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Shanghai MicroPort MedBot (Group) Co., Ltd.

上海微创医疗机器人(集团)股份有限公司

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

(Stock Code: 2252)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2022

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended 30 June 2022, together with comparative figures for the six months ended 30 June 2021, which have been reviewed by the Audit Committee.

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

FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue	1,048	—
Gross profit	691	—
Loss before taxation	(463,501)	(242,560)
Loss for the period	(463,501)	(242,560)
Loss attributable to equity shareholders of the Company	(459,052)	(241,965)
Loss per share — Basic and diluted (in RMB)	(0.48)	(0.27)

The Group recorded a revenue of RMB1.0 million for the six months ended 30 June 2022, as compared to the revenue of nil for the six months ended 30 June 2021. The Group's revenue was mainly generated from the sales of DFVision.

The Group recorded a net loss of RMB463.5 million for the six months ended 30 June 2022, as compared to the net loss of RMB242.6 million for the six months ended 30 June 2021, which was primarily due to (1) increased investment in the research and development, clinical trials and registration of our products in the pipeline; (2) the increase in selling and marketing expenses in connection with the commercialization of our surgical robot products; and (3) the increase in staff costs, including share based payments, which was caused by the increase in the number of employees due to the development of R&D and commercialization progress.

During the Reporting Period, the Group's Core Product Toumai was approved for launch by NMPA, becoming the first and only four-arm laparoscopic surgical robot developed by a Chinese enterprise and approved for launch to date. Honghu, one of the Group's flagship products, was also approved by the NMPA during the Reporting Period, becoming the first and the only Chinese-developed orthopedic surgical robot approved for launch by NMPA which is equipped with a self-developed robotic arm with proprietary intellectual property right to date. Besides, Honghu also obtained a 510(k) clearance from FDA in July 2022, becoming the first and the only Chinese surgical robot cleared by the FDA to date. During the Reporting Period, the Group continued to make satisfactory progress on the research and development of core underlying technologies and pipeline products, and achieved breakthrough in the application of cutting-edge technologies. During the Reporting Period, Toumai has successfully completed the longest-distance 5G ultra-remote robotic surgery in the world as at the date of this announcement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022 (unaudited)

		Six months ended 30 June	
	Note	2022	2021
		RMB'000	RMB'000
Revenue	3	1,048	—
Cost of sales		(357)	—
Gross profit		691	—
Other net income	4	16,290	15,758
Selling and marketing expenses		(64,160)	(14,657)
Administrative expenses		(65,139)	(52,471)
Research and development costs		(336,411)	(160,072)
Net gain/(loss) on financial instruments carried at fair value through profit or loss (“FVPL”)		9,525	(5,196)
Other operating expenses	5(b)	(616)	(14,774)
Loss from operations		(439,820)	(231,412)
Finance costs	5(a)	(5,558)	(705)
Share of losses of equity-accounted investees		(18,123)	(10,443)
Loss before taxation	5	(463,501)	(242,560)
Income tax	6	—	—
Loss for the period		(463,501)	(242,560)
Attributable to:			
Equity shareholders of the Company		(459,052)	(241,965)
Non-controlling interests		(4,449)	(595)
Loss for the period		(463,501)	(242,560)
Loss per share	7		
Basic and diluted (RMB)		(0.48)	(0.27)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 (unaudited)

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the period	(463,501)	(242,560)
Other comprehensive income for the period, net of nil tax		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries, net of nil tax	(4,944)	(1,428)
Other comprehensive income for the period	(4,944)	(1,428)
Total comprehensive income for the period	(468,445)	(243,988)
Attributable to:		
Equity shareholders of the Company	(463,996)	(243,393)
Non-controlling interests	(4,449)	(595)
Total comprehensive income for the period	(468,445)	(243,988)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 (unaudited)

	<i>Note</i>	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment	8	434,893	361,000
Intangible assets		3,150	3,074
Goodwill		1,482	1,482
Equity-accounted investees		180,320	123,537
Financial assets measured at FVPL		146,111	136,586
Other non-current assets		52,402	71,979
		<u>818,358</u>	<u>697,658</u>
Current assets			
Derivative financial instruments		—	8,958
Inventories		193,902	109,881
Trade and other receivables	9	42,819	24,955
Pledged deposits		6,417	9,607
Cash and cash equivalents		1,476,974	1,940,825
		<u>1,720,112</u>	<u>2,094,226</u>
Current liabilities			
Trade and other payables	10	309,815	181,510
Loan from a related party		20,000	—
Lease liabilities		51,836	52,863
Provisions		96	96
Contract liabilities		32	—
		<u>381,779</u>	<u>234,469</u>
Net current assets		<u>1,338,333</u>	<u>1,859,757</u>
Total assets less current liabilities		2,156,691	2,557,415

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2022 (unaudited)

		At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Non-current liabilities			
Lease liabilities		156,111	151,813
Deferred income		15,551	14,951
Contract liabilities		70	102
Provisions		397	397
		<u>172,129</u>	<u>167,263</u>
NET ASSETS		<u>1,984,562</u>	<u>2,390,152</u>
CAPITAL AND RESERVES			
Share capital	11	958,594	958,594
Reserves		<u>1,033,169</u>	<u>1,434,548</u>
Total equity attributable to equity shareholders of the Company		1,991,763	2,393,142
Non-controlling interests		<u>(7,201)</u>	<u>(2,990)</u>
TOTAL EQUITY		<u>1,984,562</u>	<u>2,390,152</u>

Notes

(Expressed in Renminbi unless otherwise indicated)

1. Basis of preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with Hong Kong Accounting Standard (“HKAS”) 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It has been reviewed by the Audit Committee and approved for issue on 26 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains unaudited condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

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

2. Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the group:

- Amendment to HKAS 16, *Property, plant and equipment: Proceeds before intended use*
- Amendments to HKAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract*

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

3. Revenue and segment reporting

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

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

(a) Disaggregation of revenue

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	1,048	—

All of the revenue for the six months ended 30 June 2022 were generated from the customers located in the People's Republic of China (the "PRC").

4. Other net income

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest income	16,238	12,367
Government grants	610	407
Net foreign exchange (loss)/gain	(500)	2,983
Others	(58)	1
	16,290	15,758

5. Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on lease liabilities	5,281	649
Others	277	56
	<u>5,558</u>	<u>705</u>

(b) Other operating expenses

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Listing expenses	—	14,774
Others	616	—
	<u>616</u>	<u>14,774</u>

(c) Other items

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Amortisation of intangible assets	397	196
Depreciation of owned property, plant and equipment	18,048	1,743
Depreciation of right-of-use assets	27,955	4,338

6. Income tax

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

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

7. Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB459,052,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB241,965,000) and the weighted average of 958,594,000 ordinary shares in issue during the six months ended 30 June 2022 (six months ended 30 June 2021: 909,372,000 ordinary shares).

(b) Diluted loss per share

Diluted loss per share is equal to basic loss per share as there were no dilutive potential shares for the six months ended 30 June 2022 and 2021.

8. Property, plant and Equipment

During the six months ended 30 June 2022, the Group entered into a number of lease agreements for the use of manufacturing facilities and office building, and therefore recognised the additions to right-of-use assets of RMB35,804,000 (six months ended 30 June 2021: RMB31,044,000).

During the six months ended 30 June 2022, the Group acquired items of property, plant and equipment with a cost of RMB28,127,000 (six months ended 30 June 2021: RMB24,172,000).

9. Trade and other receivables

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade debtors, net of loss allowance	—	87
Value-added tax recoverable	12,831	6,110
Prepayments	26,409	16,910
Other debtors	3,579	1,848
	<u>42,819</u>	<u>24,955</u>

As at 31 December 2021, the ageing of trade debtors are within 1 month, based on the invoice date.

10. Trade and other payables

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

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within 1 month	144,045	80,320
Over 1 month but within 3 months	16,473	420
Over 3 months but within 6 months	12,091	520
Over 6 months but within 1 year	9,181	2,212
Over 1 year	2,294	129
Trade payables	<u>184,084</u>	<u>83,601</u>
Accrued payroll	53,319	39,412
Other creditors and accrued charges	72,412	58,497
	<u>309,815</u>	<u>181,510</u>

11. Capital, reserves and dividends

(a) Dividends

The directors of the Company did not propose the payment of any dividend during the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

(b) Employee share purchase plan (the “ESPP”)

Since 2017, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group, invested in the Group by way of subscribing newly issued equity interests of the Group, or acquiring equity interests from the Group. All participants of the ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

During the six months ended 30 June 2022, a subsidiary of the Group also adopted an ESPP, pursuant to which, the partnership firms, consisting of the eligible employees of Group, could invest in the abovementioned subsidiary.

All ESPPs contain a service condition. Employees participating in the plan have to transfer out their equity interests if their employments with the Group were terminated within the vesting period, to a person or a party nominated by the general partners of the partnership firms at a price no higher than the amounts specified in the respective partnership agreements. The fair value of the ESPP at the grant date, being the difference between the considerations and the fair value of the equity interests subscribed shall be spread over the vesting period and recognised as staff costs in the profit or loss.

The total expenses recognised in the consolidated statement of profit or loss for the above transactions were RMB62,778,000 for the six months ended 30 June 2022 (six months ended 30 June 2021: RMB36,201,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Overview

As one of the most important innovation breakthroughs in the field of high-end medical devices in recent years, the surgical robot has high clinical value, which can effectively improve the accuracy and stability of surgeries, shorten the postoperative recovery cycle of patients and reduce the occurrence of complications; also effectively shorten the learning curve of surgeons and reduce the radiation exposure of operators. The surgical robot market presents a rapid growth trend with the continuous development of the global surgical robot industry. According to Frost & Sullivan, the global surgical robot market has increased from US\$3.6 billion in 2016 to US\$12.3 billion in 2021, and was expected to reach US\$40.7 billion in 2027. The surgical robot market in China is still in the early stage of development with extremely low market penetration. In 2021, the market size of the surgical robot market in China was only US\$600 million. However, in view of the large patient population and the strong demand for surgical robots in China, China's surgical robot market size is expected to reach US\$4.8 billion in 2027 which represents approximately 12% of the global market, rising from approximately 5% in 2021, according to Frost & Sullivan.

During the Reporting Period, the global economy faced various challenges, such as geopolitical conflicts and stagflation. The prolonged COVID-19 pandemic has also exerted downward pressure on the global economy. In particular, the recurrence of COVID-19 cases and the corresponding preventive and control measures in some regions of China have brought temporary challenges to China's macro economy.

Nevertheless, benefiting from the further ageing population, patient's pursuit of higher quality medical resources, and medical institutions' dedicated support for innovative medical technologies, the reformation and development of, among others, surgical robots and other high-end medical device industry continues to accelerate. For leading enterprises in the industry that are guided by clinical needs and possess underlying core technologies, as they are able to upgrade their innovative products to meet the changing needs, the new development, new policies and new landscape in the medical device field will provide them with ample opportunities.

As China's medical and health service system has steadily entered a new stage of high-quality development, encouraging cutting-edge technologies and breakthroughs in the medical field will be one of the themes of China's economic development in the "14th Five-Year Plan" and even longer period. During the Reporting Period, the State Council issued the "National Health Plan of the 14th Five-Year Plan" (《「十四五」國民健康規劃》), which proposed to enhance and strengthen the health industry, to encourage the manufacturing and production of high-end medical devices and health supplies, as well as to improve the review process for the registration of innovative medical device. It further proposed to develop original technology, with an aim to develop a number of high-quality medical equipment integrated with artificial intelligence and other new technologies. With the reformation of the Diagnosis Related Group (DRG)/Big Data Diagnosis Intervention Packet (DIP) medical insurance payment, precise diagnosis and treatment devices will become a crucial tool for medical institutions to refine management capability, as well as to enhance diagnosis capability and efficiency. Chinese-developed high-end medical devices that can effectively improve the accuracy and stability of surgery and reduce post-operative complications of patients can satisfy medical institutions' need for diagnosis and treatment efficiency and cost control, and at the same time, can provide patients with better treatment experience. In July 2022, Beijing implemented the "Administrative Measures for CHS-DRG Payment (Except for New Technologies and New Drugs) (For Trial Implementation)" (《CHS-DRG 付費新藥新技術除外支付管理辦法》(試行)) for the first time on a trial basis, pursuant to which, all eligible drugs and medical devices can be applied for inclusion in the excepted items payment channel, which can guide and regulate medical behaviors, and at the same time fully stimulate the innovation momentum of new drugs and new medical technologies.

On the other hand, China is accelerating the pace in the development of proprietary core technologies in key areas and industries to enhance the competitive advantages and market position of "Intelligent Manufacturing in China" in the world. During the "14th Five-Year Plan" period, China has set higher requirements for the high-quality development of medical institutions and the flow of quality medical resources to lower-tier cities. With the extensive application of 5G communication technology, artificial intelligence and other cutting-edge technologies in healthcare industry in China, doctors will have the opportunity to use high-end medical devices to provide more technically advanced, higher-quality, higher value-added and cost-effective intelligent medical products and solutions to more patients in China and around the world, which will also serve as a strong driver for the development of the innovative medical device industry.

BUSINESS PROGRESS

In the first half of 2022, the recurrence of COVID-19 in China has brought severe challenges to the Group's research and development (“R&D”), clinical trial, supply chain and other aspects, and the penetration of large medical devices to hospitals in various regions has also experienced different degree of delay. As one of the first batch of enterprises to resume work and production in Shanghai, the Group worked against the clock to allocate our resources and focused on ensuring the orderly resumption of production and operation.

During the Reporting Period, the Group continued to focus on the establishment of surgical robot technology innovation platform and industrial operation system, kept on strengthening internal management and external market expansion, accelerated the deployment of surgical robots in multiple surgical specialties, as well as continued to build a clinical application-based training and education platform, deepen and expand cooperation on research between the industry, universities and research institutions, and strengthen the industrial and intelligent operation and maintenance system for the whole life cycle, with an aim to build up our ability to commercialize our products worldwide, and to maintain stable progress on the research and development, clinical trials and commercialization of surgical robot products.

Toumai, the Group's Core Product, was approved for launch by NMPA during the Reporting Period, becoming the first and only four-arm laparoscopic surgical robot developed by a Chinese enterprise and approved for launch to date. Honghu, one of the Group's flagship products, was also approved by the NMPA during the Reporting Period, becoming the first and the only Chinese-developed orthopedic surgical robot approved for launch by NMPA which is equipped with a self-developed robotic arm with proprietary intellectual property right to date. Besides, Honghu also obtained a 510(k) clearance from FDA in July 2022, becoming the first and the only Chinese surgical robot cleared by the FDA to date. During the Reporting Period, the Group continued to make satisfactory progress on the research and development of core underlying technologies and pipeline products, and achieved breakthrough in the application of cutting-edge technologies. During the Reporting Period, Toumai has successfully completed the longest-distance 5G ultra-remote robotic surgery in the world as at the date of this announcement.

Our Research and Development and Product Pipeline

After years of research and development, innovation and industrial accumulation, we are the only global surgical robot company with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, and have more than 10 products at the fast promotion stage of industrialization projects.

As at the date of this announcement, the Company has three flagship products, Toumai, DFVision and Honghu, all of which have entered the Green Path, and were approved by the NMPA. In the meantime, Honghu also received 510(k) clearance from the FDA in July 2022. The Group also achieved satisfactory progress in the innovation and R&D as well as the industrialization in respect of other products during the Reporting Period.

Meanwhile, Toumai has completed the registrational clinical trial of laparoscopic surgery operation in the field of general surgery, thoracic surgery and gynecologic surgery in April 2022, covering many “First” or “Difficult” operations in the above fields, including the first domestic four-arm surgical robot registered clinical total hysterectomy and adnexal resection, first domestic four-arm surgical robot-assisted radical gastrectomy for gastric cancer, radical resection for rectal cancer, hepatectomy, first domestic laparoscopic surgical robot-assisted endometrial resection, radical resection for lung cancer and various other most complicated Level IV surgeries, filling the gaps of the clinical application of domestic surgery robots in various fields. Toumai has also become the second laparoscopic surgical robot in the world and the first in China to fully cover the important and complex clinical applications in the fields of thoracic cavity, abdominal cavity and pelvic cavity. As at the date of this announcement, we have submitted NMPA registration application for expanding Toumai’s application to multi-discipline and it is expected to be approved in the first half of 2023.

With the support from 5G communication technology, Toumai has successfully completed the longest-distance 5G ultra-remote robotic surgery in the world as at the date of this announcement, which has demonstrated China’s breakthrough and leading position in 5G ultra-remote surgery field. Looking forward, it can help promoting the flow and reasonable allocation of quality medical resources to lower-tier cities, and make it more feasible to carry out surgeries of high complexity and difficulty in remote and underdeveloped areas.

Despite the impact of the pandemic prevention and control in China during the first half of 2022, we still made meaningful progress in the preparation of Toumai’s marketing and commercialization activities. During the Reporting Period, the Group has established nearly ten new clinical application and training centers for Toumai across the country. Through strengthening clinical education and training and active marketing and promotion activities, the awareness and recognition of Toumai among hospitals and surgeons has been rapidly enhanced.

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

Toumai Single-arm Laparoscopic Surgical Robot

Toumai Single-arm Laparoscopic Surgical Robot independently developed by the Group completed the first human clinical trial of domestic single-arm laparoscopic surgical robot in China in December 2021, and has completed tens of exploratory clinical trials during the Reporting Period. We are now preparing for the registrational clinical trial in an orderly manner.

DFVision 3D Electronic Laparoscope

DFVision is a 3D electronic laparoscope independently developed by the Group, which can be widely used in examining abdominal, thoracic and pelvic organs, among others. Through the application of high-resolution imaging objective lens and electronic lens structure, it presents full HD two-way images, provides the operator with the 3D sense of surgical field of vision and natural depth of field, and is significantly helpful for the operator to conduct accurate orientation operation under laparoscopy.

DFVision is the first domestic 3D electronic laparoscope that entered the Green Path in China, and obtained the NMPA approval in June 2021. It has become one of the first batch of commercial 3D electronic laparoscopes developed by Chinese enterprises, breaking through the monopoly of imported laparoscopic brands in China’s 3D laparoscopic market.

As the first commercialized product of the Group, we have started the marketing of DFVision in China since the end of 2021, and have built and kept expanding a professional and seasoned marketing team for it. Despite being affected by the outbreak of COVID-19 during the Reporting Period, we still implemented the commercialization of DFVision in an orderly manner during the Reporting Period, we have realized the installation and tenders of several devices.

Honghu Orthopedic Surgical Robot

Honghu is an orthopedic surgical robot designed for joint replacement surgery independently developed by the Group. It enjoys technical advantages such as precise operation, efficient synergy, safety protection and strong compatibility. Before surgery, its planning system can assist surgeons to formulate personalized prosthesis implantation plans based on patients' preoperative CT scan data and prosthesis model data. During surgery, the precise positioning from surgical planning and the utilization of registration technology in combination with the self-developed highly dexterous and lightweight robotic arm(s) allow for an osteotomy to be quickly completed, thus helping to improve the accuracy and efficiency of the operation. Honghu avoids the need for positioning of the medullary cavity in traditional surgery. As there is no intramedullary rod implantation during the surgery, Honghu reduces surgical damage and blood loss, improves the postoperative lower limb alignment, reduces surgical complications, and helps patients achieve faster recovery after surgery.

In April 2022, Honghu has obtained the registration certificate for launch issued by NMPA to be used for total knee replacement surgery, making it the third flagship product of the Group approved for launch and opening a new chapter for our comprehensive presence on the circuit of orthopedic robots. Honghu was also the first and the only Chinese-developed orthopedic surgical robot approved by NMPA which is equipped with a self-developed robotic arm with proprietary intellectual property right to date. With our effort in actively exploring overseas market, Honghu (registered name in the United States is SkyWalker™) has obtained a 510(k) clearance from the FDA in July 2022, becoming the first and the only Chinese surgical robot cleared by the FDA to date, and is a key milestone in the Group's globalization strategy. The Group has applied for CE certification for Honghu in March 2022, and is expected to obtain such certification in the first half of 2023.

In addition to total knee replacement surgery, the Group is exploring the application of Honghu for other surgeries. As at the date of this announcement, Honghu has completed the first-in-man (FIM) surgery of total hip arthroplasty, which marked Honghu's official entry into the practical clinical trial and evaluation stage for total hip arthroplasty.

Trans-bronchial Surgical Robot

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

The clinical trial and evaluation tasks of the Trans-bronchial Surgical Robot are progressing smoothly, it has completed a robot-assisted transbronchial lung nodules biopsy during the Reporting Period, which is the first-in-man (FIM) clinical trial completed by a Chinese-developed trans-bronchial surgical robot, and marks a breakthrough of the Group in the minimally invasive surgical domain. The Group plans to commence the registrational clinical trial for Trans-bronchial Surgical Robot in the second half of 2022.

R-ONE Vascular Interventional Surgical Robot

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

As at the date of this announcement, R-ONE has completed the enrollment for registrational clinical trial in China, becoming the first cardiovascular interventional surgical robot system in China that has completed multicenter registrational clinical trials. With the stability and reliability of R-ONE demonstrated in the clinical trial, it can fill the gap in the fields of domestic PCI surgical robots, and has laid an important foundation for more precise and intelligent and less invasive vascular interventional surgery. Shanghai Cathbot expects R-ONE may obtain the approval for launch in China in 2023.

iSR’obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System

Mona Lisa, a product of Shanghai Intbot, a joint venture company jointly established by the Company and Biobot in China is an innovative robotics product in the field of percutaneous puncture of the Group, aiming at assisting physicians to complete prostate puncture biopsy surgeries more precisely, accurately and quickly. Leveraging on surgical robots and artificial intelligence technology, Mona Lisa can help clinical physicians complete various operations in a better way through intelligent software formulation planning. Mona Lisa not only demonstrates the 3D visualized MRI-ultrasound fusion technology, but its motion compensation and needle offset position compensation technology also enhances the precision of puncture surgeries, so as to reduce the omission diagnostic rate, number of incisions and pain to patients.

Mona Lisa has completed enrollment for registrational clinical trial in China during the Reporting Period, becoming the first prostate puncture robot completing enrollment for registrational clinical trials in the field of urology, while it is also a breakthrough of the Group in the field of percutaneous puncture. As at the date of this announcement, Shanghai Intbot has submitted registration application for Mona Lisa to NMPA, and plans to obtain the approval for launch in 2023.

Cutting-edge technology

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

After Honghu successfully completed the first three-place 5G remote knee arthroplasty with a Chinese-developed orthopedic surgical robot in 2021, Toumai has completed 5G ultra-remote robotic assisted urological laparoscopic surgery, becoming the longest-distance 5G remote robotic surgery in the world to date. The Group has also put effort in promoting the application of 5G technology in robot-assisted surgeries. The world's first 5G remote precise minimally invasive surgery training center jointly established by the Group and the hospital will support the promotion of the large scale application of medical robotics technology combined with 5G communication technology, and will facilitate the provision of remote medical services and offsite consultation, and promote the flow of quality medical resources to lower-tier cities, which is important for enhancing medical services in local and remote communities, and has great application prospect.

Research and Development

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

At present, the Group has two China R&D centers respectively in Shanghai and Shenzhen. Meanwhile, as part of the globalization strategy, the Group also has established overseas R&D centers in Singapore, America and other countries, aiming at breaking through the core technology of minimally-invasive surgical robots, providing the whole chain of scientific and technological innovation services of surgical robots, and preparing for the Group's R&D, upgrade and iteration of the products in the future. As at 30 June 2022, the Group has a total of over 600 R&D professionals.

The Group also made full advantages of medical and engineering integration, and has reacted promptly to clinical needs. We have vigorously carried out multi-center clinical trials led by clinicians, promoted industrial upgrading and product iteration, and realized the transformation of underlying research results. Our Shanghai Engineering Research Center of Minimally Invasive Surgical Robots (上海微创手术机器人工程技术研究中心) has successfully built an open service platform covering research and development, verification, clinical and industrialization support through the cooperation between the industry, universities and research institutions.

Capability of Commercialization

The Group has established a well-trained and fully responsible consultant marketing team to provide hospitals with comprehensive services, such as training, surgery support, maintenance and device adjustment and testing and so on. During the Reporting Period, as our product has successively obtained approval and official launch for sales, we have expanded our marketing team accordingly, which have helped the Group to continuously improve our product marketing system, enhance service capabilities and optimize brand image.

During the Reporting Period, despite the adverse impact of the COVID-19, the Group still achieved leapfrog development in marketing and clinical training. With our targeted and specialized marketing strategy and training system construction plan, the Group has further established over ten clinical application and training centers across the country, which has carried out a number of surgical robot clinical training and technical support activities, and has enhanced doctor communication and patient education, laying a solid foundation for further enhancing the recognition of Toumai, Honghu and other innovative products of the Group, as well as their subsequent large-scale commercialization. With the help of those trainings and communication, we can collect ample feedback from doctors, and use them to provide critical clinical support for the continuous upgrading of the Group's products and improving product's functions.

MedBot Mobile Demonstration & Training Center developed by the Group is equipped with Toumai and Honghu surgical robot systems. During the Reporting Period, through continuous promotion and application of those systems, we have promoted the surgical robot technology of "Intelligent Manufacturing in China" across the country, providing a platform for more healthcare professionals to access and experience surgical robots without having to travel long distances, which would help alleviate current shortage of domestic surgical robot training resources, and accelerate the development of affordable robotic surgeries.

Manufacturing and Supply Chain

The Group's internal manufacturing and supply team is responsible for managing our manufacturing, supply and transportation. We currently have two production bases in China, located in Shanghai and Suzhou respectively. The Group engaged in system integration and hierarchical assembly and testing of core components through its subsidiary Shanghai MicroPort Shuzhi Technology Co., Ltd. (上海微創樞知科技有限公司), and expedited the research and development of core parts prototype and the products iteration through its subsidiary Shanghai Weizhuo Technology Co., Ltd. (上海微琢科技有限公司). Through strategic and refined procurement management, as well as the effective measures we adopted to continuously optimize sampling and product iteration efficiency, and to improve product delivery rate, the Group is well prepared for the mass production and scale sales of products after their launch. During the Reporting Period, the Group's production and logistics were temporarily affected by the resurgence of the epidemic in China. During the Reporting Period, supply chain related works have been fully resumed.

Human Resources and Personnel Training

After years of accumulation, we have grown into the largest surgical robot industrialization team in China, covering the industrial operation ability of full cycle of surgical robot development covering R&D, clinical trial and registration, supply chain management and commercialization and marketing. As at 30 June 2022, the Group had around 1,200 employees, mainly based in China, Singapore, United States etc., and continue our effort to build the largest team in the surgical robot industry.

As a unique internal talent growth platform of the Group, “Stellar Academy (恒星學堂)” accurately fits the business and solves the pain points and difficulties of learning. It has formed a diversified curriculum system of basic knowledge, management knowledge, professional knowledge and project experience category and focuses on practical courses, delivered 24 professional courses during the Reporting Period. Besides, the Group has adopted a management pyramid model to guide the behaviors of the management and implement management practice to further position and develop talents.

Intellectual Property

As at 30 June 2022, we have filed 689 patents application worldwide, of which 209 patents have been granted patents in China or overseas, including 159 Chinese patents and 50 overseas patents. The remaining 480 patents are still under application, covering cutting-edge areas such as clinical applications, automated surgery and AI technology. In the first half of 2022, the Group was granted 49 new patents, including 19 overseas patents for inventions, completing the overseas deployment of core technologies. According to the branding, marketing and compliance protection strategy, we have completed the layout of domestic and foreign trademarks, and applied for 147 trademarks in the first half of 2022, having established the trademark system of launched products and corporate brands.

Outlook

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

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

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

2. *Accelerate the commercialization, and improve the market penetration*

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

3. *Continue to Promote globalization strategy*

We will build a globalized medical robots total solution innovation platform and integrate potential resources to improve the commercialization and supply chain capacity of the Group overseas, paving the way for the launch of our surgical robot products in overseas markets in the future. We plan to recruit talents in R&D, manufacturing, supply chain and marketing all over the world to cooperate with the implementation of the globalization strategy. We also plan to cooperate with the top hospitals and well-known research institutions all over the world to enhance our soft power in the industry.

FINANCIAL REVIEW

Overview

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

Revenue

The Group recorded revenue of RMB1.0 million for the six months ended 30 June 2022, which was generated from the sales of DFVision.

Selling and Marketing Expenses

Selling and marketing expenses increased by 337.7% from RMB14.7 million for the six months ended 30 June 2021 to RMB64.2 million for the six months ended 30 June 2022. The increase was primarily attributable to the commercialization progress of our products which consisted of: (i) the increase in staff costs due to the increasing number of employees, including salaries, bonus and welfare as well as the share-based payments for the commercial team; and (ii) the increasing costs for training doctors and material consumption for marketing.

Administrative Expenses

Administrative expenses increased by 24.1% from RMB52.5 million for the six months ended 30 June 2021 to RMB65.1 million for the six months ended 30 June 2022. The increase was primarily in line with the business development which mainly consist of (i) the increase in staff costs due to the increasing number of employees, including salaries, bonus and welfare and share-based payments for management and administrative employees; and (ii) the increase in office rental and other expenses.

Research and Development Costs

Research and development costs increased by 110.2% from RMB160.1 million for the six months ended 30 June 2021 to RMB336.4 million for the six months ended 30 June 2022. The increase was primarily due to (i) the increase in staff costs due to the increasing number of employees, including salaries, bonus and welfare and share-based payments for research and development employees; (ii) the increase in costs of materials and consumables for research and development activities, as a result of the registration and clinical verification for Toumai and Honghu and the progression of the development of our other pipeline products; and (iii) the increase in rental and other expenses related to R&D.

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

	Six months ended 30 June	
	2022	2021
	<i>(RMB in thousands)</i>	
Staff costs	179,398	86,267
Cost of materials and consumables	96,512	52,749
Contracting costs	20,970	10,356
Clinical trial expenses	5,509	4,759
Others ⁽¹⁾	34,022	5,941
	<hr/>	<hr/>
Total	336,411	160,072
	<hr/> <hr/>	<hr/> <hr/>

Note:

(1) Including depreciation and amortization and others.

Other Operating Expenses

Other operating expenses was RMB0.6 million for the six months ended 30 June 2022. For the six months ended 30 June 2021, other operating expenses represented listing expenses of RMB14.8 million in relation to the Listing.

Other Net Income

For the six months ended 30 June 2022, the Group recorded RMB16.3 million of other net income, compared to RMB15.8 million for the six months ended 30 June 2021, which primarily consisted of (1) RMB15.5 million of interest income on financial assets measured at amortised cost; and (2) RMB0.6 million of government grants (primarily including government subsidies to support our research and development activities on surgical robots).

Net Gain/(Loss) on Financial Instruments Carried at FVPL

For the six months ended 30 June 2022, the Group recorded a net gain of RMB9.5 million in relation to the changes in the fair value of financial instruments carried at FVPL, which was primarily due to the increase in the fair value of our investments in Biobot and NDR, compared to a net loss of RMB5.2 million for the six months ended 30 June 2021.

Finance Costs

The finance costs of the Group increased from RMB0.7 million for the six months ended 30 June 2021 to RMB5.6 million for the six months ended 30 June 2022, primarily due to the increase in the interests on lease liabilities to RMB5.3 million.

Share of Losses of Equity-Accounted Investees

The share of losses of equity-accounted investees increased by 73.5% from RMB10.4 million for the six months ended 30 June 2021 to RMB18.1 million for the six months ended 30 June 2022. The Group had four equity-accounted investees, the share of losses of equity-accounted investees was mainly attributable to the above mentioned investees still in research and development stage, recording net loss during the Reporting Period.

Non-HKFRS Measures

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

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

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Loss for the period	(463,501)	(242,560)
Add:		
Share-based payments ⁽¹⁾	62,778	36,201
Listing expenses ⁽²⁾	—	14,774
	(400,723)	(191,585)

Notes:

- (1) Share-based payments are regarded as non-cash items, arising from granting shares or share options to certain employees of the Group, the amount of which may not solely correlate with the underlying performance of our business operations, and is also affected by nonoperating performance related factors that are not closely or directly related to our business activities.
- (2) Listing expenses are one-off expenses in relation to the Listing.

Inventories

The inventories consist of raw materials, work in progress and low-value consumables. We recorded inventories of RMB193.9 million as at 30 June 2022. As we have not initiated mass production yet, the utilization rate of inventories could be relatively slow. The utilization rate is expected to improve along with our product commercialization and commercial production.

In addition, we are of the view that our inventories are mostly moving items that are suitable for sale. We also regularly monitor inventory level for slow-moving and obsolete items.

Lease Liabilities

As at 30 June 2022, we recorded lease liabilities of RMB207.9 million, which were primarily related to the leasing for our office premises, manufacturing and R&D.

Capital Expenditure

Our capital expenditure amounted to RMB160.4 million during the Reporting Period, including the payments for property, plant and equipment and external equity investment.

Contingent Liabilities

As at 30 June 2022, we did not have any contingent liabilities.

Employees and remuneration policies

As at 30 June 2022, the Group had around 1,200 employees. The remuneration package of our employees includes salaries, bonus and welfare and share-based payments which shall be determined based on their respective qualification, experience, position and performance. We make social insurance and housing provident fund contributions as required by the laws and regulations of PRC.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL MANAGEMENT

Cash Position

The cash and cash equivalents of the Group decreased from RMB1,940.8 million as at 31 December 2021 to RMB1,477.0 million as at 30 June 2022, primarily due to ongoing R&D activities and increasing marketing activities.

Capital Management

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

Exposure to Foreign Exchange Fluctuation

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

As at 30 June 2022, the Group had cash and bank balances denominated in United States dollars and Hong Kong dollars of RMB7.9 million and RMB7.7million (31 December 2021: RMB6.5 million and RMB191.1 million), respectively, all of which are subject to fluctuations in exchange rates.

Borrowings and Gearing Ratio

As at 30 June 2022, the total interest-bearing borrowings of the Group amounted to RMB 20.0 million, increased by RMB20.0 million as compared to nil as at 31 December 2021. As at 30 June 2022, the Group's net gearing ratio (as calculated by total interest-bearing bank borrowings as at the end of respective periods divided by total equity as at the same date) increased to 1.0%, as compared to nil as at 31 December 2021.

Net Current Assets

The Group's net current assets as at 30 June 2022 were RMB1,338.3 million, as compared to RMB1,859.8 million as at 31 December 2021.

Charge on Assets

As at 30 June 2022, there was no charge on assets of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There is no plan authorised by the Board for any material investments or capital assets during the six months ended 30 June 2022.

USE OF NET PROCEEDS

Initial Public Offering on the Stock Exchange

Net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$1,682.2 million (equivalent to approximately RMB1,375.4 million).

The Group intends to utilize the net proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. All the net proceeds from the Listing were remitted to the PRC and completed the foreign exchange settlement procedures in January 2022. As at 30 June 2022, the Company has utilized the net proceeds from the Listing for the following purposes:

The following table sets forth details of the net proceeds as at 30 June 2022:

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the full exercise of the over-allotment option		Unutilized net proceeds as at 1 January 2022	Actual use of net proceeds for the period from 1 January 2022 to 30 June 2022		Unutilized net proceeds as at 30 June 2022	Expected timeline of the intended use of proceeds
	HK\$'million	Approximate percentage		HK\$'million	HK\$'million		
For Toumai	588.91	35.0	588.27	142.70	445.57	by the first half of 2023	
— <i>ongoing R&D activities of Toumai</i>	336.52	20.0	335.88	115.14	220.74	by the first half of 2023	
• <i>for further refinement</i>	33.65	2.0	33.01	14.20	18.81	by the first half of 2023	
• <i>for application expansion to gynecologic, thoracic and general surgeries</i>	100.96	6.0	100.96	25.64	75.32	by the first half of 2023	
• <i>for product refinement per clinical feedback and product upgrade toward the next generation of Toumai</i>	201.91	12.0	201.91	75.30	126.61	by the first half of 2023	
— <i>the commercialization of Toumai</i>	252.39	15.0	252.39	27.56	224.83	by the first half of 2023	

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the full exercise of the over-allotment option		Unutilized net proceeds as at 1 January 2022	Actual use of net proceeds for the period from 1 January 2022 to 30 June 2022	Unutilized net proceeds as at 30 June 2022	Expected timeline of the intended use of proceeds
	HK\$'million	Approximate percentage	HK\$'million	HK\$'million	HK\$'million	
For orthopedic surgical robots	353.35	21.0	353.35	13.26	340.09	by the first half of 2023
— <i>ongoing R&D of Honghu</i>	168.26	10.0	168.26	13.26	155.00	by the first half of 2023
• <i>for application expansion to other joint replacement procedures</i>	92.54	5.5	92.54	13.26	79.28	by the first half of 2023
• <i>for continuous refinements and upgrades</i>	75.72	4.5	75.72	—	75.72	by the first half of 2023
— <i>commercialization of Honghu</i>	107.69	6.4	107.69	—	107.69	by the first half of 2023
— <i>research and development of other orthopedic surgical robots</i>	77.40	4.6	77.40	—	77.40	by the first half of 2023
For the Group's other product candidates	319.69	19.0	319.41	75.74	243.67	by the first half of 2023
— <i>(i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline</i>	235.56	14.0	235.56	75.74	159.82	by the first half of 2023

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the full exercise of the over-allotment option		Unutilized net proceeds as at 1 January 2022	Actual use of net proceeds for the period from 1 January 2022 to 30 June 2022		Unutilized net proceeds as at 30 June 2022	Expected timeline of the intended use of proceeds
	HK\$'million	Approximate percentage		HK\$'million	HK\$'million		
<i>— the development and commercialization of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot</i>	84.13	5.0	83.85	—	83.85	by the first half of 2023	
Enhance our manufacturing capacities and supply chain management capabilities	84.13	5.0	84.13	6.72	77.41	by the first half of 2023	
Expand our product portfolio with innovative robotic technologies and products	168.26	10.0	168.26	85.89	82.37	by the first half of 2023	
Working capital and general corporate purposes	168.26	10.0	168.26	12.22	156.04	by the first half of 2023	

The Directors were not aware of any material change to the planned use of proceeds as at 30 June 2022. The unutilized net proceeds and its following intended timeframe for utilization will be applied in the manner consistent with that mentioned in the Prospectus. Further details of the breakdown and description of the use of proceeds are set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Proposed Issuance of A Shares and Listing on The STAR Market of The Shanghai Stock Exchange

On 1 June 2022, the Company announced that it proposed to apply to the relevant PRC regulatory authorities for the allotment and issuance of not more than 116,062,930 A shares of the Company (“A Shares”), and proposed to apply to the Shanghai Stock Exchange for the listing and trading of A Shares on the STAR Market of the Shanghai Stock Exchange (the “STAR Market”). On 21 June 2022, the Shareholders considered and approved the issuance of no more than 116,062,930 A Shares and the application to the Shanghai Stock Exchange for the listing and trading of A Shares on the STAR Market and relevant matters in the 2022 third extraordinary general meeting, the 2022 third domestic shares’ class meeting and the 2022 third H shareholders’ class meeting of the Company. The proposed issuance of A Shares is subject to, amongst other things, approval from the Shanghai Stock Exchange and registration with the China Securities Regulatory Commission.

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

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

CORPORATE GOVERNANCE PRACTICES

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

INDEPENDENT REVIEW OF AUDITOR

The interim financial report for the six months ended 30 June 2022 is unaudited, but has been reviewed by KPMG, in accordance with Hong Kong Standard on Review Engagements No. 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the HKICPA.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code, with the primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems of the Company and overseeing the audit process. As at the date of this announcement, the Audit Committee comprises three members: namely Mr. Mui Wing Hong (chairman), Mr. Sun Xin and Dr. Li Minghua.

The Audit Committee has reviewed and discussed the interim results for the six months ended 30 June 2022.

SUBSEQUENT EVENT

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

INTERIM DIVIDEND

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2022 to the Shareholders.

FORWARD-LOOKING STATEMENTS

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

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the Company (<http://www.medbotsurgical.com>). The 2022 interim report of the Company will be despatched to the Shareholders in due course and will also be available at the websites above at the same time.

APPRECIATION

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

DEFINITIONS

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

“Audit Committee”	the audited committee of the Company
“Biobot”	Biobot Surgical Pte. Ltd., a company established in Singapore with limited liability on August 28, 2007
“Board”	the board of Directors
“CG Code”	the corporate governance code contained in Part 2 of Appendix 14 to Listing Rules
“Company” or “we” or “us” or “our”	Shanghai Microport Medbot (Group) Co., Ltd. (上海微创医疗机器人(集团)股份有限公司), a company incorporated in the People’s Republic of China, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2252)
“Core Product” or “Toumai”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to, Toumai [®] (圖邁 [®]) Laparoscopic Surgical Robot (registered name in China)
“DFVision”	DFVision [®] (蜻蜓眼 [®]) 3D Electronic Laparoscope (registered name in China)
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“FDA”	the U.S. Food and Drug Administration
“Green Path”	the special approval procedure for innovative medical devices of the NMPA

“Group”	the Company and its subsidiaries
“Honghu”	Honghu (鴻鵠®) Orthopedic Surgical Robot (registered name in China)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange and such Domestic Shares converted into H Shares upon the Domestic Shares been approved for full circulation under the full circulation scheme
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	2 November 2021, the date on which dealings in the H Shares on the Main Board first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MicroPort”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 July 2006 whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 853)
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mona Lisa”	iSRobot™ Mona Lisa Robotic Transperined Prostate Biopsy System
“NDR”	NDR Medical Technology Private Limited, a company incorporated in Singapore with limited liability on October 20, 2014.
“NMPA”	National Medical Products Administration of the PRC
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall not include Hong Kong, Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus of the Company dated 21 October 2021
“Reporting Period”	for the six months ended 30 June 2022

“Robocath”	Robocath S.A.S, a company incorporated in France with limited liability on 9 October 2009
“R-ONE”	R-ONE Vascular Interventional Surgical Robot
“Shanghai Cathbot”	Cathbot (Shanghai) Robot Co., Ltd. (知脈(上海)機器人有限公司), a company established in the PRC with limited liability on March 19, 2021 which is owned as to 51% by the Company and 49% by Robocath
“Shanghai Intbot”	Shanghai Intbot Robotics Co., Ltd. (上海介航機器人有限公司), a company established in the PRC with limited liability on March 12, 2021 which is owned as to 40% by the Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center LLP (上海羚敏企業管理諮詢中心 (有限合夥))
“Shanghai Targbot”	Shanghai Targbot Medtech Co., Ltd. (上海術航機器人有限公司), a company established in the PRC with limited liability on February 4, 2021 which is owned as to 41% by the Company, 39% by NDR and 20% by Shanghai Youlong Enterprise Consultation Center LLP (上海佑隆企業管理諮詢中心 (有限合夥))
“Share(s)”	ordinary share(s) of the Company, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent

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

Shanghai, China, 26 August 2022

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