,104**	7,967	1.7%	1.8%
– Others	**3,065**	3,585	(14.5%)	(16.2%)

CRM business recorded a revenue of US$180.3 million for the year ended 31 December 2020, representing a decrease of 16.2% (excluding the foreign exchange impact) or 13.7% (in US$) compared with the year ended 31 December 2019. Such decrease was mainly attributable to the postponement of outpatient visits and surgeries in medical institutions due to the impact of the COVID-19 pandemic, resulting in a year-on-year decrease in the number of implants.

— *Endovascular and Peripheral Vascular Devices Business*

The Group's endovascular and peripheral vascular devices business achieved a revenue of US$68.5 million for the year ended 31 December 2020, representing a growth of 40.9% (excluding the foreign exchange impact) or a growth of 41.1% (in US$) compared with the year ended 31 December 2019. Such growth was mainly attributable to: (i) the Group's main products, Hercules® and Castor®, are thoracic aorta products and were mildly impacted by the COVID-19 pandemic as thoracic aorta operations were mainly emergencies; (ii) positive market recognition and enhanced competitiveness of the Group's endovascular products in aortic aneurysm and endovascular treatment market attributable from Castor®, the world's first thoracic branch stent-graft system.

— *Neurovascular Devices Business*

The Group's neurovascular devices business recorded a revenue of US$32.9 million for the year ended 31 December 2020, representing a growth of 17.5% (excluding the foreign exchange impact) or a growth of 19.2% (in US$) compared with the year ended 31 December 2019. Such increase was mainly attributable to: (i) rapid growth from Tubridge®, the first flow diverting stent approved for product launch in China; (ii) the revenue contribution of newly launched product, the Numen® Coil Embolization System; and (iii) rapid growth of an agent product, neurovascular guide wire ASAHI.

— *Heart Valve Business*

The Group's heart valve business recorded a revenue of US$15.2 million for the year ended 31 December 2020, representing a growth of 383.4% (excluding the foreign exchange impact) or a growth of 387.5% (in US$) compared with the year ended 31 December 2019. The VitaFlow® valve system was approved for launch in the second half of 2019 and the Group continued to implement targeted sales plans and market strategies to promote the launch and highlight the competitive advantages. The VitaFlow® valve system quickly gained market share with positive market recognition.

— *Surgical Devices Business*

The Group's surgical devices business recorded a revenue of US$4.6 million for the year ended 31 December 2020, representing a growth of 3.2% (excluding the foreign exchange impact) or a decline of 1.4% (in US$) compared with the year ended 31 December 2019.

— *Other Business*

The Group's other business recorded a revenue of US$0.8 million for the year ended 31 December 2020, representing a decrease of 76.7% (excluding the foreign exchange impact) or a decrease of 76.2% (in US$) compared with the year ended 31 December 2019. The other business did not meet the quantitative thresholds for determining reportable segments.

Cost of Sales

For the year ended 31 December 2020, the Group's cost of sales was US$212.7 million, representing a 7.1% decrease compared with US$229.1 million for the year ended 31 December 2019. Such decrease was primarily attributable to the decreased sales volume of the major businesses.

Gross Profit and Gross Profit Margin

As a result of the foregoing factors, the Group's gross profit decreased by 22.7% from US$564.4 million for the year ended 31 December 2019 to US$436.0 million for the year ended 31 December 2020. Gross profit margin is calculated as gross profit divided by revenue. The Group's gross profit margin decreased to 67.2% for the year ended 31 December 2020 as compared to 71.1% for the year ended 31 December 2019, primarily attributable to the increase in unit manufacturing costs due to decreased production of major businesses as a result of the impact of the COVID-19 pandemic, and the provision for price subsidy for stent products in the channels.

Other Net Income

The Group recorded other net income of US$32.9 million for the year ended 31 December 2020, representing a 76.4% increase as compared to US$18.7 million for the year ended 31 December 2019. The increase was mainly attributable to the increase in government grant and the refund of approximately US$16.4 million from arbitration over the purchase price for the acquisition of the CRM business from LivaNova in 2018. The Adjustment Amount was fully received by the Group and recognised in profit or loss directly.

Research and Development Costs

Research and development costs increased by 27.2% from US$151.5 million for the year ended 31 December 2019 to US$192.6 million for the year ended 31 December 2020. Such increase was primarily due to the increased investments in the on-going and newly kicked off research and development projects.

Distribution Costs

Distribution costs decreased by 7.7% from US$275.3 million for the year ended 31 December 2019 to US$254.1 million for the year ended 31 December 2020. Such decrease was primarily attributable to the corresponding decrease in marketing activities and sales commission due to the impact of the COVID-19 pandemic.

Administrative Expenses

Administrative expenses increased by 42.5% from US$119.3 million for the year ended 31 December 2019 to US$170.1 million for the year ended 31 December 2020. The increase was mainly attributable to the impact of the incentive shares granted to certain employees (including an executive director) pursuant to the Share Award Scheme of the Group.

Other Operating Costs

Other operating costs increased by 130.5% from US$8.5 million for the year ended 31 December 2019 to US$19.7 million for the year ended 31 December 2020. The increase was mainly due to the increased professional fees relating to investing and financing activities.

Finance Costs

Finance costs increased by 75.0% from US$22.7 million for the year ended 31 December 2019 to US$39.7 million for the year ended 31 December 2020. The increase was mainly attributable to the accrued finance cost of the voting redeemable preferred shares issued by the Group's heart valve business and CRM business.

Income Tax

Income tax decreased from US$34.2 million for the year ended 31 December 2019 to US$10.4 million for the year ended 31 December 2020, which was primarily due to the decrease in profit before tax.

Capital Management

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

Liquidity and Financial Resources

As at 31 December 2020, the Group had US$1,002.1 million of cash and cash equivalents on hand, as compared to US$280.1 million as of 31 December 2019. The increase was mainly attributable to the completion of placing new shares by the Company, and the completion of several equity financing and introduction of new strategic investors in the surgical robot business, heart valve business, CRM business and orthopedics devices business. The Board's approach to manage liquidity of the Group is to ensure sufficient liquidity at any time to meet its matured liabilities to avoid any unacceptable losses or damage to the Group's reputation.

BORROWING AND GEARING RATIO

Total borrowings of the Group, including interest-bearing borrowings and convertible bonds, as at 31 December 2020 were US$241.5 million, representing a decrease of US$161.8 million as compared to US$403.3 million as at 31 December 2019. Such decrease was driven by a significant enlargement of the Group's equity base from equity financing and the partial repayment of bank loans with sufficient liquidity. The gearing ratio (calculated as total bank borrowings and convertible bonds divided by total equity) of the Group as at 31 December 2020 decreased to 17.4% from 61.7% as at 31 December 2019, as a result of a significant enlargement of the Group's equity base from equity financing and partial loan repayments.

NET CURRENT ASSETS

The Group's net current assets as at 31 December 2020 were US$960.5 million, as compared to US$309.2 million as at 31 December 2019.

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to currency risk primarily from sales, purchases, borrowing and lending which give rises to receivables and payables that are denominated in a foreign currency (mainly RMB, Euro and JPY). For the year ended 31 December 2020, the Group recorded a net exchange gain of US$2.0 million, as compared to a net foreign exchange gain of US$0.2 million for the year ended 31 December 2019. The Group did not have any significant hedging arrangements to manage foreign exchange risk but has been actively monitoring and overseeing its foreign exchange risk.

CAPITAL EXPENDITURE

In addition, during the year ended 31 December 2020, the Group's total capital expenditure amounted to approximately US$120.4 million, which was used in (i) construction of building; (ii) acquiring equipment and machinery and (iii) expenditures for R&D projects in development stage.

Charge on Assets

As at 31 December 2020, the Group had mortgaged its manufactory buildings held for own use and right-of-use assets for the purpose of securing bank loans with a carrying value of US$99.0 million.

FUTURE INVESTMENT PLANS AND EXPECTED FUNDING

Looking forward, the Group will continue to expand its markets at home and abroad so as to tap into its internal potential, thereby maximizing shareholders' interest and creating higher value. The Group will continue to grow the business both in scale and strength through self-development, mergers and acquisitions, and other means. The Group's future business plan will be supported by a combination of financing channels to finance capital expenditures, including but not limited to internal funds and bank loans. Currently, the bank credit lines available to the Group are adequate.

PROSPECTS

Continuing improvements to incomes and living standards and ageing populations are driving a steady growth in global demand for medical devices. In the PRC, with the continued economic development, increased government expenditure in social medical insurance, policy benefits from medical system reform and a gradual improvement in public health awareness, the medical devices market experienced rapid growth, providing opportunities for an equally rapid development of the Group's business. This has also attracted more multinational corporations to the market, resulting in fierce competition. The Group will further implement competitive strategies which include but are not limited to the following:

1. Strengthening the Group's leadership in the domestic medical devices market. The Group will leverage its brand recognition and sales distribution network to further expand its market share and solidify its position in the PRC medical devices market.

2. Integration of the MicroPort brand with global operations. The Group will pursue a global brand and operational strategy based on localisation, implement an operational model of "global strategy, localised execution, diversified planning and unified positioning". It will integrate global resources with the market to complete its global planning and introduce products to more countries and regions around the world.

3. Developing and improving existing products, achieving product diversification through innovation. The Group will further develop and improve the performance and manufacturing technology of existing products, foster R&D toward products of the next generation. The Group will make further progress with clinical trials and obtaining approvals for new products to diversify the product mix and provide high-quality and affordable integrated medical solutions to patients and doctors.

4. Reforming management systems. The Group will carry out management system reforms with the aim of integrating resources, streamlining processes and optimising management structures, and enhancing competitiveness and risk resistance.

SCOPE OF WORK OF KPMG

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

CORPORATE GOVERNANCE PRACTICES

The Company strives to maintain high standards of corporate governance to safeguard the interests of its shareholders and to enhance corporate value and accountability.

Throughout the year ended 31 December 2020, the Company has complied with all the applicable code provisions (the "Code Provisions") as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") with the exceptions as addressed below:

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

Pursuant to Code Provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. The Company has entered into a letter of appointment with all Non-executive Directors (including Independent Non-executive Directors) of the Company for a term of three years on 18 June 2020, except Mr. Chunyang Shao, an Independent Non-executive Director of the Company, who was appointed for a specific term of three years commencing from 23 September 2019. The Company has also entered into a letter of appointment with Dr. Yasuhisa Kurogi, who was elected as a Non-executive Director of the Company on 18 June 2020, for a term of three years. The Company, therefore, has complied with Code Provision A.4.1 during the period from 18 June 2020 to 31 December 2020.

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

AUDIT COMMITTEE

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

The Audit Committee has reviewed and discussed the annual results and annual report for the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code for transactions in the Company's securities throughout the financial year ended 31 December 2020.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company.

No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company in 2020.

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

Save for the 858,000 shares of the Company purchased by the trustee of the share award scheme at a cash consideration of US$3,496,000 on the Stock Exchange, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Reference is made to the announcement of the Company dated 3 July 2020. On 3 July 2020, certain members of the Group entered into a share purchase agreement with certain investors under which the Group and certain investors agreed to subscribe for Series B Preferred Shares of MicroPort Cardiac Rhythm Management Limited (the "CRM Cayman") at an aggregated amount of US$105 million. Upon completion of the subscription, the shareholding of the Group in CRM Cayman was reduced to 52.70%.

Reference is made to the announcements of the Company dated 31 August and 14 September 2020. On 31 August 2020, the Group entered into an agreement with certain investors, pursuant to which, i) the Group agreed to transfer 7.14% of the registered capital in MicroPort MedBot (Shanghai) Co., Ltd. (the "MP MedBot") to certain investors at the consideration of RMB1,500 million; ii) the investors agreed to contribute additional capital in the aggregate amount of RMB1,500 million to MP MedBot. Upon completion of these transactions, the shareholding of the Group in MP MedBot was reduced to 53.77%. As at 31 December 2020, the shareholding of the Group in MP MedBot was 53.75%.

Save as disclosed above and in Note 14 to the financial statements in this announcement, there was no other material acquisition and disposal of subsidiaries and associated companies by the Company during the Reporting Period.

SUBSEQUENT EVENT

On 4 February 2021, MP CardioFlow Cayman was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "CardioFlow Listing"). Upon the completion of the CardioFlow Listing, (i) all preferred shares issued by MP CardioFlow Cayman were converted into the ordinary shares; and (ii) MP CardioFlow Cayman issued 205,620,000 ordinary shares at the price of HK$12.2 per share and received gross proceeds of HK$2,508.6 million. The Group retained its control over MP CardioFlow Cayman.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public at all times during the financial year ended 31 December 2020 as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to the existing shareholders.

ANNUAL GENERAL MEETING

The Annual General Meeting (the "AGM") of the Company will be held on 24 June 2021. The notice of AGM will be sent to shareholders at least 20 clear business days before the AGM.

FINAL DIVIDEND

The Directors have resolved to recommend the payment of a final dividend of HK4.3 cents (tax inclusive) per share (the "Share") for the year ended 31 December 2020 to the shareholders whose names appear on the register of members of the Company on Monday, 5 July 2021 and also to recommend the offer to the shareholders the right to select as an alternative, to receive such final dividend wholly by allotment of new Shares credited as fully paid in lieu of cash (the "Scrip Dividend Scheme"), subject to the approval of the shareholders on the payment of final dividend at the AGM and the granting by the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued pursuant thereto. Once the relevant resolution is passed at the AGM, the proposed final dividend is expected to be paid on or about Wednesday, 18 August 2021. Dividend warrants and share certificates for new shares to be issued under the Scrip Dividend Scheme will be dispatched by ordinary mail on or about Wednesday, 18 August 2021. The Shares to be issued pursuant to the Scrip Dividend Scheme will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Shares save that they will not be entitled to the final dividend for the year ended 31 December 2020. On the condition that the payment of the above final dividend is approved by the shareholders at the AGM, a circular containing details of the Scrip Dividend Scheme will be dispatched to the shareholders on or about Monday, 19 July 2021.

CLOSURE OF THE REGISTER OF MEMBERS

(a) For determining the entitlement to attend and vote at the AGM

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 21 June 2021 to Thursday, 24 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 18 June 2021 (Hong Kong Time), being the last registration date.

(b) For determining the entitlement to the proposed final dividend

The proposed final dividend for the year ended 31 December 2020 is subject to approval by the shareholders at the AGM. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 30 June 2021 to Monday, 5 July 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 29 June 2021 (Hong Kong Time), being the last registration date.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company (http://www.microport.com). The 2020 annual report of the Company will be dispatched to shareholders in due course and will also be available at the websites above at the same time.

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

Shanghai, the People's Republic of China, 30 March 2021

As at the date of this announcement, the executive Director is Dr. Zhaohua Chang; the non-executive Directors are Mr. Norihiro Ashida, Dr. Yasuhisa Kurogi, and Mr. Hongliang Yu; and the independent non-executive Directors are Mr. Jonathan H. Chou, Dr. Guoen Liu, and Mr. Chunyang Shao.