

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2023, together with comparative audited figures for the year ended 31 December 2022. The results 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

	For the year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Revenue	104,592	21,603
Gross profit	14,694	6,562
Loss before taxation	(1,023,530)	(1,146,284)
Loss for the year	(1,023,530)	(1,146,284)
Loss attributable to equity shareholders of the Company	(1,012,174)	(1,139,806)
Loss per share — Basic and diluted (in RMB)	(1.06)	(1.19)

For the year ended 31 December 2023, the Group recorded revenue of RMB104.6 million, representing an increase of 384.2% as compared to last year. Such increase was mainly due to the strong market performance of the multidisciplinary application of the Company's Core Product, Toumai, after approval for launching and the successful promotion of orthopedic surgical robots in the overseas markets.

The Group recorded net loss of RMB1,023.5 million for the year ended 31 December 2023 as compared to RMB1,146.3 million in last year. The decrease of net loss is primarily driven by (i) the increase in gross profit which is in line with the revenue growth; and (ii) the decrease in R&D costs resulting from the concentration on core R&D projects and the improvement on R&D efficiency, which is however offset by (a) the increase in selling and marketing expenses arising from the comprehensive commercial activities to promote a number of the Group's marketed products; (b) one-off expenses (such as the loss in relation to the termination of certain leases) as a result of business concentration; (c) the inventory provision recorded in the cost of sales, mainly due to the upgrade and optimisation of the products; and (d) the net loss on the overseas investments measured at fair value through profit or loss.

Benefiting from the successful implementation of revenue growth, strategic focus and cost reduction and efficiency increase measures, during the Reporting Period, the Group's net free cash outflow decreased by 42% from RMB1,158 million for the year ended 31 December 2022 to RMB670 million for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023

(Expressed in Renminbi)

	Note	2023 RMB'000	2022 RMB'000
Revenue	2	104,592	21,603
Cost of sales		<u>(89,898)</u>	<u>(15,041)</u>
Gross profit		14,694	6,562
Other net (loss)/income	3	(13,342)	42,078
Selling and marketing expenses		(238,428)	(184,042)
Administrative expenses		(126,361)	(170,472)
Research and development costs		(569,175)	(755,802)
Net loss on financial instruments carried at fair value through profit or loss (“FVPL”)		(42,525)	(26,984)
Other operating expenses		<u>—</u>	<u>(6,603)</u>
Loss from operations		(975,137)	(1,095,263)
Finance costs	4(a)	(18,590)	(11,366)
Share of losses of equity-accounted investees		<u>(29,803)</u>	<u>(39,655)</u>
Loss before taxation	4	(1,023,530)	(1,146,284)
Income tax	5(a)	<u>—</u>	<u>—</u>
Loss for the year		<u>(1,023,530)</u>	<u>(1,146,284)</u>
Attributable to:			
Equity shareholders of the Company		(1,012,174)	(1,139,806)
Non-controlling interests		<u>(11,356)</u>	<u>(6,478)</u>
Loss for the year		<u>(1,023,530)</u>	<u>(1,146,284)</u>
Loss per share	6		
Basic and diluted (RMB)		<u>(1.06)</u>	<u>(1.19)</u>

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

for the year ended 31 December 2023

(Expressed in Renminbi)

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(1,023,530)	(1,146,284)
Other comprehensive income for the year, net of nil tax		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations, net of nil tax	<u>2,171</u>	<u>9,580</u>
Other comprehensive income for the year	<u>2,171</u>	<u>9,580</u>
Total comprehensive income for the year	<u>(1,021,359)</u>	<u>(1,136,704)</u>
Attributable to:		
Equity shareholders of the Company	(1,009,986)	(1,130,226)
Non-controlling interests	<u>(11,373)</u>	<u>(6,478)</u>
Total comprehensive income for the year	<u>(1,021,359)</u>	<u>(1,136,704)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

		31 December 2023	31 December 2022
	Note	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		367,017	491,576
Intangible assets		9,537	7,053
Goodwill		1,482	1,482
Equity-accounted investees		148,282	175,154
Financial assets measured at FVPL		66,916	109,602
Other non-current assets		40,625	46,436
		<u>633,859</u>	<u>831,303</u>
Current assets			
Inventories		229,505	250,478
Trade and other receivables	8	55,749	93,725
Pledged deposits		1,083	6,657
Cash and cash equivalents		507,711	747,962
		<u>794,048</u>	<u>1,098,822</u>
Current liabilities			
Interest-bearing borrowings	9	375,357	—
Trade and other payables	10	244,943	257,649
Contract liabilities		11,118	8,489
Lease liabilities		47,879	58,218
Provisions		5,979	958
		<u>685,276</u>	<u>325,314</u>
Net current assets		<u>108,772</u>	<u>773,508</u>
Total assets less current liabilities		<u>742,631</u>	<u>1,604,811</u>
Non-current liabilities			
Interest-bearing borrowings	9	99,700	33,100
Contract liabilities		3,905	1,786
Lease liabilities		72,507	128,632
Deferred income		64,682	33,018
Provisions		82	397
		<u>240,876</u>	<u>196,933</u>
NET ASSETS		<u><u>501,755</u></u>	<u><u>1,407,878</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(Expressed in Renminbi)

		31 December 2023	31 December 2022
	Note	RMB'000	RMB'000
CAPITAL AND RESERVES			
Share capital	11	958,594	958,594
Reserves		<u>(439,114)</u>	<u>459,064</u>
Total equity attributable to equity shareholders of the Company		519,480	1,417,658
Non-controlling interests		<u>(17,725)</u>	<u>(9,780)</u>
TOTAL EQUITY		<u>501,755</u>	<u>1,407,878</u>

Notes

(Expressed in Renminbi unless otherwise indicated)

1 Material accounting policies

(a) 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**”) 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 Limited (the “**Stock Exchange**”).

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 1(c) 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.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company 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 as explained in the accounting policies set out below:

- investments in 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.

As at 31 December 2023, the Group had short-term interest-bearing borrowings of RMB375,357,000. In addition, the Group incurred a net loss of RMB1,023,530,000 and had net operating cash outflow of RMB567,843,000 for the year ended 31 December 2023. The directors of the Company have reviewed the current performance and cash flow projection as part of their assessment of the Group's ability to continue as a going concern. The directors of the Company have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from the end of the reporting period and to meet its obligations, as and when they fall due, having regard to (1) the Group's plan on market expansion and strict control on operating costs; and (2) the renewal and addition of banking facilities obtained after the balance sheet date.

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

(c) *Changes in accounting policies*

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

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform — Pillar Two model rules*

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

2 Revenue and segment reporting

(a) *Revenue*

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

(i) *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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Sales of medical devices — point in time	<u>104,592</u>	<u>21,603</u>

Revenue from each major customer which accounted for 10% or more of the Group's revenue is set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Customer A	13,704	—
Customer B	10,893	—
Customer C	—	5,526
Customer D	—	3,588

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

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was RMB6,144,000 (2022: RMB1,828,000). This amount represents revenue expected to be recognised in the future from rendering services. The Group will recognise the expected revenue in future when the service is rendered to the customers, which is expected to occur over the next 5 years.

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*

(i) *Segment information*

For the purpose of resource allocation and performance assessment, the Group's president, being the chief operating decision maker, reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment and no further analysis of this single segment is presented.

(ii) *Geographical 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 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 were delivered or services were provided. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operations to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of investments in equity-accounted investees.

	Revenues from external customers		Specified non-current assets	
	2023 RMB'000	2022 RMB'000	2023 RMB'000	2022 RMB'000
The PRC (place of domicile)	83,385	21,603	360,403	491,096
United States	13,704	—	33,933	37,729
Europe	7,503	—	131,982	146,440
	<u>104,592</u>	<u>21,603</u>	<u>526,318</u>	<u>675,265</u>

3 Other net (loss)/income

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest income on financial assets measured at amortised cost	8,874	26,653
Government grants	19,484	11,568
Net foreign exchange gain	201	2,039
Net loss in relation to the termination of leases (note 7)	(40,454)	—
Others	(1,447)	1,818
	<u>(13,342)</u>	<u>42,078</u>

4 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on interest-bearing borrowings and loans from related parties	11,436	260
Interest on lease liabilities	6,972	10,866
	<u>18,408</u>	<u>11,126</u>
Total interest expense on financial liabilities not at fair value through profit or loss	182	240
Others	182	240
	<u>18,590</u>	<u>11,366</u>

(b) *Other items*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Amortisation of intangible assets	<u>2,833</u>	<u>1,813</u>
Depreciation charge		
— owned property, plant and equipment	60,863	42,483
— right-of-use assets	<u>48,063</u>	<u>56,410</u>
	<u>108,926</u>	<u>98,893</u>

5 **Income tax in the consolidated statements of profit or loss**

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax	—	—
Deferred tax	—	—
	<u>—</u>	<u>—</u>

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%.

According to the new tax incentives policies promulgated by the State Tax Bureau of the PRC in March 2021, effective from 1 January 2021, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from the taxable income.

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

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

(b) *Reconciliation between tax expense and accounting loss at applicable tax rates:*

	2023	2022
	RMB'000	RMB'000
Loss before taxation	<u>(1,023,530)</u>	<u>(1,146,284)</u>
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	(248,910)	(277,045)
Effect of non-deductible expenses	34,733	35,179
Effect of additional deduction on research and development costs	(57,131)	(78,647)
Effect of deductible temporary differences and tax losses not recognised	<u>271,308</u>	<u>320,513</u>
Actual tax expenses	<u>—</u>	<u>—</u>

6 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 RMB1,012,174,000 (2022: RMB1,139,806,000) and the weighted average number of ordinary shares of 958,594,000 shares in issue during the year (2022: 958,594,000 shares).

(b) *Diluted loss per share*

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The calculation of diluted loss per share amount for the years ended 31 December 2023 and 2022 has not included the potential effects of the warrants and share options issued by an equity-accounted investee of the Group, as they had anti-dilutive effects on the basic loss per share amount for the respective year. Accordingly, diluted loss per share for the years ended 31 December 2023 and 2022 are the same as basic loss per share of the respective years.

7. Property, plant and equipment

In 2023, the Group terminated certain leases for the use of manufacturing facilities and office building. The Group derecognised the right-of-use assets with a net book value of RMB32,243,000 and the corresponding lease liabilities of RMB35,378,000, and also wrote off the leasehold improvements with a net book value of RMB38,484,000 in relation to these terminated leases. Accordingly, losses arising from the termination of leases (including the termination fee to the lessors) totalling RMB40,454,000, were recognised in the consolidated statement of profit or loss (note 3).

8 Trade and other receivables

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Trade debtors due from related parties, net of loss allowance	4,969	—
Value-added tax recoverable	25,786	68,244
Other debtors due from		
— third parties	6,561	1,092
— related parties	4,646	3,997
Prepayments	13,787	20,392
	<u>55,749</u>	<u>93,725</u>

As at 31 December 2023, the ageing of trade debtors are within 3 months, based on the invoice date. Trade debtors are due within 60 to 90 days from the date of billing. All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

9 Interest-bearing borrowings

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	375,357	—
After 1 year but within 2 years	99,700	33,100
	<u>475,057</u>	<u>33,100</u>

10 Trade and other payables

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables due to		
— third-party suppliers	68,664	118,991
— related parties	5,587	5,553
	<u>74,251</u>	<u>124,544</u>
Total trade payables		
Accrued payroll	78,661	64,094
Amounts due to related parties	17,259	13,250
Other payables and accrued charges	74,772	55,761
	<u>244,943</u>	<u>257,649</u>
Financial liabilities measured at amortised cost		

All trade and other payables are expected to be settled within one year or are repayable on demand.

As at the end of the Reporting Period, the ageing analysis of the trade payables based on invoice date is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 month	48,015	113,649
Over 1 month but within 3 months	13,181	2,834
Over 3 months but within 6 months	6,831	2,751
Over 6 months but within 1 year	2,695	3,531
Over 1 year	3,529	1,779
	<u>74,251</u>	<u>124,544</u>

11 Capital, reserves and dividends

(a) Dividends

The directors of the Company did not propose the payment of any dividend during the year ended 31 December 2023 (2022: nil).

(b) Share capital and share premium

Details of the movement of the issued and fully paid share capital of the Company are as follows:

	No. of shares ('000)	<i>RMB'000</i>
Ordinary shares, issued and fully paid:		
At 1 January 2022, 31 December 2022 and 31 December 2023	<u>958,594</u>	<u>958,594</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In 2023, against the backdrop of rising complexity, severity and uncertainty in the international environment, China's economy achieved overall recovery and improvement, making solid progress in high-quality development. Therefore, China's economy has demonstrated development resilience and potential, and the fundamentals of a long-term positive trend remain unchanged.

2023 is an important year of transition since the implementation of the “National Health Plan of the 14th Five-Year Plan” (《「十四五」國民健康規劃》) in China, with encouraging cutting-edge technologies and breakthroughs in the medical field being one of the themes of China's economic development in the “14th Five-Year Plan”, and even longer period. Following implementation of the “14th Five-Year Plan”, policies to support rapid development of medical institutions were introduced successively, driving the development of high-end medical device industry. Meanwhile, as China encourages layouts for the promotion of expansion and flow of quality medical resources to lower-tier cities and balanced distribution to various regions, market demands in lower-tier cities for high-end medical device will bring greater development opportunities. The “14th Five-Year Plan” emphasises technological innovation orientation and enterprise innovation elements, indicating the absolute leading position of innovation entities in the development of the medical device industry. It is expected that high-end medical equipment innovation companies will take the lead in developing the huge market potential brought by the rapid development of China's medical equipment industry.

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

Driven by both policy benefits and market demand, the demand for high-end medical equipment is expected to usher in a major breakthrough in independent innovation and

commercialisation. In March 2023, the National Health Commission issued the Large Medical Equipment Configuration License Management Catalog (2023), and in June 2023, it promulgated the “Notice on Allocation and Planning of Large-scale Medical Device of the 14th Five-Year Plan (《「十四五」大型醫用設備配置規劃的通知》)”. As compared with the “13th Five-Year Plan”, the number of planned allocation certificate for laparoscopic surgical system in the “14th Five-Year Plan” increased significantly. In the current stage, procurement of high-end medical device in China is mainly attributable to large hospitals, as the quality development strategy for the industry continues to implement, combining with the introduction and implementation of the government’s subsequent supporting policies, it is expected that additional procurement of high-end medical device as well as demands for relevant update and iteration and market potential will gradually be unleashed, while domestic high-end large-scale medical device, including the laparoscopic surgical robots, is expected to leverage on its cost-effective advantage, as well as with advantage in leading application of innovation including integration of new technologies such as 5G communications and artificial intelligence, promote the healthy and orderly development of China’s surgical robot industry, accelerate the expansion and balanced regional layout of quality medical resources, enhancing patients’ satisfaction, improving physicians’ operating experience and reducing overall surgery costs, in deep response to the substantial demands of doctors and patients in China’s healthcare market, satisfying demands of general public of different sections and diversified medical and healthcare demands. With outstanding quality, extensively recognised clinical value and competitive price advantage, the rate of utilisation and penetration of domestic surgical robots will be greatly enhanced, which will expedite the realisation of import substitution and in turns provide more high-end treatments of more comprehensive and higher quality for doctors and patients in China.

Meanwhile, regarding high-end medical equipment, exemplified by surgical robots, national and local governments vigorously implement open strategies such as the “Belt and Road” Initiative, encouraging enterprises to “go global” and participate in global competition. 2023 marks the 10th anniversary of the “Belt and Road” Initiative. Benefiting from policy support, the excellent technical strength of China’s medical device products and competitive cost-effectiveness, countries along the “Belt and Road” have become important market for China’s medical devices to “go global”. To implement the Action Plan for the High-Quality Development of the Medical Equipment Industry (2023–2025) (《醫療裝備產業高品質發展行動計劃(2023–2025年)》) and further promote the high-quality development of Shanghai’s medical robot industry, the Shanghai Municipal Economic and Informatization Commission, the Science and Technology Commission of Shanghai Municipality, the Shanghai Municipal Health Commission, the Shanghai Municipal Medical Insurance Bureau, and the Shanghai Municipal Drug Administration have jointly developed the Shanghai Action Plan for Promoting the Development of the Medical Robot Industry (2023–2025) (《上海市促進醫療機器人產業發展行動方案(2023–2025年)》), which clarifies that one of the key tasks is to promote the development of overseas markets: supporting the ‘Belt and Road’ initiative, encouraging local medical robot enterprises to utilise multilateral and bilateral cooperation mechanisms to provide higher quality

high-end medical equipment and solutions to ‘Belt and Road’ countries. Expanding into developed markets, support will be given to locally developed and produced medical robot products that have passed international registrations with the FDA (U.S. Food and Drug Administration), EMA (European Medicines Agency), CE (European Community), PMDA (Japan Pharmaceuticals and Medical Devices Agency) and have achieved sales.” In recent years, China’s domestic surgical robots have made breakthroughs and developments in many fields of core technology, as well as the integration and application of new technologies such as 5G communication and artificial intelligence. They will enter the list of “going global” medical device products and create implementable and replicable integrated solutions with smart and precise medical services for countries along the “Belt and Road” to further enhance the influence of China’s innovative medical technology and remote surgery technology in neighbouring countries and even the world.

BUSINESS PROGRESS

In 2023, the global economic and geopolitical instability had an impact on the economic environment and the medical device industry in China, coupled with the increasingly stringent industry regulation and intensifying industry competition posing challenges to medical device enterprises. In this context, the Group adhered to a focused business strategy with the primary objective of driving sustainable revenue growth, and continuously and intensively enhanced its operational efficiency. During the Reporting Period, by virtue of its extensive multi-track layout, excellent product performance and industry-leading commercialisation strength, a number of the Group’s marketed products achieved breakthroughs in commercialisation, which further consolidated and strengthened the Group’s competitive edge in the industry in the domestic and oversea markets.

During the Reporting Period, the Group recorded a revenue of RMB104.6 million, representing a significant increase of 384.2% as compared with that of RMB21.6 million for the last year, mainly attributable to the continuous growth in sales from the full commercialisation of the Group’s major products, Toumai, SkyWalker and DFVision. The Group’s continuous leading technology advantages and commercialisation strength were strong engines driving the sustained revenue growth.

- **The process of winning bids for our Core Product Toumai has accelerated, solidifying the leading advantages of domestic brands**
 - The multi-disciplinary application of the Core Product, i.e. Toumai was approved by the NMPA in October 2023, marking another important milestone since it was the first to receive marketing approval from NMPA and officially launched commercialisation in January 2022. Toumai has won the trust of doctors and gained high recognition from hospitals and the market by virtue of its excellent clinical value, forward-looking technological innovation capabilities and perfect training service system. During the Reporting Period, Toumai completed ten

commercially installed units and achieved strong growth as compared with the same period of last year. As at the date of this announcement, Toumai has won bids for nearly 20 units in various provinces nationwide, many of which are top-tier hospitals in China, which confirms Toumai's absolute leading edge in domestic laparoscopic surgical robots, and lays a sound foundation for Toumai's subsequent large-scale commercial applications.

- In the face of fierce competition in the domestic market, SkyWalker and DFVision, by virtue of the resilience of their operations and teams, contributed steady sales revenue during the Reporting Period, maintaining their domestic leading position in their respective industries.
 - The Mona Lisa, a prostate puncture robot deployed by the Group in the percutaneous surgery domain through international cooperation was approved by the NMPA in May 2023, and one unit was sold and installed, one commercial operation was successfully performed during the Reporting Period. The R-ONE vascular interventional robot, which we deployed in the panvascular domain, has even accumulated several intended orders within a short period since it was approved in December 2023, showing a strong commercialisation potential.
- **Overseas business officially commenced, steadily advancing globalisation strategy**
 - Toumai's overseas market exploration achieved an inspiring start. During the Reporting Period, Toumai entered into its first overseas sales order, which was also the first order for overseas sales of domestic laparoscopic surgical robots. As at the date of this announcement, Toumai has successfully assisted in the first ever radical prostatectomy for prostate cancer overseas. This is a landmark milestone for Toumai to establish domestic presence, boldly explore the international market, and successfully achieve commercial transformation and enter into clinical application, which is of great significance to the Group's development and globalisation strategy.
 - As the Group's first flagship product to achieve overseas sales, SkyWalker's overseas business accelerated during the Reporting Period and achieved commercial breakthroughs in mainstream countries manufacturing high-end medical equipment in the world, including the United States and Germany. As at the date of this announcement, SkyWalker has accumulatively received 15 overseas sales orders, completed more than 100 robot-assisted surgeries, and successfully performed multiple consecutive surgeries.

- By successfully appearing and sharing experiences at international industry conferences and exhibitions, the Group has been able to rapidly build and enhance our brand recognition and academic influence in the international market. Through demonstrating our flagship products, remote surgery and innovative concepts, the Group, as a representative of domestic surgical robots, proved to international clinical experts the technical strength of “Intelligent Manufacturing in China”, helping more overseas medical experts, scholars and even patients to recognise and deeply understand the application level and development status of innovative medical technologies in the field of minimally invasive surgery in China. As our academic influence in the international field continues to increase, it will ultimately drive the huge potential for our products to be sold in overseas markets.
- As the only Chinese surgical robot group at present that has entered the international mainstream market, we focus on overseas target markets in the aspects of brand building, overseas registration, clinical application, market expansion and operation and maintenance guarantee, and gradually promote the development of overseas business. We will promote our overseas commercial activities of multiple products in a comprehensive and rapid manner by giving full play to the synergistic effect with MicroPort Group and its extensive overseas sales network.
- **Intelligent surgical total solutions facilitated the high-quality development of the medical industry, with 5G applications leading industrial upgrade**
 - During the Reporting Period, the Group accelerated the achievement transformation in the five major fields. To date, certain innovative products in four-fifths of such fields have been approved for launch to provide robotic intelligent surgical total solutions. Among them:
 - ✧ In the field of orifice surgery, the application of our Core Product Toumai for laparoscopic surgeries in urology, general surgery, gynecology and thoracic surgery was approved by the NMPA in October 2023, marking the full launch of the commercial application of Toumai in multiple departments. During the Reporting Period, the new generation of DFVision was granted with the marketing registration certificate issued by the Shanghai Medical Products Administration and the CE Mark from EU through approval by the British Standards Institution (BSI).
 - ✧ In the field of orthopedic surgery, the application of SkyWalker for hip and knee arthroplasty was approved by the NMPA in September 2023. During the Reporting Period and up to the date of this announcement, SkyWalker (being used for knee replacement surgery) further obtained Brazil ANVISA certification, Australia TGA certification and the United Kingdom UKCA certification, becoming the first and only domestic surgical robot approved for launch in major surgical robot markets, namely China, the United States, EU, Brazil, Australia and the United Kingdom.

Toumai Laparoscopic Surgical Robot — Our Core Product

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

- **Toumai's progress in winning bids accelerated with the approval for application in various departments**

The application of Toumai for laparoscopic surgeries in urology surgery, general surgery, gynecology and thoracic surgery was approved by the NMPA in October 2023, which is of great significance to the Group's commercialisation and business development. As the first domestic laparoscopic surgical robot to achieve commercialised installation, Toumai continued to maintain and leverage its leading position and influence in domestical laparoscopic surgical robots in light of its excellent technological foundation, solid clinical performance and comprehensive physician training and service system. As at the date of this announcement, Toumai has won domestic bids for nearly 20 units and completed 11 commercial installations, of which we completed ten domestic commercial installations in 2023. In addition to leading domestic brands in number of orders, Toumai won the bidding of hospitals among a number of top-tier hospitals in China. All of these have played a good role in driving and demonstrating the subsequent large-scale commercial application of Toumai, accelerating the import substitution process of domestic laparoscopic surgical robots.

- **Toumai passed the threshold of large-scale surgery, demonstrating its excellent clinical value**

With a clear commercialisation strategy, Toumai continued to proceed with physician training and clinical validation during the Reporting Period. As at the date of this announcement, the Group has accumulatively established more than 30 clinical application and training centres for Toumai nationwide, and has assisted more than 90 hospitals in 31 provinces (autonomous regions and municipalities directly under the central government) in completing more than 2,000 difficult human clinical surgeries in urology surgery, general surgery (gastrointestinal surgery, hepatobiliary and pancreatic surgery, thyroid and galactophore gland surgery), thoracic surgery, gynecology, paediatrics and other specialties. In particular, Toumai completed more

than 1,600 surgical operations with level 4 high complexity, applied nearly 300 surgical operations and completed nearly 50 “first case in China”, and was the first to pass the threshold of large-scale application of domestic laparoscopic surgical robots. Benefiting from the positive impact of clinical education and training and marketing and promotion activities, Toumai’s excellent product performance and sound stability have been fully verified, and its awareness and recognition among hospitals and surgeons has been rapidly enhanced.

Through the simulation of Toumai in real-life scenarios and the regular application of difficult surgery, Toumai’s innovation, stability, safety and effectiveness have been verified in large samples and diversified clinical trials, and its excellent clinical value has been fully demonstrated.

- **Overseas business officially commenced, rapidly building international influence**

In December 2023, Toumai concluded its first order for overseas sales through an overseas contract. As at the date of this announcement, Toumai has completed commercial installation and successfully assisted in the first radical prostatectomy overseas. This operation is also the first international human clinical operation performed by a domestical laparoscopic surgical robot. To date, Toumai is the first and only domestical laparoscopic surgical robot to achieve commercial installation overseas, realising a breakthrough from zero to one. This is a landmark milestone for domestical laparoscopic surgical robots to establish domestic presence, boldly explore the international market, and successfully achieve commercial transformation and enter into clinical application.

Since its international debut in July 2023 at the Society of Robotic Surgery (SRS) 2023 Annual Meeting, a globally renowned academic conference, Toumai has gained more and more opportunities to demonstrate its high-level clinical performance and technical level to top overseas clinical experts, and share the exploration experience of the Group in the field of remote surgery. Toumai’s leading product performance, as well as the Group’s new concepts, technologies, methods and progress in the field of remote surgery, have received widespread attention and praise from overseas experts, rapidly enhancing the international recognition and influence of Toumai and the Group.

- **Leading the exploration of 5G remote surgery, Toumai achieved a new milestone in remote surgery**

The application of 5G remote technology to realise the standardisation of remote robotic surgery is conducive to the realisation of flow of quality medical resources to lower-tier cities, which in turns benefiting patients in extensive remote areas, and it is also one of the key directions for the Group's continuous research and active progress. As at the date of this announcement, Toumai has taken the lead in exploring over 120 5G remote human clinical surgeries in the world, with a 100% success rate. At the same time, Toumai has also assisted and completed a series of pioneering achievements — the longest surgical distance (over 5,000 kilometres), the most complex surgical procedures, the widest range of indications, the most first records — nearly 20 records for the first remote surgery in China and even the world.

The Group's breakthrough innovation in the field of 5G applications and its forward-looking research and leading exploration in international cutting-edge fields such as remote surgery and smart surgery have enabled Toumai to assist clinical experts at home and abroad in achieving a new milestone in remote surgery. At the 49th session of Arab Health and the first session of SRS Telesurgery Consensus Conference held in early 2024, our 5G remote surgery technology went abroad, as Toumai completed the world's first transnational 5G ultra-remote simulated surgery verification across 7,000 kilometres, and successfully implemented 5G ultra-remote simulated surgery verification across the Atlantic Ocean and ultra-remote animal experiments across the Pacific Ocean. It fully demonstrated to authoritative experts and scholars from Asia, Europe, America and other countries and regions that China's independently developed laparoscopic surgical robots have extraordinary technical strength and extremely stable and reliable performance, and breakthrough clinical applications.

As at the date of this announcement, Toumai's application for CE Mark from EU has been accepted; and Toumai remote laparoscopic surgery system has commenced the NMPA clinical registration and commenced clinical trial enrollment.

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

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

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

As at the date of this announcement, Toumai Single-arm Laparoscopic Surgical Robot has completed the enrollment of registrational clinical trial and explored its application in surgeries under more departments. As Toumai Single-arm started application of single-port clinical procedures in various departments including gynecologic, urologic and general surgeries in different hospitals in locations such as Beijing, Shanghai and Nanchang, expecting to provide further proof of the technological stability and safety of Toumai Single-arm, and to benefit more physicians and patients with its excellent performance and reliable services.

DFVision 3D Electronic Laparoscope

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

DFVision obtained the NMPA approval in June 2021 and realised sales in second half of 2021. During the reporting period, DFDVision contributed solid sales performance and maintained its leading position among similar domestic brands. Meanwhile, as the Group's high-end vision platform that connects the technical equipment with underlying algorithms and surgical robot products, DFDVision's performance and technical level have been further improved. During the Reporting Period, the new generation of DFDVision was granted with the marketing registration certificate issued by the Shanghai Medical Products Administration and the CE Mark from EU through approval by the British Standards Institution (BSI), broadened the market for DFDVision in the field of domestic high-end medical equipment, and laid a solid foundation for the Group to overseas commercialisation in the future.

SkyWalker Orthopedic Surgical Robot

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

SkyWalker (being used for total knee replacement surgery) obtained the registration certificate for launch issued by NMPA in April 2022. In September 2023, SkyWalker obtained the launch approval of NMPA for the compatible application of total knee replacement surgery and total hip replacement surgery, becoming the first and, to date, the only domestic hip and knee integrated orthopaedic surgery robot equipped with self-developed robotic arm and approved for launch. In terms of overseas market expansion, SkyWalker (being used for total knee replacement surgery) has managed to obtain the 510(k) clearance from the FDA, the CE Mark from EU, the certification from Brazil ANVISA, the certification from Australia TGA and UKCA of the United Kingdom successively, making it the first and only domestic surgical robot that has obtained marketing approval in China, United States, EU, Brazil, Australia and the United Kingdom, being major markets of surgical robots.

Benefiting from the Group's extensive and targeted marketing promotion and physicians' training for SkyWalker, as well as the effective synergy and full utilisation of good brand reputation and solid market foundation of MicroPort Group in overseas orthopaedic market, SkyWalker rapidly converted its initial achievement upon its commercialisation. During the Reporting Period, SkyWalker contributed to the stable domestic sales income and continued to maintain its leading position among domestic brands. At the same time, the overseas presence of SkyWalker gradually expanded from North America, achieved commercial breakthroughs in Europe, South America, Oceania and other places, and continued to set new overseas clinical records. As at the date of this announcement, SkyWalker has received 15 overseas orders and completed more than 100 robot-assisted surgeries overseas.

In terms of clinical application and promotion, with its advantages of customised planning and precise surgical operation, SkyWalker can minimise wounds of patients and avoid over-reliance on physicians' skills and experience in traditional joint replacement surgery. It can facilitate surgical results and help patients regain their health. As at the date of this announcement, the Group has deployed nearly 20 SkyWalker clinical application and training centres nationwide, nearly 900 robot-assisted clinical validation surgeries have been accomplished by SkyWalker in the orthopedics, joint surgery and sports medicine departments of over 50 hospitals in 17 provinces and municipalities directly under the central government in China. These surgeries include a number of challenging robot-assisted procedures, such as the first joint replacement surgery of internal fixation by intramedullary nail for fractures of femoral shaft (股骨幹骨折髓內釘內固定術後關節置換手術), the joint replacement surgery for severe rheumatoid arthritis (重度類風濕關節炎關節置換手術) by domestic surgical robot, showing the highly stable assistance performance and high clinical application value of SkyWalker. Meanwhile, SkyWalker has successfully conducted various cases of 5G remote joint replacement surgeries, including the first 5G remote total knee replacement surgery with assistance by domestic robot in Tibet, which holds practical and far-reaching significance in expansion of its application to hospitals in third and fourth tier cities and remote areas, as well as in establishment of medical communities in the future.

In terms of international development, by making full use of the synergistic effect with MicroPort Group, and based on the rich experience of MicroPort Group in the field of orthopaedics and the excellent quality of its joint prosthesis after long-term clinical verification, it is expected that the combined application of joint prosthesis of SkyWalker and MicroPort Group can effectively shorten the learning curve of doctors and help to tap their respective clinical value of joint prosthesis of SkyWalker and MicroPort Group to a greater extent, especially its internal axial knee system with advanced implant design concept and long-proven clinical evidence, so as to achieve the clinical utility of $1 + 1 > 2$, providing more excellent clinical solutions for joint replacement for doctors and patients around the world. On the other hand, the clinical practice of SkyWalker in the mainstream countries of global high-end medical equipment manufacturing and the clinical needs of mature markets will also provide guidance for the performance improvement of SkyWalker and create a forward-looking competitive advantage.

Benefiting from the excellent product performance and the increasing reputation and popularity of the Group worldwide, SkyWalker has won a wide recognition and favor of top hospitals and patients in Europe and the United States. International Orthopaedics, a well-known journal sponsored by the International Orthopedics Society (國際骨科學會), published the results of SkyWalker's first head-to-head large-sample clinical comparative study and related clinical data against top international robotic products. The results of the clinical study verify that SkyWalker has high surgical accuracy in assisted total knee replacement surgery, and can obtain good postoperative efficacy, with shorter surgical planning time, which comprehensively improves the efficiency of the whole process, indicating that there is no significant difference between SkyWalker assisted total knee replacement surgery and the international top orthopaedic surgical robot products in terms of surgical accuracy and clinical efficacy.

The Group is also exploring the breakthrough application of SkyWalker for other surgeries. As at the date of this announcement, SkyWalker has completed the first-in-man surgery for unicompartmental knee arthroplasty (首例膝關節單髁置換人體手術), which marked SkyWalker's official entry into the practical clinical trial and evaluation stage for unicompartmental arthroplasty (單髁置換術).

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

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

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

R-ONE Vascular Interventional Surgical Robot

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

R-ONE was approved for launch by NMPA in December 2023, becoming the first commercial coronary blood vessel interventional surgical robot to complete multi-centre clinical trials and be approved in China. With the stability and reliability of R-ONE demonstrated in the clinical trial, it can fill the gap in the domestic fields of PCI surgical robots, and has laid an important foundation for more precise, intelligent and less invasive vascular interventional surgery. In terms of market expansion, the highly synergistic advantage with the cardiovascular business of MicroPort Group is an important catalyst driving the commercialisation progress of R-ONE. As at the date of this announcement, R-ONE has quickly accumulated several domestic intended orders.

Through integrated application of 5G technology, in July 2023, R-ONE successfully completed China's first robot-assisted 5G ultra-remote PCI surgery with remote control crossing a distance of 2,800 kilometres, marking an important milestone for the development of vascular intervention. At the beginning of 2024, R-ONE assisted experts from the National Institute of Cardiovascular Diseases (NICVD) in Bangladesh to successfully perform a number of vascular interventional operations for complex lesions, making headlines on Bangladesh's "News Network": the world's first robotic PCI remote surgery for two consecutive operations, and the world's first robotic remote surgery for the implantation of two stents for complex coronary lesions at one time, and the local surgery to implant three stents at one time for multi-vessel coronary lesions for two consecutive operations. It proves that robotic remote surgery can also complete the interventional treatment of complex coronary lesions.

iSR'obot Mona Lisa Robotic Transperineal Prostate Biopsy System

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

During the Reporting Period, Mona Lisa successfully obtained the approval for launch by the NMPA and concluded the sales and installation for one unit, and successfully performed one commercial surgery. As the first prostate puncture robot obtained the approval in the field of urology in China, Mona Lisa can improve the positive detection rate of patients, reduce manual error and omission diagnostic rate, assist clinical physicians to complete biopsy puncture surgeries more accurately and efficiently, and at the same time reduce

the pain of patients. The product provides more medical options and better conditions for patients requiring prostate biopsy puncture, which will fill the gap in the domestic market for robot assisted puncture products. On the other hand, Mona Lisa will form an integrated solution for diagnosis and treatment of prostate cancer with the Company's Core Product, Toumai, and facilitate the improvement of diagnosis and treatment models for prostate diseases.

CUTTING-EDGE TECHNOLOGY

With the continuous progress of technologies, such as big data, artificial intelligence, 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 in an innovation-driven approach, committed to meeting the demand for robotic surgery.

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

Up to now, the Group has achieved multiple important milestones in terms of breakthrough innovation in the field of 5G applications, as well as in pioneering research and leadership exploration in international forefront areas such as remote surgery and smart surgery. Especially since Toumai first cooperated with Jiangsu Provincial People's Hospital in June 2022 to complete three cases of ultra-remote urological surgery spanning 5,000 kilometres, the clinical application of remote surgery has expanded to a wider range of more difficult and complex operations, frequently setting the world-first records. Toumai has been the first globally to achieve over 120 cases of 5G remote human clinical surgeries with a 100% success rate, with the furthest transmission distance being 5,000 kilometres and the longest master-slave control distance of nearly 13,000km, showcasing Toumai's exceptional

stability performance and the leading advantage of 5G remote technology. Based on the 5G remote surgery system architecture, utilising advanced technologies such as “dual-machine backup” (雙機熱備), “multi-network integration” (多網融合) and “smart coding” (智能編碼), Toumai has developed a multi-point collaborative remote surgery system that allows dual console control of a single patient surgery platform. The seamless transfer mechanism of control rights ensures the precise execution of multi-point collaborative surgery, with the advantages of low latency and high reliability, allowing the surgeon to see more clearly, perform surgeries more accurately, and ensure patient safety during operations.

Meanwhile, the Group continued to put efforts in promoting the application of remote technology in robot-assisted surgeries, with an aim to assist in the establishment of regional medical partnership. The Group has jointly established the world’s first 5G remote precise minimally invasive surgery training centre with 301 hospital, which provides assistance for the standardised training and promotion of domestic robotic surgery technology, facilitated the flow of advanced diagnosis and treatment technology to lower-tier, and promoted the improvement of primary medical and health service capacity in China. During the Reporting Period, the Group continued to promote the demonstration of “Light on the Silk Road” (絲路之光) — 5G robot-assisted remote surgery. As the first mobile surgery and training platform equipped with 5G remote robot in the industry, the mobile training platform of Toumai integrating “5G remote technology” and “precise minimally-invasive robot surgery technology” will operate across Northwestern China, promoting the gradual perfection of Toumai in the field of 5G remote surgery technology.

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 centres respectively in Shanghai and Shenzhen. Meanwhile, as part of the globalisation strategy, the Group also has established overseas R&D centres in Singapore, the United States and other countries, aiming at breaking through the core technology of minimally-invasive surgical robots, providing the whole chain of scientific and technological innovation services of surgical robots, and preparing for the Group’s R&D, upgrade and iteration of the Group’s products in the future. The Group also made full advantages of medical and engineering integration, and has reacted promptly to clinical needs. We have vigorously carried out multi-centre clinical trials led by clinicians, promoted industrial upgrading and product iteration, and realised the transformation of underlying research results. Our Shanghai Engineering Research Centre of Minimally Invasive Surgical Robots (上海微創手術機器人工程技術研究中心) is the first provincial

surgical robot engineering centre. It created an open service platform covering research and development, verification, clinical and industrialisation support, aiming at promoting cooperation throughout the industry chain, including scientific research institution under medical device testing organisations. The platform cooperated with the institutions to establish standards for surgical robots and construct experimental testing capabilities for surgical robots.

CAPABILITY OF COMMERCIALISATION

The Group has established a well-trained and fully responsible consultant marketing team to provide hospitals with comprehensive services, such as training, surgery support, maintenance, as well as equipment adjustment and testing and so on. During the Reporting Period, the Group has promoted establishment of a targeted training system, helping the Group to continuously improve its product marketing system, further optimise service capabilities and continuously enhance brand influence. To date, the Group has established accumulated over 30 clinical application and training centres for Toumai and nearly 20 for SkyWalker, across the country. The Group also commenced various surgical robot clinical application and training events to enhance communication with physicians and education to patients, so as to build its brand reputation, laying a solid foundation for further enhancing the recognition of the Group's innovative products, as well as their subsequent large-scale sales. We have collected ample feedback from doctors through trainings and communication activities, thereby providing critical clinical support for the continuous upgrading of the Group's products and improving product's functions. At the same time, we continued to conduct large-scale clinical validation surgeries based on real clinical application scenarios and needs. The Group has achieved conductive transformation reflected in sales results with the efficient implementation of various and comprehensive marketing, physician training and clinical validation activities.

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

MANUFACTURING AND SUPPLY CHAIN

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

HUMAN RESOURCES AND PERSONNEL TRAINING

After years of accumulation, we have a surgical robot industrialisation team that involves in the full cycle of surgical robot development covering R&D, clinical trial and registration, supply chain management and commercialisation and marketing. As at 31 December 2023, the Group had around 650 employees, mainly based in China, Singapore, the United States etc. The Group's internal talent growth platform stayed closely aligned with our business to address the learning issues and difficulties, and has developed a diversified course system of basic knowledge, management knowledge, professional knowledge and project experience sharing. The system placed importance on case studies and practical courses to prepare for the personal development and growth of employees and the development of the Company.

INTELLECTUAL PROPERTY

As at 31 December 2023, we have filed 1,278 patents application worldwide, of which 395 patents have been granted in China or overseas, including 263 Chinese patents and 132 overseas patents. The remaining 883 patents are still under application, covering cutting-edge areas such as clinical applications, automated surgery and AI technology. In 2023, the Group was granted 123 new patents, including 46 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 277 trademarks in 2023, having established the trademark system of launched products and corporate brands. During the Reporting Period, the Group was awarded the honours of "Shanghai Patent Demonstration Enterprise" (上海市專利示範企業) and "National Intellectual Property Advantage Enterprise" (國家知識產權優勢企業).

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, 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 optimise 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 commercialisation, and enhance the market penetration

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

3. Continue to promote globalisation strategy

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

FINANCIAL REVIEW

Overview

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

Revenue

The Group recorded revenue of RMB104.6 million for the year ended 31 December 2023, representing an increase of 384.2% as compared to RMB21.6 million for the year ended 31 December 2022, which was mainly due to the strong market performance of the Company's Core Product, Toumai multi-disciplinary application after approval for launching and the successful promotion of orthopedic surgical robots in overseas markets.

Gross Profit and Gross Profit Margin

Gross profit increased by 123.9% from RMB6.6 million for the year ended 31 December 2022 to RMB14.7 million for the year ended 31 December 2023, which was due to the increase in sales of various major product categories. Affected by the impairment on inventory of RMB29.0 million, the gross profit margin decreased from 30% for the year ended 31 December 2022 to 14% for the year ended 31 December 2023.

Selling and Marketing Expenses

Selling and marketing expenses increased by 29.6% from RMB184.0 million for the year ended 31 December 2022 to RMB238.4 million for the year ended 31 December 2023. The increase was attributable to the increase in labor costs due to the commercial promotion and marketing team has been substantially set up by the end of 2022, as well as the increase in investment in the marketing and promotion of core/flagship products.

Administrative Expenses

Administrative expenses decreased by 25.9% from RMB170.5 million for the year ended 31 December 2022 to RMB126.4 million for the year ended 31 December 2023. The reduction of administrative expenses was primarily due to the decrease in labor costs as a result of the streamlining of the management functional team upon completion of measures for optimisation of operational efficiency, as well as the decrease in other administrative expenses.

Research and Development Costs

Research and development costs decreased by 24.7% from RMB755.8 million for the year ended 31 December 2022 to RMB569.2 million for the year ended 31 December 2023. The decrease was primarily due to the concentration on the R&D of product pipeline near the stage of commercialisation and the improvement on R&D efficiency.

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

	For the year ended 31 December	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Staff costs	350,370	384,361
Cost of materials and consumables	80,284	240,325
Contracting costs	49,733	58,491
Depreciation and amortisation	47,664	44,006
Clinical trial expenses	15,183	8,689
Others	25,941	19,930
Total	<u>569,175</u>	<u>755,802</u>

Other Net (Loss)/Income

For the year ended 31 December 2023, the Group recorded other net loss of RMB13.3 million, which primarily due to a loss of RMB40.5 million in relation to the termination of leases over certain premises, as compared to other net income of RMB42.1 million for the year ended 31 December 2022.

Net Loss on Financial Instruments Carried at FVPL

For the year ended 31 December 2023, the Group recorded a net loss of RMB42.5 million on financial instruments carried at FVPL as compared to a net loss of RMB27.0 million for the year ended 31 December 2022, which was primarily due to the further decrease in the fair value of the NDR investment.

Finance Costs

The finance costs of the Group increased from RMB11.4 million for the year ended 31 December 2022 to RMB18.6 million for the year ended 31 December 2023, primarily due to increased interest on bank loans.

Share of Losses of Equity-Accounted Investees

Share of losses of equity-accounted investees decreased by 24.8% from RMB39.7 million for the year ended 31 December 2022 to RMB29.8 million for the year ended 31 December 2023. Our equity-accounted investees are still in research and development or early commercialisation stage, and recorded net loss during the Reporting Period.

Non-HKFRS Measures

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

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

	Year ended 31 December	
	2023	2022
	RMB'000	RMB'000
Loss for the year	(1,023,530)	(1,146,284)
Add:		
Share-based payment expenses ⁽¹⁾	111,875	136,919
Changes in the fair value of financial instruments ⁽²⁾	42,525	26,984
Adjusted net loss for the year	<u>869,130</u>	<u>982,381</u>

Notes:

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

Inventories

Inventories of the Group consist of raw materials, work-in-process and low value consumables. The inventories of the Group amounted to RMB229.5 million as at 31 December 2023. 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, and as of 31 December 2023, the Group provided an inventory impairment of RMB29.0 million due to product upgrades and optimisation.

Lease Liabilities

As at 31 December 2023, the Group's lease liabilities was RMB120.4 million, which were primarily related to the Group's leasing of properties for office premises, manufacturing and R&D. The decrease in lease liabilities is due to the fact that we terminated certain leases during the Reporting Period in connection with our optimisation of operational efficiency.

Capital Expenditure

Our capital expenditure amounted to RMB66.5 million during the Reporting Period, including the payments for property, plant and equipment.

Contingent Liabilities

As at 31 December 2023, the Group did not have any contingent liabilities.

Employees and remuneration policies

As at 31 December 2023, the Group had around 646 employees. During the Reporting Period, the staff cost recognised as expenses of the Group amounted to RMB561.2 million (2022: RMB612.9 million). The decrease in staff costs was mainly due to the decrease in the number of employees from 2022 to 2023.

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees' remuneration package to include salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion.

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held in independently administrated funds managed by the relevant governments.

The Board will review and determine the remuneration and compensation packages of the Directors and senior management and will receive recommendations from the remuneration and appraisal committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL MANAGEMENT

Cash Position

The cash and cash equivalents of the Group decreased from RMB748.0 million as at 31 December 2022 to RMB507.7 million as at 31 December 2023, 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 group entities 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 a foreign currency 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 will consider hedging significant foreign currency exposure should the need arise.

Borrowings and Gearing Ratio

As at 31 December 2023, the total interest-bearing borrowings of the Group amounted to RMB475.1 million, increased by RMB442.0 million as compared to RMB33.1 million as at 31 December 2022. As at 31 December 2023, the Group's debt-to-asset ratio was 65%, as compared to 27% as at 31 December 2022.

Net Current Assets

The Group's net current assets as at 31 December 2023 were RMB108.8 million, as compared to RMB773.5 million as at 31 December 2022. Such decrease was mainly attributable to a decline in the Group's cash position resulting from its continued expenditures on research and development, clinical registration, and commercialisation activities.

Charge on Assets

As at 31 December 2023, there was no material charge on assets of the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND USE OF NET PROCEEDS

Initial Public Offering on the Stock Exchange

The Group intends to utilise 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 2023.

In order to allow the Group to deploy the proceeds from the Listing more efficiently so as to further focus on iterating/upgrade of principal products falling within the early commercial stage, and accounted into the current key operational demands of the Company and the long-term benefits of the Company and the Shareholders, the Group re-allocated the use of part of the unutilised proceeds from the listing and the expected timeline, to better meet the current key operation demand of the Group.

The following table sets forth details of the net proceeds as at 31 December 2023:

	Revised allocation of the net proceeds following the Change ⁽¹⁾	Amount of unutilised net proceeds as at 1 January 2023 ⁽²⁾	Actual use of net proceeds for the year ended 31 December 2023	Amount of unutilised net proceeds as at 31 December 2023	Expected timeline of the intended use of the net proceeds following the Change
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
A. For Toumai	745.13	258.57	192.16	66.41	By the end of 2024
— ongoing R&D activities of Toumai	492.74	189.59	123.18	66.41	By the end of 2024
— the commercialisation of Toumai	252.39	68.98	68.98	—	N/A
B. For orthopedic surgical robots	353.35	218.12	122.62	95.50	By the end of 2025
— ongoing R&D of SkyWalker	218.26	151.35	79.56	71.79	By the end of 2025
• for application expansion to other joint replacement procedures	127.54	84.22	47.12	37.10	By the end of 2025
• for continuous refinements and upgrades	90.72	67.13	32.44	34.69	By the end of 2025
— commercialisation of SkyWalker	107.69	63.49	39.88	23.61	By the end of 2025
— research and development of other orthopedic surgical robots	27.40	3.28	3.18	0.10	By the end of 2024

	Revised allocation of the net proceeds following the Change ⁽¹⁾	Amount of unutilised net proceeds as at 1 January 2023 ⁽²⁾	Actual use of net proceeds for the year ended 31 December 2023	Amount of unutilised net proceeds as at 31 December 2023	Expected timeline of the intended use of the net proceeds following the Change
	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
C. For the Group's other product candidates	245.84	21.81	11.81	10.00	By the end of 2025
— (i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline	235.56	11.81	11.81	—	N/A
— the development and commercialisation of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot	10.28	10.00	—	10.00	By the end of 2025
D. Enhance our manufacturing capacities and supply chain management capabilities	84.13	25.83	25.83	—	N/A
E. Expand our product portfolio with innovative robotic technologies and products	85.89	—	—	—	N/A
F. Working capital and general corporate purposes	168.26	65.51	57.05	8.46	By the end of 2024
Total	1,682.60	589.84	409.46	180.38	

Notes:

- (1) Details of the change in the use of part of the unutilised net proceeds from the Listing have been disclosed in the announcement of the Company dated 29 June 2023.
- (2) The amount of unutilised net proceeds as at 1 January 2023 was restated as if the Change had taken place at 1 January 2023.

Save for the above, the Directors were not aware of any material change to the planned use of proceeds as at 31 December 2023.

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 2023 as set out in this 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 aims to achieve high standards of corporate governance which are crucial to the development and safeguard the interests of the Shareholders. To accomplish this, the Company has adopted the CG Code and the associated Listing Rules after the Listing.

The Board reviewed the Company's corporate governance practices and is satisfied that the Company has complied with all applicable code provisions as set out in Part 2 of the CG Code during the Reporting Period.

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

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee consists of two independent non-executive Directors, namely Mr. Mui Wing Hong (chairman) and Dr. Li Minghua, and one non-executive Director, namely, Mr. Chen Xinxing. 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.

The Audit Committee has reviewed together with the management of the Company the accounting principles and policies adopted by the Company and the annual results and the audited consolidated financial statements for the year ended 31 December 2023.

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. 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.

The Company has also established written guidelines (the “**Employees Written Guidelines**”) no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of inside information of the Company. No incident of non-compliance with the Employees Written Guidelines by the employees was noted by the Company during the Reporting Period.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Reporting Period and up to the date of this announcement, the Group had complied with the applicable laws, regulations and regulatory requirements of the places where the Group operates in all material respects.

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

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

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

There was no other significant investments or material acquisition and disposal of subsidiaries, associated companies and joint ventures by the Company during the Reporting Period.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2023 and up to the date of this announcement.

PUBLIC FLOAT

From the 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 Reporting Period and up to the date of this announcement as required under the Listing Rules.

ANNUAL GENERAL MEETING

The Company will further determine the date, time and venue of the 2023 AGM. Details of the 2023 AGM, the book closure period for the 2023 AGM together with a notice convening the 2023 AGM will be published and despatched in the manner as required by the Listing Rules and the articles of association of the Company as soon as possible.

FINAL DIVIDEND

The Directors do not recommend a final dividend for the Reporting Period.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.medbotsurgical.com>). The 2023 annual report of the Company will be despatched to 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 the Shareholders, management team, employees, business partners and customers of the Group 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:

“2023 AGM”	the annual general meeting of the Company for 2023 to be convened and held in such manner to be determined by the Company
“ANVISA”	Brazilian Health Regulatory Agency
“Audit Committee”	the audited committee of the Board
“Biobot”	Biobot Surgical Pte. Ltd., a company established in Singapore with limited liability on 28 August 2007
“Board”	the board of Directors
“CG Code”	the corporate governance code contained in Appendix C1 to Listing Rules
“Company” or “we” or “us” or “our”	Shanghai MicroPort MedBot (Group) Co., Ltd. (上海微創醫療機器人(集團)股份有限公司), a company incorporated in the People’s Republic of China, the H Shares of which are listed on the main board of the Stock Exchange (stock code: 2252)
“Core Product” or “Toumai”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this announcement, our Core Product refers to, Toumai® (圖邁®) Laparoscopic Surgical Robot (registered name in China)
“DFVision”	DFVision® (蜻蜓眼®) 3D Electronic Laparoscope (registered name in China)
“Director(s)”	director(s) of the Company
“Domestic Shares”	ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“EU”	European Union

“FDA”	the U.S. Food and Drug Administration
“Free Cash Flow”	the sum of net cash used in operating activities, net cash used for purchase of property, plant and equipment and intangible assets, and net cash used for payment of lease rentals and deposits
“Green Path”	the special approval procedure for innovative medical devices of the NMPA
“Group”	the Company and its subsidiaries
“SkyWalker”	SkyWalker® Orthopedic Surgical Robot (registered name in China)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 Stock Exchange 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)
“MicroPort Group”	MicroPort and its subsidiaries

“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules
“Mona Lisa”	iSR’obot Mona Lisa Robotic Transperineal Prostate Biopsy System (registered name in China)
“National Health Commission”	National Health Commission of the PRC
“NDR”	NDR Medical Technology Private Limited, a company incorporated in Singapore with limited liability on 20 October 2014
“NMPA”	National Medical Products Administration of the PRC
“PRC” or “China”	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
“R&D”	research and development
“Reporting Period”	the year ended 31 December 2023
“Robocath”	Robocath S.A.S, a company incorporated in France with limited liability on 9 October 2009
“R-ONE”	R-ONE Vascular Interventional Surgical Robot
“Shanghai Cathbot”	Cathbot (Shanghai) Robot Co., Ltd. (知脈(上海)機器人有限公司), a company established in the PRC with limited liability on 19 March 2021 which is owned as to 51% by the Company and 49% by Robocath
“Shanghai Intbot”	Shanghai Intbot Robotics Co., Ltd. (上海介航機器人有限公司), a company established in the PRC with limited liability on 12 March 2021 which is owned as to 40% by the Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center LLP (上海聆敏企業管理諮詢中心 (有限合夥))

“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 4 February 2021, a subsidiary of the Company at the end of the Reporting Period
“Share(s)”	ordinary share(s) of the Company, comprising Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“TGA”	Therapeutic Goods Administration
“UKCA”	United Kingdom Conformity Assessed
“United States” or “US”	the United States of America
“%”	per cent

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

Shanghai, China, 27 March 2024

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