



**MEDBOT™**  
**微创机器人**

Shanghai MicroPort MedBot (Group) Co., Ltd.  
上海微创医疗机器人(集团)股份有限公司

Stock Code: 2252

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



**2024**  
ANNUAL REPORT









**MEDBOT™**  
**微创机器人**

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# Corporate Information

## DIRECTORS AND SUPERVISORS

### Executive Directors

Dr. He Chao (*President*)  
Ms. Fang Cong<sup>1</sup>

### Non-Executive Directors

Mr. Sun Hongbin (*Chairperson of the Board*)  
Mr. Chen Xinxing  
Mr. Chen Chen

### Independent Non-Executive Directors

Dr. Li Minghua  
Mr. Yao Haisong  
Mr. Mui Wing Hong<sup>2</sup>  
Mr. Chung Wai Man<sup>1</sup>

### Supervisors

Dr. Zhang Jie  
Ms. Zhang Lihong  
Mr. Chen Gong

## COMPANY SECRETARIES

Ms. Hui Yin Shan<sup>3</sup>  
Ms. Yeung Siu Lam<sup>4</sup>

## AUTHORISED REPRESENTATIVES

Mr. Sun Hongbin  
Ms. Hui Yin Shan<sup>3</sup>  
Ms. Yeung Siu Lam<sup>4</sup>

## AUDIT COMMITTEE

Mr. Mui Wing Hong (*Chairperson*)<sup>2</sup>  
Mr. Chung Wai Man (*Chairperson*)<sup>1</sup>  
Dr. Li Minghua  
Mr. Chen Xinxing

## REMUNERATION AND APPRAISAL COMMITTEE

Dr. Li Minghua (*Chairperson*)  
Mr. Yao Haisong  
Mr. Sun Hongbin

## NOMINATION COMMITTEE

Mr. Yao Haisong (*Chairperson*)  
Mr. Mui Wing Hong<sup>2</sup>  
Mr. Chung Wai Man<sup>1</sup>  
Dr. He Chao

## STRATEGY AND DEVELOPMENT COMMITTEE

Mr. Sun Hongbin (*Chairperson*)  
Dr. He Chao  
Dr. Li Minghua

## REGISTERED OFFICE IN THE PRC

Room 101, Area B, Building 1  
1601 Zhangdong Road  
China (Shanghai) Pilot Free Trade Zone  
Shanghai  
PRC

1 Appointed on 18 July 2024  
2 Resigned on 18 July 2024  
3 Resigned on 14 August 2024  
4 Appointed on 18 July 2024



# Corporate Information (Continued)

## HEADQUARTER IN THE PRC

Area B, Building 1  
1601 Zhangdong Road  
China (Shanghai) Pilot Free Trade Zone  
Shanghai  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1922, 19/F  
Lee Garden One  
33 Hysan Avenue  
Causeway Bay  
Hong Kong

## AUDITOR

KPMG  
*Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*  
8th Floor, Prince's Building  
10 Chater Road, Central  
Hong Kong

## LEGAL ADVISER AS TO HONG KONG LAWS

Fangda Partners  
26th Floor, One Exchange Square  
8 Connaught Place  
Central  
Hong Kong

## LEGAL ADVISER AS TO PRC LAWS

Fangda Partners  
24th Floor, HKRI Centre Two, HKRI Taikoo Hui  
288 Shi Men Yi Road  
Shanghai  
PRC

## H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716  
17th Floor Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

## COMPANY WEBSITE

[www.medbotsurgical.com](http://www.medbotsurgical.com)

## PRINCIPAL BANKS

China Construction Bank, Shanghai Zhangjiang Branch  
Shanghai Pudong Development Bank Co., Ltd.  
Zhangjiang Innovation Branch  
China Merchants Bank Co., Ltd.  
Shanghai Hong Kou Stadium Branch  
Bank of Shanghai, Pudong Science & Technology Branch



# Financial Highlights

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<b>2024</b> <b>RMB'000</b> <b>(Audited)</b>	<b>For the year ended December 31</b>			
		2023	2022	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
		(Audited)	(Audited)	(Audited)	(Audited)
Revenue	257,249	104,592	21,603	2,150	—
Gross profit	86,220	14,694	6,562	919	—
Loss before taxation	(647,101)	(1,023,530)	(1,146,284)	(584,507)	(209,290)
Loss for the year	(647,101)	(1,023,530)	(1,146,284)	(584,507)	(209,290)
Loss attributable to equity shareholders of the Company	(642,406)	(1,012,174)	(1,139,806)	(582,921)	(208,874)
Loss per share — Basic and diluted (in RMB)	(0.66)	(1.06)	(1.19)	(0.63)	(0.27)

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<b>2024</b> <b>RMB'000</b> <b>(Audited)</b>	<b>As at December 31</b>			
		2023	2022	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
		(Audited)	(Audited)	(Audited)	(Audited)
Non-current assets	422,493	633,859	831,303	697,658	189,304
Current assets	856,546	794,048	1,098,822	2,094,226	1,515,050
Total assets	1,279,039	1,427,907	1,930,125	2,791,884	1,704,354
Non-current liabilities	517,904	240,876	196,933	167,263	33,994
Current liabilities	503,457	685,276	325,314	234,469	228,908
Total liabilities	1,021,361	926,152	522,247	401,732	262,902
Total equity	257,678	501,755	1,407,878	2,390,152	1,441,452

Note: The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 2 November 2021.



# Company Profile

We are a leading first-tier surgical robot company. The Company is committed to meeting the cutting edge development demand for minimally invasive surgery. By cutting-edge research and industrial integration in the fields of robotics, intelligent control, sensing and information 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. After years of R&D, innovation and armed with industry experience accumulated for years, the Group has been developed into a collectivised operating group of companies mastering foundation technologies of the full cycle of surgical robot development. We are equipped with multi discipline knowledge covering optics, mechanic, electric, control, software, calculation and imaging, enabling us to develop a series of platforms for further exploration. Consequently, the Group is able to build a comprehensive technical and innovative platform for surgical robots and a sound industrial operation system, covering segments like R&D, clinical trials, registration and supply chain management.

The Group is the only global surgical robot company with its business covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, and has accumulated several products at various stages as those in development, clinical trials, registration and commercialisation.

## VISION

Build a globalised medical robots total solution innovation platform

## MISSION

Reshape and prolong life through a robotic intelligent surgical total solution

## BELIEF

Make surgery easier, safer, and less invasive

## FAITH

Explore the unknown, shaping the era of super intelligent surgery



# Chairman's Statement



**Mr. Sun Hongbin**  
*Chairman*

Dear Investors,

Looking back to the past year, we have faced the rare opportunities of rapid industry development and the multiple challenges of complex external situations. All employees of MedBot have always held the belief of "Make surgery easier, safer and less invasive", and no matter the management team or grassroots employee, they firmly implemented the Company's business focus and globalisation and other development strategies. In 2024, we actively responded to the increasingly fierce industry competition and steadily proceeded with domestic expansion of commercialisation, so that the global market layout has also shown initial results, witnessing the word-of-mouth of many of the Company's products in the surgical robot industry at home and abroad. In addition to fully accelerated commercialisation, in 2024 MedBot also experienced its operation and management becoming mature gradually and moving forward steadily. Through continuous innovation-driven development and all-round cost reduction and efficiency improvement, the Company's operating performance was significantly improved and optimised.

## **WE SPED UP TO OBTAIN GLOBAL ORDERS FOR OUR PRODUCT PORTFOLIO, FURTHER CONSOLIDATING THE DOMESTIC LEADING POSITION**

As at the end of 2024, the global orders of the Group's multi-field product portfolio have exceeded 100 units. Among them, as a shaper and leader in China's domestic laparoscopic surgical robot industry, Toumai achieved new orders for 39 units worldwide, with commercial installations surpassing 30 units, bringing cumulative global commercial orders to more than 60 units so far. In the domestic market, Toumai's market share continued to rise, achieving an increase of 19 new installed units during the Reporting Period, with its presence in top-tier provincial Grade IIIA hospitals and the top 100 hospitals nationwide increasing to over 60%; in the international market, Toumai, in just one year, not only expanded into emerging markets such as Asia, Africa, and Latin America, but also achieved a breakthrough in the high-end markets of Europe, securing commercial orders for more than 20 units, fully demonstrating its capability to compete with leading international surgical robot brands on the global markets. The flagship product SkyWalker fully leveraged the synergistic effects with the MicroPort Group, achieving a significant increase of installations year-on-year, with global cumulative orders now exceeding 40 units, and clinical applications overseas continue to expand to more countries in five continents. R-ONE, a vascular interventional robot deployed by the Group in the panvascular domain through international cooperation, won the bid for five leading public hospitals in Shanghai, including Zhongshan Hospital, Fudan University during the Reporting Period, and achieved the first two commercial installations in the Chinese market during the Reporting Period.



## Chairman's Statement (Continued)

### **WE FIRMLY PROMOTED GLOBALISATION STRATEGY, ACHIEVING MILESTONE BREAKTHROUGHS IN PRODUCT ACCESS AND COMMERCIALISATION**

We are accelerating the global certification and overseas commercialisation expansion of our major products. In May 2024, Toumai, as the first Chinese laparoscopic surgical robot product to launch overseas, obtained EU CE (MDR) and can be used for laparoscopic surgeries in urology, general surgery, thoracic surgery and gynecology. As at the end of 2024, Toumai has obtained certifications from nearly twenty countries or regions. Toumai's stability, clinical effectiveness and safety, as well as its level of innovation and technological content have been certified by international authoritative regulatory agencies, laying a foundation for enhancing its competitiveness in the international market. SkyWalker has obtained listing approvals from regulatory authorities in nearly ten countries and regions, including China's NMPA, the U.S. FDA, and the EU CE, achieving comprehensive coverage of developed markets and key emerging markets, thereby reshaping the global development landscape of the orthopedic surgical robot market.

In terms of commercialisation progress, Toumai completed commercial installation and sales of 11 units in overseas markets and clinical application was successfully launched in 2024. With its unique breakthrough innovation among domestic orthopedic surgical robots, SkyWalker has broken into high-end markets in the US and Europe, having completed nearly 2,000 clinical surgeries in more than 70 medical institutions around the world. In the future, the Group will continue to integrate resources at home and abroad and develop a global presence for more products to launch in the overseas market, and give full play to the synergy between us and MicroPort Group and its extensive overseas sales network. The Group will compete with industry peers from all over the world, and lead innovative breakthroughs in domestic surgical robots in multi-disciplinary clinical applications, remote technology, and international market development, so that Chinese smart manufacturing can benefit patients around the world as soon as possible.

### **LARGE-SCALE SURGERIES CONTINUED TO BE CARRIED OUT, ADVANCING EXPLORATION AND INNOVATION IN REMOTE SURGERY APPLICATIONS**

In terms of clinical surgical applications, we continue to strengthen our medical and engineering cooperation with top hospitals, and in responding to physician' needs, strive for excellence in product details, as stable quality and performance can ensure excellent clinical performance of our products. During the Reporting Period, Toumai's commercial clinical surgery volume rapidly accumulated, continually achieving remarkable results in multiple consecutive surgeries and becoming the first to pass the threshold of large-scale application of domestic laparoscopic surgical robots. Up to date, there were more than ten hospitals with single-center surgeries exceeding 100 after the commercial installation of Toumai. Among them, Shanghai Pulmonary Hospital conducted nearly 500 commercial clinical surgeries in less than a year.

Remote surgery is one of the directions that the Group continues to explore. Credited to our comprehensive mastery of the underlying technology, joint application with remote surgery technology has been realised on many surgical robot products of the Group, including Toumai, SkyWalker and R-ONE. As a leader in global ultra-remote surgery technology, Toumai Laparoscopic Surgical Robot has conducted the world's only large-scale, multi-regional and long-distance clinical application exploration of complex surgeries using a variety of communication technologies such as 5G dedicated lines, 5G networks, broadband networks, and geosynchronous orbit satellites. Up to date, Toumai has performed more than 300 multi-department remote surgeries, with a 100% success rate and setting 25 world records, and connected more than 80 hospitals in more than 50 cities, with ultra-remote surgeries over a distance of more than 2,000 kilometers accounting for nearly 25%.

## Chairman's Statement (Continued)

### OPTIMISING OPERATIONAL MANAGEMENT, SIGNIFICANTLY ENHANCING BUSINESS EFFICIENCY

The Group continued to implement the strategy of strategic focus by focusing resources on the performance optimisation and iteration, commercial expansion and production process optimisation of key and commercial-stage products (including Toumai and SkyWalker, etc.) to consolidate our strong momentum of commercialisation in both domestic and overseas markets, thereby effectively enhancing the Group's competitive edge.

During the Reporting Period, we continued to enhance our production and supply chain management capabilities, and drove effective cost reduction of products to enhance their market competitiveness through continuous optimisation of product design and processing technology. At the same time, the Group carefully reviewed and sorted out its overall operations, and effectively implemented measures to optimise and enhance research and development efficiency, with a view to strengthening its lean operation capability. During the Reporting Period, the Group's net loss narrowed by 36.8% year-on-year, thereby laying a good foundation for subsequent performance growth and profitability improvement.

During the Reporting Period, the Group made full use of internal and external funding resources through the implementation of more efficient cash flow management and control measures, resulting in the net free cash outflow decreasing by 42% from RMB670 million for the year ended 31 December 2023 to RMB388 million for the year ended 31 December 2024.

The year 2025 marks the tenth anniversary of MedBot's inception. A history for the past decade has enabled MedBot to gradually grow into a pioneer and leader in the Chinese surgical robot industry. Looking ahead to the next decade, we will continue to be down-to-earth, steady, cautious and calm in dealing with internal and external challenges. While driving continued growth in sales revenue both domestically and internationally, we will deeply explore, optimise and improve operational efficiency. In the future, we will continue to shoulder the responsibility of reshaping the global medical technology landscape with Chinese surgical robots by keeping independent innovation to further enhance the Company's capabilities in innovation and rapid transformation of R&D results. We will address clinical needs with a diversified product portfolio, build a "MedBot closed-loop" for surgical operations, and inject Chinese wisdom and strength into the development of global medical industry.

The last but not the least, I, on behalf of the Board, hereby express my sincere gratitude to all employees of the Company for their hard work and contributions and to shareholders, working partners, physicians and various sectors of the community for their support to MedBot over the years. I hope that everyone who has been concerned about MedBot will continue to walk with us and move forward together in the future.

**Sun Hongbin**

*Chairman*



# Management Discussion and Analysis

## INDUSTRY OVERVIEW

In 2024, the pace of global economic recovery displayed a divergent trend, with uncertainties still lingering due to factors such as geopolitical conflicts and inflationary pressures. The Chinese economy, driven by policy support and enhanced endogenous momentum, continued to maintain a stable recovery trajectory, achieving new accomplishments in high-quality development.

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.

According to the relevant requirements of the "National Health Plan of the 14th Five-Year Plan" (《「十四五」國民健康規劃》), encouraging cutting-edge technologies and breakthroughs in the medical field will be one of the themes of China's economic development in the "14th Five-Year Plan", and even longer period. Following implementation of the "14th Five-Year Plan", policies to support rapid development of medical industry were introduced successively. Driven by both policy benefits and market demand, the demand for high-end medical equipment is expected to usher in a major breakthrough in independent innovation and commercialisation. In March 2023, the National Health Commission issued the Large Medical Equipment Configuration License Management Catalog (2023), and in June 2023, it promulgated the "Notice on Allocation and Planning of Large-scale Medical Device of the 14th Five-Year Plan (《「十四五」大型醫用設備配置規劃的通知》)". As compared with the "13th Five-Year Plan", the number of planned allocation certificate for laparoscopic surgical system in the "14th Five-Year Plan" ("**14th Five-Year Plan allocation certificate**") increased significantly. The "14th Five-Year Plan" also emphasises technological innovation orientation and enterprise innovation elements, indicating the absolute leading position of innovation entities in the development of the medical device industry. According to statistics, as at the end of 2024, the issuance progress of allocation certificate under the 14th Five-Year Plan has surpassed the halfway mark, and more than two hundred additional allocation certificates are expected to be issued successively in the future, which will also enable more hospitals to have the opportunity to equip themselves with laparoscopic surgical robots.

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

## Management Discussion and Analysis (Continued)

Meanwhile, regarding high-end medical equipment, exemplified by surgical robots, national and local governments vigorously implement open strategies such as the “Belt and Road” Initiative, encouraging enterprises to “go global” and participate in global market competition. In recent years, China’s domestic surgical robots have made major breakthroughs in many fields of core technology, as well as the integration and application of new technologies such as 5G communication and artificial intelligence. They will enter the list of “going global” medical device products and create implementable and replicable integrated solutions with smart and precise medical services for countries along the “Belt and Road”. According to the statistics of customs, in 2024, the export of medical device products in China increased by more than 7% year-on-year. More and more high-end medical equipment from China is going abroad, and “Intelligent Manufacturing in China” has been recognised by doctors and patients in more countries and regions around the world.

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

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



# Management Discussion and Analysis (Continued)

## BUSINESS PROGRESS

In 2024, the Group continued to adhere 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 overseas markets.

During the Reporting Period, the Group recorded a revenue of RMB257.2 million, representing a significant increase of 146% as compared with that of RMB104.6 million for the last year, mainly attributable to the fact that the Group's major products, Toumai and SkyWalker, were comprehensively commercialised in parallel in both domestic and overseas markets, and maintained a strong sales momentum. Meanwhile, the Group was able to effectively improve its cost and cash flow control level by focusing on strategies, optimising production processes, and enhancing operational management efficiency.

- **Cumulative comprehensive orders of product portfolio in the world exceeded 100 units, further consolidating the domestic leading position**
  - The Group's continuous leading technology advantages and commercialisation strength were strong engines driving the sustained revenue growth. Since the multi-disciplinary application of the Core Product, i.e. Toumai was approved by the NMPA in 2023, it has won the trust of doctors and gained high recognition from hospitals and the market by virtue of its excellent clinical value, forward-looking technological innovation capabilities and perfect training service system.
  - As a shaper and leader in China's domestic laparoscopic surgical robot industry, Toumai achieved new orders for 39 units worldwide in 2024, with commercial installations surpassing 30 units, bringing cumulative global commercial orders to more than 60 units so far. In the domestic market, Toumai's market share continued to rise, with its presence in top-tier provincial Grade IIIA hospitals and the top 100 hospitals nationwide increasing to over 60%; in the international market, Toumai, in just one year, not only expanded into emerging markets such as Asia, Africa, and Latin America, but also achieved a breakthrough in the high-end markets of Europe, securing commercial orders for more than 20 units, fully demonstrating its capability to compete with leading international surgical robot brands on the global markets.
  - In 2024, the flagship product SkyWalker fully leveraged the synergistic effects with the MicroPort Group, achieving a significant increase of installations year-on-year, with global cumulative orders now exceeding 40 units, covering medical institutions across countries in five continents, including China, the United States, Germany, Italy, Belgium, Greece, Australia, and Brazil. In the field of global commercialisation of domestic orthopedic surgical robots, it continues to maintain the first position. As at now, SkyWalker has cumulatively assisted in performing nearly 2,000 TKA surgeries.
  - Since R-ONE, a vascular interventional robot deployed by the Group in the panvascular domain through international cooperation, was approved by the NMPA in December 2023, the Group has accelerated its promotion in hospitals. As the only coronary interventional surgical robot product currently listed for sale in the domestic market, R-ONE won the bid for five leading public hospitals in Shanghai, including Zhongshan Hospital, Fudan University during the Reporting Period, and achieved the first two commercial installations in the Chinese market during the Reporting Period.

## Management Discussion and Analysis (Continued)

- **Global certification efforts are accelerating, with the product's capabilities gaining recognition from international authoritative regulatory bodies**
  - In May 2024, Toumai obtained CE certification (MDR) from the European Union, enabling its use in urological surgery, general surgery, thoracic surgery, and gynecological endoscopic surgery. Currently, Toumai has obtained certification from nearly 20 countries or regions. This demonstrates that Toumai's stability, clinical effectiveness, safety, as well as its level of innovation and technological sophistication, have been recognised by multiple international authoritative regulatory bodies, laying a foundation for enhancing its competitiveness in the international market.
  - Toumai Single-port obtained registration approval from the NMPA in February 2025, further enhancing and diversifying the Group's product portfolio. The Toumai series is progressively achieving compatibility across multi-port, single-port, and remote-integrated systems, which is expected to bolster the market competitiveness of the Group's products.
  - SkyWalker has obtained listing approvals from regulatory authorities in nearly ten countries and regions, including China's NMPA, the U.S. FDA, and the EU CE, achieving comprehensive coverage of developed markets and key emerging markets, thereby reshaping the global development landscape of the orthopedic surgical robot market.
  - 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.
- **Continuing to spearhead the application of remote surgical technologies and pioneering the third-generation remote surgery era**
  - The Group is committed to promoting the sharing of high-quality medical resources and bringing more health and well-being to people in remote areas such as border areas through the combination of new quality productive forces represented by surgical robots and cutting-edge medical technologies. Credited to our comprehensive mastery and continuous development of the underlying technology, joint application with 5G technology has been realised on many surgical robot products of the Group, including Toumai, SkyWalker and R-ONE. To date, Toumai has assisted in completing over 300 remote surgeries in urology, general surgery, thoracic surgery, gynecology and paediatric surgery worldwide, with a 100% success rate, and setting 25 world records.
  - Based on the technological advantages of the Group's various products and the practical experience in remote surgery accumulated both domestically and internationally, the Group has built the largest remote surgery network system in the world, which achieved full coverage of the domestic remote surgery network at multiple levels. In addition, it has gradually expanded its cross-national and cross-continental remote surgery coverage, striding forward towards the mid-to-high end of the global value chain, and empowering the medical treatment around the world with cutting-edge technology.



## Management Discussion and Analysis (Continued)

- The Group has taken the lead globally in overcoming two major “world-class challenges” — the large-scale application of remote surgery and the continuous application of remote surgery — bringing the technical application of “second-generation remote surgery” to maturity, achieving full coverage of both routine and remote highly complex surgeries in urological surgery, general surgery, thoracic surgery, gynecology, and pediatric surgery. Building on this foundation, the Group has pioneered the launch of “third-generation remote surgery,” namely robotic satellite remote surgery exploration, ushering remote surgery into a new era of integrated land, sea, air, and space operations, and realising truly seamless, all-weather, and full-regional coverage on a global scale.
- **Optimising operational management, significantly enhancing business efficiency**
  - The Group continued to implement the strategy of strategic focus by focusing resources on the performance optimisation and iteration, commercial expansion and production process optimisation of key and commercial-stage products (including Toumai and SkyWalker, etc.) to consolidate our strong momentum of commercialisation in both domestic and overseas markets, thereby effectively enhancing the Group’s competitive edge.
  - During the Reporting Period, we continued to enhance our production and supply chain management capabilities, and drove effective cost reduction of products to enhance their market competitiveness through continuous optimisation of product design and processing technology. At the same time, the Group carefully reviewed and sorted out its overall operations, and effectively implemented measures to optimise and enhance research and development efficiency, with a view to strengthening its lean operation capability. During the Reporting Period, the Group’s net loss narrowed by 36.8% year-on-year, thereby laying a good foundation for subsequent performance growth and profitability improvement.
  - During the Reporting Period, the Group made full use of internal and external funding resources through the implementation of more efficient cash flow management and control measures, resulting in the net free cash outflow decreasing by 42% from RMB670 million for the year ended 31 December 2023 to RMB388 million for the year ended 31 December 2024.

## RESEARCH AND DEVELOPMENT AND PRODUCT PIPELINE

After years of innovative R&D and industrial accumulation, we are the only surgical robot company in the world with a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures, and have more than ten products at the fast promotion stage of industrialisation projects.

## Management Discussion and Analysis (Continued)

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

The following table summarises our product portfolio as at the date of this report.

	Surgical Specialty	Product	Indicated Application	Medical device product classification	Development stage			
					Design Development	Design Validation	Clinical Trial/ Clinical Evaluation	Registration Application
Self Development	Laparoscopic Surgery	Toumai Laparoscopic Surgical Robot	Urologic surgery, gynecologic surgery, thoracic surgery and general surgery ▲●	III				
				II(b)	obtained EU CE, ANVISA and other certifications from 16 countries/regions <sup>1</sup>			
		Toumai Single-port Laparoscopic Surgical Robot	Urologic surgery, gynecologic surgery and general surgery ▲	III				
		DFVision 3D Electronic Laparoscope	Laparoscopic surgeries for abdominal, thoracic and pelvic organs▲●	II	with real-time fluorescence imaging function			
				II(a)	obtained CE Mark			
	Orthopedic Surgery	SkyWalker Orthopedic Surgical Robot	Total knee arthroplasty▲●	III				
				II(b)	obtained FDA, EU CE and other certifications from eight countries/regions <sup>2</sup>			
			Total knee arthroplasty and Total hip arthroplasty▲	III				
	Natural Orifice Surgery	Trans-bronchial Surgical Robot	Unicompartmental knee arthroplasty	III				
			Trans-bronchial diagnosis & treatment	III				
International Collaboration	Panvascular Surgery	R-ONE Vascular Interventional Robot	Coronary angioplasty▲	III				
	Percutaneous Surgery	iSR'obot Mona Lisa Robotic Transperineal Prostate Biopsy System	Transperineal prostate biopsy▲	III				

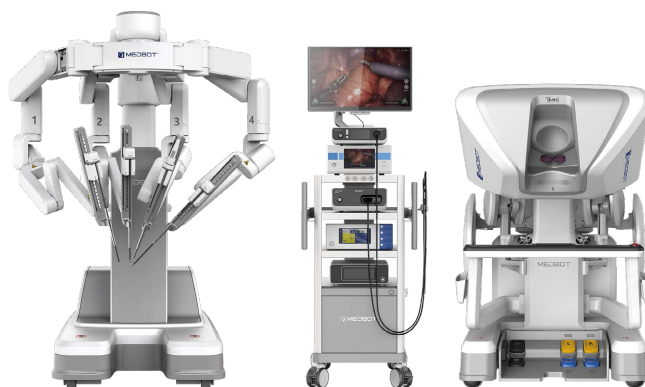
Products entered into Green Path ▲Products approved by the NMPA ●Products with approval for launch overseas

- Including: Brazil, Ecuador, Taiwan, Malaysia, Thailand, Philippines, Morocco, South Africa, Turkey, Jordan, Serbia, Uzbekistan, Belarus, European Union, Switzerland, United Kingdom
- Including: United States, Europe, Brazil, Australia, India, Japan, United Kingdom, Canada



## Management Discussion and Analysis (Continued)

### 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.

- **Continued to lead domestic brands, and started to bear fruit from overseas market layout**

Since obtaining NMPA approval for marketing for multi-disciplinary application in 2023, 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 19 commercially installed units in the Chinese market. As at the date of this report, Toumai's domestic commercially installed units have exceeded 30, ranking first in the domestic laparoscopic surgical robot market share, and the share of provincial top Grade IIIA hospitals and national top 100 hospitals has increased to more than 60%, which confirms Toumai's absolute leading edge in domestic laparoscopic surgical robots, and lays a sound foundation for Toumai's continuous large-scale commercial applications.

In May 2024, Toumai successfully obtained the CE Mark from EU and is the first to be introduced to the international mainstream market. It is applicable to laparoscopic surgeries in urology, general surgery, thoracic surgery and gynecology, making it the first and only domestic laparoscopic surgical robot with the CE Mark from EU. That represents the international market's full recognition of its leading technical strengths and product performance, laying an important foundation for Toumai's future commercialisation and exploration of large-scale clinical applications in the European market and even the global market. This also marks the official arrival of the Chinese surgical robot comprehensive intelligent surgical solution that can prolong and reshape lives in the minimally invasive surgery field across the globe, creating a new era for the internationalisation of domestic surgical robot industry. Up to date, Toumai has obtained certification from nearly 20 countries or regions around the world. Toumai's stability, clinical effectiveness and safety, as well as its innovation level and technological content will be certified by more and more international authoritative regulatory agencies.

## Management Discussion and Analysis (Continued)

During the Reporting Period, Toumai completed commercial installation and sales of 11 units in overseas markets. The Group will continue to integrate resources at home and abroad and develop a global presence, compete with industry peers from all over the world, and lead innovative breakthroughs in domestic laparoscopic surgical robots in multi-disciplinary clinical applications, remote technology, and international market development, so that Chinese smart manufacturing can benefit patients around the world as soon as possible.

- **Attained perfection for persistent improvement and continued to enhance Toumai's large-scale surgical capabilities**

Through large-scale development of clinical surgeries, Toumai's excellent product performance and sound stability have been fully verified, and its awareness and recognition among hospitals and surgeons have been rapidly enhanced. In terms of human clinical applications, Toumai continued to maintain its number one position among domestic brands. During the Reporting Period, Toumai's commercial clinical surgery volume rapidly accumulated, continually achieving remarkable results in multiple consecutive surgeries and becoming the first to pass the threshold of large-scale application of domestic laparoscopic surgical robots. Up to date, there were more than ten hospitals with single-center surgeries exceeding 100 after the commercial installation of Toumai. Among them, Shanghai Pulmonary Hospital conducted nearly 500 commercial clinical surgeries in less than a year.

With the large-scale and routine clinical application of Toumai, its innovation, stability, safety, and effectiveness have been validated in large samples and diversified clinical trials, benefiting an increasing number of patients with high-quality medical treatment enabled by surgical robot technology. Up to now, more than 300 surgical operations have applied in Toumai's clinical application. The scale of clinical surgery volume continues to maintain the first position of national brands, fully realising the full coverage of multiple specialties and diverse procedures, and successfully completing several "ceiling" level high-difficulty surgeries within the industry, laying a solid foundation for continuous commercial expansion and rapid increase in surgical volume.

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

## Management Discussion and Analysis (Continued)

- **Breaking the geographical limitation and further expanding the application of remote surgery**

As a global leader in technological innovation and clinical applications in the field of remote surgery, we are committed to effectively realising the standardisation, normalisation and commercialisation of remote robotic surgery. Helping to realise the flow of quality medical resources to lower-tier cities to benefit patients in extensive remote areas is one of the key directions for the Group's continuous research and active progress. During the Reporting Period, the Group completed the world's only large-scale, multi-regional, full-department indication coverage and long-distance clinical application exploration of complex surgeries, breaking limitations of the original medical model. As at the date of this report, Toumai has taken the lead in exploring over 300 5G remote human clinical surgeries in the world, with a 100% success rate and setting 25 world records.

The Group's breakthrough innovation in the field of remote surgery applications and its forward-looking research and leading exploration in international cutting-edge fields such as remote surgery and smart surgery also continuously attracted more and more top overseas surgical robot experts, who have operated Toumai to complete many cross-border and overseas remote surgeries:

- 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, the United States 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.
- A famous Moroccan surgical expert used Toumai to successfully perform a remote prostate cancer radical surgery for a patient in Casablanca, Morocco, 12,000 kilometers away from Shanghai, China. This surgery, spanning Asia and Africa with a two-way communication distance exceeding 30,000 kilometers, set a new world record for the longest-distance remote human surgery to date.
- Toumai successfully assisted Chinese surgical experts to implement the world's first robot satellite remote surgery, completing two consecutive liver cancer tumor resection satellite remote surgeries. This is an upgrade of robotic remote surgery technology and a leap in application level, marking a milestone breakthrough in remote surgery control technology based on satellite communications. Remote surgery has officially entered the "third generation of remote surgery", a new era of robotic satellite remote surgery, which is of revolutionary milestone significance to the development of remote surgery technology.

As at the date of this report, Toumai remote laparoscopic surgery system has completed the submission of registration and is under the NMPA review.

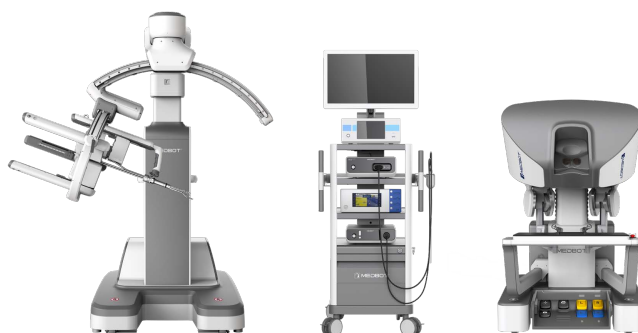
**Warning under Rule 18A.08(3) of the Listing Rules: We cannot assure that our Core Product may ultimately be successfully commercialised. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares of the Company.**



## Management Discussion and Analysis (Continued)

### Toumai Single-port Laparoscopic Surgical Robot (“Toumai Single-port”)

Toumai Single-port 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. Toumai Single-port is the only single-arm single-port surgical robot in China and the second in the world with a mechanical fixed point, whose device in snake design can achieve seven increments of adjustment levels within a narrow space, which is more sophisticated than multi-arm and multi-port robots. Toumai Single-port adopts a highly integrated single-port design, which is not only convenient to install and operate, but also demonstrates remarkable effectiveness and safety, and shows significant advantages in many aspects such as surgical accuracy, procedure duration, bleeding volume, postoperative recovery time and aesthetics.



Toumai single-port was officially approved for marketing by NMPA in February 2025, which, together with Toumai multi-port, DFVision and Toumai remote laparoscopic surgery system, formed comprehensive solutions for integrated laparoscopic intelligent surgery, achieving compatibility and complementarity.

### 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. As the Group's high-end vision platform that connects the technical equipment with underlying algorithms and surgical robot products, DFVision's performance and technical level have been further improved. In July 2024, 3D electronic thoracoabdominal endoscopy system with real-time fluorescence imaging function independently developed by the Group was approved by NMPA, which can greatly reduce the difficulty of surgery, shorten the operation time, promote the improvement of the intelligence level and safety of robotic surgery. The system, together with Toumai, Toumai single-port and Toumai distal surgical systems, will create comprehensive solutions for integrated laparoscopic intelligent surgery, and ultimately benefit the majority of patients.

## Management Discussion and Analysis (Continued)

### 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.

In 2023, SkyWalker (being used for total knee replacement surgery and total hip replacement surgery) obtained the registration certificate for launch issued by NMPA, becoming the first 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 marketing approval of authoritative regulatory agencies in eight countries and regions, including the 510(k) clearance from the FDA, the CE Mark from EU, the certification from Brazil ANVISA, the certification from Australia TGA, the certification from CDSCO of India successively. It has basically achieved full coverage of developed country markets and important emerging markets, and reconstructed a new development pattern for the global orthopedic surgical robot market.

In terms of clinical application and promotion, with its advantages of customised planning and precise surgical operation, SkyWalker can reduce wounds of patients and avoid over-reliance on physicians' skills and experience in traditional joint replacement surgery. It can optimise surgical results and benefit the patients. Leveraging 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 achievement upon its commercialisation. During the Reporting Period, SkyWalker's overseas territory has gradually expanded to cover countries in five continents, and its cumulative global orders exceeded 40 units, with significant increase in the new installed capacity year-on-year.

## Management Discussion and Analysis (Continued)

SkyWalker is committed to providing more excellent clinical solutions for joint replacement for doctors and patients around the world. By continuously meeting the clinical practice in the mainstream countries of the world's high-end medical equipment, as well as the clinical needs of the mature markets, we have won the wider recognition of the clinical staff in various countries, which will also provide continuous impetus for the continuous improvement of SkyWalker's performance and the creation of a more forward-looking competitive advantage. As at the date of this report, SkyWalker has completed nearly 2,000 TKA procedures worldwide, with clinical applications covering orthopedics, joint surgery departments of nearly 70 hospitals in China and overseas.

### 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.

As at the date of this report, Trans-bronchial Surgical Robot has been submitted for registration and is under the NMPA review.

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



## Management Discussion and Analysis (Continued)

### 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.

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

### 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.

## Management Discussion and Analysis (Continued)

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.

The Group is the first in the industry to propose the “second generation remote surgery” technology concept, the core of which is the multi-network integration technology compatible with 5G and conventional hospital networks. This technology achieves one-to-multiple and multiple-to-multiple remote interconnection and control at low cost, successfully overcoming the two major challenges of large-scale application and continuous application of remote surgery, and clearing obstacles for the full normalisation and commercial clinical application of remote surgery. Based on this technology, we continued to promote global innovation in remote surgery. Since completed the world’s first 5G ultra-remote surgery in June 2022, we have assisted in over 300 multi-department remote surgeries under different environments in multiple countries, with a success rate of 100%. We also pioneered the world’s first global remote verification test, the world’s first vehicle-mounted mobile robot remote surgery, the world’s first ultra-remote lung tumor resection surgery, the world’s first ship-based robot remote surgery, and carried out the world’s farthest remote surgery of 12,000 kilometers and the first ultra-remote surgery in the Middle East. On this basis, during the Reporting Period, the Group pioneered the exploration of “the third generation of remote surgery”, namely robotic satellite remote surgery, so that remote surgery has entered a new era of integration of land, sea, air and space, achieving seamless coverage around the clock in all regions on a global scale.

Based on the diversified layout of its multi-field products as well as its solid technical accumulation and rich clinical experience in the field of remote surgery, the Group has constructed the largest remote surgery network system in the world, with a view to realising the full coverage of the multilevel remote surgery network covering the domestic provinces, cities and counties, and even realising instant connectivity of global surgery networks and deep connection of global medical resources in the near future, ushering in a new era of global medical collaboration.

## 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.

## Management Discussion and Analysis (Continued)

At present, the Group has two China R&D centres respectively in Shanghai and Shenzhen. 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 nearly 40 clinical application and training centres for Toumai and nearly 20 for SkyWalker, across the world. During the Reporting Period, the Group conducted more than 1,600 training sessions for Toumai, with a total of more than 2,000 participants, including more than 160 overseas surgeon trainees, which covered more than 40 countries in Asia, Europe, Africa and Latin America, to continuously cultivate outstanding robotic surgery technical talents, and 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 also 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.



# Management Discussion and Analysis (Continued)

## 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, Jiaying 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 2024, the Group had nearly 450 employees. The Company evaluated, identified and motivated scientific and technological talents through its effective talent selection mechanism, and has added more than 100 outstanding talents to the pool through continuous expansion of external talent graph. The Group's internal talent growth platform stayed closely aligned with our business. On the basis of the existing diversified course system comprising basic knowledge, management knowledge, professional knowledge and project experience sharing, the Group has added new overseas training camp projects tailored to the needs of the overseas business, placing importance on overseas case studies and practical courses on overseas skills to provide a strong talent pool for the globalisation of the business.

## INTELLECTUAL PROPERTY

As at 31 December 2024, we have filed 1,333 patents application worldwide, of which 509 patents have been granted in China or overseas, including 338 Chinese patents and 171 overseas patents. The remaining 824 patents are still under application, covering cutting-edge areas such as clinical applications, automated surgery and AI technology. In 2024, the Group was granted 109 new patents, including 33 overseas patents for inventions, completing the overseas deployment of core technologies to provide guarantee for product launching overseas. According to the branding, marketing and compliance protection strategy, we have completed the layout of domestic and foreign trademarks, and accumulated 313 trademark registrations, having established the trademark system of launched products and corporate brands.

# Management Discussion and Analysis (Continued)

## 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 strengthen product portfolio to build a multi-specialty surgical platform**

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

### **2. Accelerate the commercialisation, and 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.

# Management Discussion and Analysis (Continued)

## 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 report.

### Revenue

The Group recorded revenue of RMB257.2 million for the year ended 31 December 2024, representing an increase of 146.0% as compared to RMB104.6 million for the year ended 31 December 2023, which is mainly attributable to the strong growth of sales in both domestic and overseas markets:

- (1) For the domestic market, the Company has made intensive efforts to maintain the Toumai as the first in terms of the market share of similar products, while the R-ONE has also gained high recognition in the market and achieved a new breakthrough in commercialisation after approval for launch; and
- (2) For overseas markets, in the first year of Toumai's overseas market exploration, it not only expanded the emerging markets such as Asia, Africa and Latin America, but also achieved sales breakthroughs in high-end markets in Europe, with overseas commercialisation orders exceeding 20 units and more than 10 commercially installed units; the overseas sales of SkyWalker continued to maintain rapid growth, with global orders exceeding 20 units.

### Gross Profit and Gross Profit Margin

Gross profit increased by 486.8% from RMB14.7 million for the year ended 31 December 2023 to RMB86.2 million for the year ended 31 December 2024, which was due to the increase in sales of various major product categories. The gross profit margin increased from 14% for the year ended 31 December 2023 to 34% for the year ended 31 December 2024, which was attributable to the Group's continuous cost reduction in production, as well as refined inventory management resulting in a decrease in the impact of impairment on inventory during the Reporting Period.

### Selling and Marketing Expenses

Selling and marketing expenses decreased by 12.8% from RMB238.4 million for the year ended 31 December 2023 to RMB207.9 million for the year ended 31 December 2024. The decrease was attributable to the increase in the efficiency of commercial promotion as a result of the adjustment of sales strategy.

### Administrative Expenses

Administrative expenses decreased by 56.3% from RMB126.4 million for the year ended 31 December 2023 to RMB55.3 million for the year ended 31 December 2024. The reduction of administrative expenses was primarily due to the decrease in labor costs as a result of the streamlining of the management functional team upon completion of measures for optimisation of operational efficiency, as well as the decrease in other administrative expenses.



# Management Discussion and Analysis (Continued)

## Research and Development Costs

Research and development costs decreased by 45.8% from RMB569.2 million for the year ended 31 December 2023 to RMB308.7 million for the year ended 31 December 2024. 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 sets out the breakdown of the research and development costs of the Group for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Staff costs	178,914	350,370
Cost of materials and consumables	32,002	80,284
Contracting costs	23,260	49,733
Depreciation and amortisation	40,026	47,664
Clinical trial expenses	9,714	15,183
Others	24,809	25,941
<b>Total</b>	<b>308,725</b>	<b>569,175</b>

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

For the year ended 31 December 2024, the Group recorded a net gain of RMB0.1 million on financial instruments carried at FVPL, due to the combined effect of a further decrease in the fair value of the NDR investment of RMB10.8 million, and the increase in the fair value of the Biobot investment of RMB10.9 million. For the year ended 31 December 2023, the Group recorded a net loss of RMB42.5 million.

## Finance Costs

The finance costs of the Group increased from RMB18.6 million for the year ended 31 December 2023 to RMB21.6 million for the year ended 31 December 2024, primarily due to increased interest on bank loans.

## Share of Losses of Equity-Accounted Investees

Share of losses of equity-accounted investees decreased by 32.1% from RMB29.8 million for the year ended 31 December 2023 to RMB20.2 million for the year ended 31 December 2024. Our equity-accounted investees are still in research and development or early commercialisation stage, and recorded net loss during the Reporting Period.

## Impairment Loss on an Equity-Accounted Investee

The Group made full provision for impairment of its investment in Robocath of RMB116.5 million during the year ended 31 December 2024, due to the decrease in the recoverable amount of the Group's equity investment in Robocath. The Group observed that the recoverable amount of the investment in Robocath was affected by Robocath's delayed commercialisation process and recent financial performance. The Group conducted an impairment test by comparing its recoverable amount with the carrying amount, and made the above impairment provision.

# Management Discussion and Analysis (Continued)

## 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 sets out the adjusted net loss and its reconciliation to loss for the periods indicated:

	For the year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Loss for the year	(647,101)	(1,023,530)
Add:		
Share-based payment expenses <sup>(1)</sup>	48,165	111,875
Changes in the fair value of financial instruments <sup>(2)</sup>	(138)	42,525
Impairment loss on an equity-accounted investee <sup>(3)</sup>	116,467	—
Adjusted net loss for the year	(482,607)	(869,130)

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 of Biobot held by the Group.
- (3) The impairment loss on an equity-accounted investee was due to the decrease in the recoverable amount of the equity investment of Robocath held by the Group.

## Inventories

Inventories of the Group consist of raw materials, finished goods, work-in-process, semi-finished goods and low value consumables. The inventories of the Group amounted to RMB151.5 million as at 31 December 2024. We are of the view that our inventories are mostly moving items that are suitable for sale. We also regularly monitor inventory level for slow-moving and obsolete items, and as of 31 December 2024, the Group provided an inventory impairment of RMB15.4 million (2023: RMB29.0 million) due to product upgrades and optimisation.

# Management Discussion and Analysis (Continued)

## Lease Liabilities

As at 31 December 2024, the Group's lease liabilities was RMB56.8 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 RMB42.1 million during the Reporting Period, mainly including the payments for property, plant and equipment.

## Contingent Liabilities

As at 31 December 2024, the Group did not have any contingent liabilities.

## Employees and Remuneration Policies

As at 31 December 2024, the Group had nearly 450 employees. During the Reporting Period, the staff cost recognised as expenses of the Group amounted to RMB317.7 million (2023: RMB561.2 million). The decrease in staff costs was mainly due to the decrease in the number of employees from 2023 to 2024.

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.



# Management Discussion and Analysis (Continued)

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL MANAGEMENT

### Cash Position

The cash and cash equivalents of the Group increased from RMB507.7 million as at 31 December 2023 to RMB612.2 million as at 31 December 2024, primarily due to the effective promotion of the placing of H shares and debt financing, which injected funds for the operation and development of the Group. Meanwhile, the growth in the Group's revenue and the improved efficiency in the utilisation of financial resources resulted in net cash consumption being lower than financing inflows.

### 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; (ii) sales which give rise to receivables that are denominated in a foreign currency, and (iii) 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 2024, the total interest-bearing borrowings of the Group amounted to RMB634.5 million, increased by RMB159.5 million as compared to RMB475.1 million as at 31 December 2023. As at 31 December 2024, the Group's debt-to-asset ratio was 80%, as compared to 65% as at 31 December 2023.

### Net Current Assets

The Group's net current assets as at 31 December 2024 were RMB353.1 million, as compared to RMB108.8 million as at 31 December 2023. Such increase was mainly attributable to the improvement in net current assets as a result of the completion of the H-share placings of the Group and repayment of part of the short-term bank borrowings.

### Charge on Assets

As at 31 December 2024, the Group had pledged certain patents for the purpose of securing bank loans with a carrying value of RMB297.6 million. Details refer to note 20 to the financial statements.

# Management Discussion and Analysis (Continued)

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

### Initial Public Offering on the Stock Exchange

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

The original plan for utilisation of the net proceeds raised from the Listing and its changes has been disclosed in the section headed "Future Plans and Use of Proceeds" in the Prospectus, the announcements dated 29 June 2023 and 28 June 2024. The above changes have increased the investment in the areas of continuous optimisation and enhancement of Toumai, exploration of cutting-edge functions and international market expansion, focusing and tilting resources on key businesses, driving effective cost reduction of products through continuous optimisation of product design and processing technology, enabling the Group to allocate its proceeds more efficiently, thereby enhancing the performance of the products and competitiveness in the market, and expanding market coverage, which is conducive to the better realisation of the Group's long-term sustainable development. The Board considered that the above changes are in line with the business strategies of the Group and will not have any material impact on the operations and business of the Group and are in the best interests of the Company and the Shareholders as a whole.

The following table sets out details of the net proceeds during the Reporting Period:

	Revised allocation of the net proceeds following the change <sup>(1)</sup> (HK\$ million)	Amount of unutilised net proceeds as at 1 January 2024 <sup>(2)</sup> (HK\$ million)	Actual use of net proceeds for the year ended 31 December 2024 (HK\$ million)	Amount of unutilised net proceeds as at 31 December 2024 (HK\$ million)
A. For Toumai	793.13	114.41	114.41	—
— ongoing R&D activities of Toumai	511.74	85.41	85.41	—
— the commercialisation of Toumai	281.39	29.00	29.00	—
B. For orthopedic surgical robots	304.35	46.50	46.50	—
— ongoing R&D of SkyWalker	179.26	32.79	32.79	—
• for application expansion to other joint replacement procedures	107.54	17.10	17.10	—
• for continuous refinements and upgrades	71.72	15.69	15.69	—
— commercialisation of SkyWalker	97.69	13.61	13.61	—
— research and development of other orthopedic surgical robots	27.40	0.10	0.10	—

## Management Discussion and Analysis (Continued)

	Revised allocation of the net proceeds following the change <sup>(1)</sup> (HK\$ million)	Amount of unutilised net proceeds as at 1 January 2024 <sup>(2)</sup> (HK\$ million)	Actual use of net proceeds for the year ended 31 December 2024 (HK\$ million)	Amount of unutilised net proceeds as at 31 December 2024 (HK\$ million)
C. For the Group's other product candidates	240.74	4.90	4.90	—
— (i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline products	235.56	—	—	—
— the development and commercialisation of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot	5.18	4.90	4.90	—
D. Enhance our manufacturing capacities and supply chain management capabilities	90.23	6.10	6.10	—
E. Expand our product portfolio with innovative robotic technologies and products	85.89	—	—	—
F. Working capital and general corporate purposes	168.26	8.46	8.46	—
Total	1,682.60	180.37	180.37	—

Notes:

- 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 28 June 2024.
- The amount of unutilised net proceeds as at 1 January 2024 was restated as if the change had taken place at 1 January 2024.

Save for the above, the Directors were not aware of any material change to the planned use of proceeds during the Reporting Period. All the proceeds have been utilised as at the end of the Reporting Period.

## PLACING OF NEW H SHARES UNDER GENERAL MANDATE

### June 2024 Placing

On 26 June 2024, the Company and a placing agent entered into the placing agreement, in relation to the placing of 12,900,000 new H Shares at the placing price of HK\$9.10 per H Share to no less than six placees under general mandate of the Company (the “**June 2024 Placing**”), which represented a discount of approximately 19.47% to the closing price of HK\$11.30 per H Share as quoted on the Stock Exchange on the date of the placing agreement. The 12,900,000 new H Shares for the June 2024 Placing have an aggregate nominal value of RMB12,900,000 based on a nominal value of RMB1.00 per Share. The completion of the June 2024 Placing took place on 5 July 2024. A total of 12,900,000 H Shares have been successfully placed at the Placing Price of HK\$9.10 per H Share to no less than six placees. The gross proceeds is approximately HK\$117.39 million, and the net proceeds, after deducting such fees, costs and expenses, is approximately HK\$114.08 million, representing a net placing price of approximately HK\$8.84 per placing share.



## Management Discussion and Analysis (Continued)

The Directors consider that the June 2024 Placing can raise capital for continuous optimisation and iteration and future large-scale commercialisation in the global market of the products of the Group while broadening the Shareholders and capital base of the Company. The Directors are of the view that the June 2024 Placing would strengthen the financial position of the Group and provide more efficient funding support to the Group. The Company intends to apply the net proceeds from the June 2024 Placing in the following manner: (i) 40% for the development of core business and formulation of business ecosystem, including but not limited to overseas product registration and corresponding improvement works, overseas and local commercialisation of the Group's products, academic promotion, medical trainings and after-sale services; (ii) 30% for the continuous improvement, optimisation and upgrade on products; and (iii) 30% for replenishing working capital and general corporate purposes.

As at 31 December 2024, the Company applied the proceeds from the June 2024 Placing as follows:

Specific use of net proceeds	Net proceeds raised <sup>1</sup> (HK\$ million)	Utilised net proceeds in 2024 (HK\$ million)	Unutilised net proceeds as at 31 December 2024 (HK\$ million)	Expected timetable for utilising the unutilised net proceeds <sup>2</sup>
Development of core business and formulation of business ecosystem, including but not limited to overseas registration and corresponding improvement works, overseas and local commercialisation of the Group's products, academic promotion, medical trainings and after-sale services	45.64	6.85	38.79	By the end of 2025
Continuous improvement, optimisation and upgrade on products	34.22	7.82	26.4	By the end of 2025
Replenishing working capital and general corporate purposes	34.22	1.39	32.83	By the end of 2025
<b>Total</b>	<b>114.08</b>	<b>16.06</b>	<b>98.02</b>	

Notes:

1. The figure of net proceeds raised in the table above may not add up to the relevant totals due to rounding of the figures to two decimal places.
2. The Company intends to apply the remaining net proceeds in accordance with (i) the timetable specified above; and (ii) the manner disclosed in the Company's announcement dated 5 July 2024.

## Management Discussion and Analysis (Continued)

### December 2024 Placing

On 2 December 2024, the Company and a placing agent entered into the placing agreement, in relation to the placing of 34,700,000 new H Shares at the placing price of HK\$7.85 per H Share to no less than six placees under general mandate of the Company (the “**December 2024 Placing**”), which represented a discount of approximately 19.98% to the closing price of HK\$9.81 per H Share as quoted on the Stock Exchange on the date of the placing agreement. The 34,700,000 new H Shares for the December 2024 Placing have an aggregate nominal value of RMB34,700,000 based on a nominal value of RMB1.00 per Share. The completion of the December 2024 Placing took place on 10 December 2024. A total of 34,700,000 H Shares have been successfully placed at the Placing Price of HK\$7.85 per H Share to no less than six placees. The gross proceeds is approximately HK\$272.40 million, and the net proceeds, after deducting such fees, costs and expenses, is approximately HK\$266.31 million, representing a net placing price of approximately HK\$7.67 per placing share.

The Directors consider that the December 2024 Placing can raise capital for continuous optimisation and iteration and future large-scale commercialisation in the global market of the products of the Group while broadening the Shareholders and capital base of the Company. The Directors are of the view that the December 2024 Placing would strengthen the financial position of the Group and provide more efficient funding support to the Group. The Company intends to apply the net proceeds from the December 2024 Placing in the following manner: (i) 70% for the development of the Group’s core business, including but not limited to research and development for product performance enhancement and optimisation upgrade, and overseas and local commercialisation of the Group’s products; and (ii) 30% for replenishing working capital and general corporate purposes.

As at 31 December 2024, the Company applied the proceeds from the December 2024 Placing as follows:

Specific use of net proceeds	Net proceeds raised <sup>1</sup> (HK\$ million)	Utilised net proceeds in 2024 (HK\$ million)	Unutilised net proceeds as at 31 December 2024 (HK\$ million)	Expected timetable for utilising the unutilised net proceeds <sup>2</sup>
Development of core business, including but not limited to research and development for product performance enhancement and optimisation upgrade, and overseas and local commercialisation of the Group’s products	186.42	—	186.42	By the end of 2026
Replenishing working capital and general corporate purposes	79.89	—	79.89	By the end of 2026
<b>Total</b>	<b>266.31</b>	<b>—</b>	<b>266.31</b>	

Notes:

1. The figure of net proceeds raised in the table above may not add up to the relevant totals due to rounding of the figures to two decimal places.
2. The Company intends to apply the remaining net proceeds in accordance with (i) the timetable specified above; and (ii) the manner disclosed in the Company’s announcement dated 10 December 2024.

# Directors, Supervisors and Senior Management

## DIRECTORS

### Executive Director

**Dr. He Chao (何超)**, aged 40, was appointed as the Director on 18 October 2017 and re-designated as the executive Director on 10 June 2022. He is the president of the Company and is mainly responsible for overseeing the research and development and day-to-day management and strategic development of the Group. He is also a member of the Nomination Committee and the Strategy and Development Committee.

Dr. He Chao has over 17 years of experience in the research and development of surgical robots. He joined the Group as the general manager of the Company in May 2015 and has been serving as the president since December 2020, primarily responsible for the business operations of the Company. Dr. He Chao also holds various directorships and management positions in the Group companies, including but not limited to the executive director of Suzhou MicroPort OrthoBot Co., Ltd. (蘇州微創暢行機器人有限公司) (“**OrthoBot Suzhou**”) since July 2019, the representative of the Beijing branch of the Company since November 2020 and the representative of the Shanghai branch of OrthoBot Suzhou since July 2022.

Prior to joining the Group, from June 2013 to April 2014, Dr. He Chao served as the system engineer of Chinese Academy of Space Technology (中國空間技術研究院), a spacecraft designer and manufacturer, where he was mainly responsible for system engineering and project management. From April 2014 to May 2015, Dr. He Chao served as the senior director of Shanghai MicroPort Medical (Group) Co., Ltd. (上海微創醫療器械(集團)有限公司) (“**Shanghai MicroPort**”), a medical device manufacturer and an indirect wholly owned subsidiary of MicroPort, where he was primarily responsible for R&D and project management of surgical robots.

Dr. He Chao serves as the Chinese representative in the technical committee for the preparation of international technical standards for surgical robots of International Electrotechnical Commission, a global organisation which builds international standards and conformity assessment systems to ensure the safety, efficiency, reliability and interoperability of electrical, electronic and information technologies. He is also a member of the first expert panel of China’s medical robot technical standardisation unit and the director of 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) sponsored by the Science and Technology Commission of Shanghai Municipality (上海市科學技術委員會).

Dr. He Chao graduated from Hefei University of Technology in the PRC with a bachelor’s degree in mechanical and electronics in July 2007 and graduated from Tianjin University in the PRC with a doctor’s degree in mechanical engineering in January 2014. During his Ph.D. study at Tianjin University, Dr. He Chao spent the 2011–12 academic year at Johns Hopkins University in the United States as a visiting scholar.

**Ms. Fang Cong (房聰)**, aged 35, was appointed as the Board secretary on 28 September 2021, and was redesignated as Executive Director on 18 July 2024. She is primarily responsible for the Board matters of the Group.

Prior to joining the Group, from September 2013 to July 2017, Ms. Fang Cong served as an assistant manager at KPMG, where she was primarily responsible for providing tax advisory service. From July 2017 to March 2021, Ms. Fang Cong served as a research analyst at Citigroup Global Markets Asia Limited., a diversified financial services company, where she was primarily responsible for providing equity research service.

Ms. Fang Cong graduated from Renmin University of China with a bachelor’s degree of economics in June 2012. Ms. Fang Cong received her master’s degree of finance from the University of Hong Kong in November 2013.



## Directors, Supervisors and Senior Management (Continued)

### Non-executive Directors

**Mr. Sun Hongbin (孫洪斌)**, aged 50, was appointed as the Director on 3 April 2020 and re-designated as the non-executive Director on 10 June 2021. He is serving as the Chairman of the Board and is primarily responsible for overseeing the management and operations of the Group. He is also the chairperson of the Strategy and Development Committee and a member of the Remuneration and Appraisal Committee.

Mr. Sun Hongbin has over 21 years of experience in the medical device industry. Mr. Sun Hongbin joined MicroPort Group in September 2010 and has served in various positions in MicroPort Group. Mr. Sun Hongbin is currently serving as the chief financial officer, a rotating chairperson of the Greater China Executive Committee and a member of the Intercontinental Cardiac Rhythm Management Committee of MicroPort. He has also been serving as the chief financial officer of Shanghai MicroPort, a subsidiary of MicroPort, since September 2010.

Mr. Sun Hongbin has served as an independent non-executive director of a number of listed companies, including New Century Healthcare Holding Co. Limited (新世紀醫療控股有限公司), a company principally engaged in provision of medical services in pediatrics and obstetrics and gynecology whose shares are listed on the Stock Exchange (stock code: 1518), since December 2016, CStone Pharmaceuticals (基石藥業), a biopharmaceutical company whose shares are listed on the Stock Exchange (stock code: 2616), since February 2019, and Mobvista Inc. (匯量科技有限公司), a technology platform providing mobile advertising and mobile analytics services whose shares are listed on the Stock Exchange (stock code: 1860), since July 2020, and Abbisko Cayman Limited (和譽開曼有限責任公司), a clinical-stage biopharmaceutical company whose shares are listed on the Stock Exchange (stock code: 2256), since September 2021.

Prior to joining MicroPort Group, from 1998 to 2003, Mr. Sun Hongbin served as an assistant manager of the Shanghai Branch of KPMG Accounting firm (畢馬威會計師事務所上海辦事處), where he was primarily responsible for audit work. From 2004 to 2010, Mr. Sun Hongbin was the financial director and later the director and general manager of Otsuka (China) Investment Co., Ltd. (大冢(中國)投資有限公司), a company principally engaged in healthcare investment management services, where he was primarily responsible for its overall management.

Mr. Sun Hongbin graduated from Shanghai Jiao Tong University in the PRC with a bachelor's degree in economics in 1998. Mr. Sun Hongbin is a member of the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) and is also a Chartered Financial Analyst.

**Mr. Chen Xinxing (陳新星)**, aged 39, was appointed as the non-executive Director on 29 December 2023, where he is primarily responsible for overseeing the management and operations of the Group. He is also a member of the Audit Committee.

Mr. Chen Xinxing joined Boston Consulting Group (波士頓諮詢公司) as a senior associate from September 2007 to August 2010. He then joined Morgan Stanley as an associate in the China healthcare team of the investment banking department from August 2012 to April 2014. Mr. Chen Xinxing served as a principal of the China healthcare team of Actis Capital, LLP (英聯投資) from April 2014 to May 2018. From September 2018 to March 2020, Mr. Chen Xinxing served as an executive director of Huaxing Healthcare Fund (華興醫療產業基金). Mr. Chen Xinxing joined Hillhouse Capital Management (高瓴投資) in July 2020, in which he currently acts as a managing director. Since May 2021, Mr. Chen Xinxing has been serving as a non-executive director of Jenscare Scientific Co., Ltd. (寧波健世科技股份有限公司), the H shares of which were listed and traded on the Stock Exchange on 10 October 2022 (stock code: 9877).

Mr. Chen Xinxing obtained his bachelor's degree in finance from Peking University in the PRC in July 2007 and received his master's degree in business administration from Columbia University in May 2012. Mr. Chen Xinxing is currently a Chartered Financial Analyst.

## Directors, Supervisors and Senior Management (Continued)

**Mr. Chen Chen (陳琛)**, aged 41, was appointed as the Director on 17 September 2020 and was re-designated as the non-executive Director on 10 June 2021. He is primarily responsible for overseeing the management and operations of the Group.

Mr. Chen Chen has 12 years of experience in the business consulting and investment management industry. From July 2015 to December 2018, Mr. Chen Chen worked at Shanghai Panxin Equity Investment Management Limited (上海盤信股權投資管理有限公司) where he held various positions, including investment manager, senior investment manager and vice president. From January 2019 to September 2020, he served as a principal at Tianjin Panmao Enterprise Management Limited Liability Partnership (天津盤茂企業管理合夥企業(有限合夥)). Since September 2020, he has successively served as a principal and executive general manager at Beijing Panmao Investment Management Co., Ltd. (北京盤茂投資管理有限公司) (the “CPE”). Prior to joining the investment management industry, Mr. Chen Chen was a consultant at the Shanghai branch of Bain & Company from October 2009 to August 2013.

Mr. Chen Chen is currently serving as a non-executive director of Shanghai Hanyu Medical Technology Co., Ltd. (上海捍宇醫療科技股份有限公司). He served as a non-executive director of Acotec Scientific Holdings Limited (先瑞達醫療科技控股有限公司) from December 2020 to February 2023 and a director of Spectrum Dynamics Medical Group Limited from March 2018 to January 2025.

Mr. Chen Chen graduated from Shanghai Jiao Tong University in the PRC with a bachelor’s degree in electronic engineering in July 2005. He received his first master’s degree in industry economics from Shanghai Jiao Tong University in the PRC in March 2009, and his second master’s degree in business administration from the University of Chicago in the United States in June 2015.

### Independent Non-executive Directors

**Dr. Li Minghua (李明華)**, aged 73, was appointed as an independent non-executive Director on 30 December 2020, and was redesignated as the independent non-executive Director on 10 June 2021. He is also the chairperson of the Remuneration and Appraisal Committee and a member of the Audit Committee and the Strategy and Development Committee.

Dr. Li Minghua joined the radiology department of Shanghai Sixth People’s Hospital (上海市第六人民醫院放射科) in December 1992 as a vice-chief physician, and became a chief physician and professor in January 1997. From January 2000 to May 2018, he successively served as the chairman and doctoral supervisor of the department of diagnostic and neuro-interventional radiology of Shanghai Sixth People’s Hospital (上海市第六人民醫院放射科及神經介入診治中心) and a director of the institute of medical imaging of Shanghai Jiao Tong University (上海交通大學醫學影像研究所). He served as the chief physician and professor of the Shanghai Sixth People’s Hospital (上海市第六人民醫院) from May 2018 to February 2019 and has been serving as a tenured professor since March 2019.

Dr. Li Minghua graduated from Shanghai First Medical College (currently known as Fudan University) in the PRC in September 1973. He received his master’s degree in neuro-imaging/CT from Graduate School of Shanghai Medical University (currently known as Fudan University) in the PRC in October 1988, and his doctor’s degree in neuro-imaging/MRI in Lund University in Sweden in January 1993. From 1994 to 1995, Dr. Li Minghua pursued a post-doctoral programme in the field of interventional neuroradiology as a visiting scholar in University San Raffaele Milan in Italy.

## Directors, Supervisors and Senior Management (Continued)

**Mr. Yao Haisong (姚海嵩)**, aged 51, was appointed as the independent Director on 30 December 2020, and was re-designated as the independent non-executive Director on 10 June 2021. He is also the chairperson of the Nomination Committee and a member of the Remuneration and Appraisal Committee.

From March 2002 to June 2004, Mr. Yao Haisong served as an assistant researcher, legal manager and secretary to the chairman of the board of directors of Shanghai Biochip Co., Ltd. (上海生物芯片有限公司), a biotech company, where he was primarily responsible for research and legal matters.

Mr. Yao Haisong has over 17 years of working experience in law firms. Since July 2004, Mr. Yao has been serving as a practicing lawyer, and he later served as a partner of Shanghai Huzhong Law Firm (上海市滬中律師事務所), where he was primarily responsible for providing legal advice. From July 2011 to February 2015, he served as a practising lawyer and patent attorney of the Beijing Yingke (Shanghai) Law Firm (北京盈科(上海)律師事務所). From February 2015 to February 2025, he has been serving as a practising lawyer and partner of Shanghai Tianhua Law Firm (上海市天華律師事務所). Since February 2025, Mr. Yao Haisong has been serving as a partner of Guangdong Zhi Heng (Shanghai) Law Firm (廣東知恒(上海)律師事務所), where he was primarily responsible for providing business related legal advice. Mr. Yao Haisong graduated from Shanghai Second Medical University in the PRC with a bachelor's degree in clinical medicine in July 2000. He received a second bachelor's degree in jurisprudence from Shanghai University in the PRC in July 2002, and his master's degree in international business law from the National University of Singapore in Singapore in June 2008. Mr. Yao Haisong is currently serving as a part-time researcher of Intelligent Medicine Institute of Fudan University (復旦大學智能醫學研究院), a member of China Research Hospital Association Clinical Data and Bio-bank a standing committee member (中國研究型醫院學會臨床數據與樣本資源庫專業委員會), a committee member of National Technical Committee on Bio-specimen of Standardisation Administration of China (全國生物樣本標準化技術委員會) (SAC/TC559) and a member of the Biobank Branch of the China Medicinal Biotech Association (中國生物醫藥技術協會生物樣本庫分會).

**Mr. Chung Wai Man (鍾偉文)**, aged 61, was appointed as the independent non-executive Director on 18 July 2024. He is also the chairperson of the Audit Committee and a member of the Nomination Committee.

Mr. Chung Wai Man obtained a bachelor's degree in social sciences from The University of Hong Kong in December 1989 and a master's degree in international business management from City University of Hong Kong in November 1998. Mr. Chung has been an associate member of the Hong Kong Institute of Certified Public Accountants since April 1995 and a fellow of The Association of Chartered Certified Accountants in the United Kingdom since November 1999.

Mr. Chung Wai Man has over 35 years of experience in accounting, taxation and corporate finance. Mr. Chung has served as an independent non-executive director of Net Pacific Financial Holdings Limited (listed on the Singapore Exchange Limited (stock code: 5QY)) since June 2018, E Lighting Group Holdings Limited (listed on the Stock Exchange (stock code: 8222)) since September 2014, Shandong Fengxiang Co., Ltd (listed on the Stock Exchange (stock code: 9977)) since August 2019, and Zhongmiao Holdings (Qingdao) Co., Ltd. (listed on the Stock Exchange (stock code: 1471)) since August 2024.



# Directors, Supervisors and Senior Management (Continued)

## SUPERVISORS

In accordance with the Company Law of the PRC, all joint stock companies are required to establish a supervisory committee, responsible for supervising the board of directors and senior management on fulfilling their respective duties, financial performance, internal control management and risk management of the corporation. The Supervisory Committee consists of three Supervisors comprising one employees representative Supervisor, and two Shareholders representative Supervisors.

**Dr. Zhang Jie (張劼)**, aged 46, was appointed as the Shareholders representative Supervisor on 30 December 2020 and is serving as the chairman of the Supervisory Committee. He is primarily responsible for supervising and providing independent advice to the Board.

Dr. Zhang Jie joined MicroPort Group in January 2007 and has successively served as an equipment engineer, research and development director, senior director and vice president of Shanghai MicroPort, where he has been primarily responsible for the research and development of medical devices. Dr. Zhang Jie is currently serving as an acting chief technology officer, a member and a chief technology officer of the Greater China Executive Committee of MicroPort, and he also holds directorships and management positions in MicroPort Sinica Co., Ltd. and a number of its other subsidiaries.

Dr. Zhang Jie graduated from Zhejiang University of Technology in the PRC with a bachelor's degree in communication principles in 2002. He received his master's degree in measuring and testing technologies and instruments from University of Shanghai for Science and Technology in the PRC in March 2007, and received his doctoral degree in biomedical engineering from University of Shanghai for Science and Technology in the PRC in August 2021.

**Ms. Zhang Lihong (張麗紅)**, aged 48, was appointed as the Shareholders representative Supervisor on 30 December 2020. She is primarily responsible for supervising and providing independent advice to the Board.

Ms. Zhang Lihong joined MicroPort Group in June 2013 and has since successively served in various positions in MicroPort Group, including as intellectual property manager, intellectual property director, senior intellectual property director, vice president of intellectual property and legal affairs and senior vice president of legal affairs and intellectual property, where she has been primarily responsible for the management of intellectual property affairs. Ms. Zhang Lihong also holds directorships and management positions in MicroPort Sinica Co., Ltd. and a number of its other subsidiaries.

Prior to joining MicroPort Group, from 2003 to 2006, she worked at Shanghai Microelectronics Equipment Co., Ltd. (上海微電子裝備有限公司), a company principally engaged in semiconductor equipment, where she was primarily responsible for intellectual property and standardisation management. From 2006 to 2009, Ms. Zhang Lihong served as manager of Central Research Institute of Shanghai Radio and Television (Group) Co., Ltd. (上海廣播電(集團)有限公司中央研究院), a company principally engaged in electronic device industry in the field of broadcast and television, where she was primarily responsible for intellectual property management. Ms. Zhang Lihong also served as a senior intellectual property manager of Shanghai Shipeng Laboratory Technology Development Co., Ltd. (上海世鵬實驗室科技發展有限公司), a company principally engaged in providing research and sales of medical devices, from 2009 to 2011, and manager of the intellectual department and legal department of Shanghai United Imaging Healthcare Co., Ltd. (上海聯影醫療科技股份有限公司), a company principally engaged in R&D and production of medical devices, from 2011 to 2013, where she was primarily responsible for intellectual property and legal affairs.

Ms. Zhang Lihong has also been serving as a specially-invited expert of the national technology transfer personnel training base (國家技術轉移人才培養基地), a member of the Shanghai Scientific and Technological Achievements Transformation and Standardisation Committee (上海市科技成果轉化標委會), a director of the Shanghai Intellectual Property Research Association (上海市知識產權研究會), the first batch of overseas intellectual property dispute response guidance experts, an expert of the Think-tank of the Shanghai Technology Exchange (上海市技術交易所專家智庫), the vice president of Pudong New Area Intellectual Property Association (浦東新區知識產權協會) and the vice president of Intellectual Property Association of China (Shanghai) Pilot Free Trade Zone (中國(上海)自由貿易試驗區知識產權協會).

## Directors, Supervisors and Senior Management (Continued)

Ms. Zhang Lihong graduated from Xi'an Technological University in the PRC with a bachelor's degree in detection technology and equipment in July 2000. She received her master's degree in measurement and control technology and equipment from Xi'an University of Technology in the PRC in 2004.

**Mr. Chen Gong (陳功)**, aged 33, was appointed as the employees representative Supervisor on 29 December 2023 and is primarily responsible for supervising and providing independent advice to the Board. Mr. Chen Gong has served as the senior R&D manager of the Company since January 2020 and is primarily responsible for the research and management of surgical robots of the Group. He served as the Company's mechanical R&D engineer from February 2016 to January 2020 and is primarily responsible for the structural development of surgical robots.

Mr. Chen Gong graduated from Henan University of Engineering in the PRC with a bachelor's degree in mechanical design manufacture and automation in 2013, and from Jiangsu University in the PRC with a master's degree in mechanical engineering in 2016.

### SENIOR MANAGEMENT

**Dr. He Chao (何超)**, executive Director and president of the Company. For details of his biography, please refer to the above.

**Ms. Fang Cong (房聰)**, executive Director of the Company. For details of her biography, please refer to the above.

**Mr. Liu Yu (劉雨)**, aged 55, joined the Group on 1 December 2020 as the chief commercial officer and vice president. From March 2021 to May 2022, Mr. Liu Yu served as the chief commercial officer and senior vice president of the Group, and since June 2022, he has been serving as the chief commercial officer and executive vice president of the Group primarily responsible for sales and marketing, and clinical and medical affairs. He has also been serving as the executive director and manager of 1.1 Medical (Beijing) Health Technology Co., Ltd. (易達醫(北京)健康科技有限公司), since September 2020, where he is primarily responsible for its operations and management.

Mr. Liu Yu has over 30 years of experience in pharmaceuticals and medical devices. Mr. Liu Yu joined Beijing office of American Medtronic China Co., Ltd. (美國美敦力中國有限責任公司北京辦事處), a medical technology company, in November 2001. In April 2003, Mr. Liu Yu joined Chindex (Beijing) International Trade Co., Ltd. (美中互利北京國際貿易有限公司) ("Chindex Beijing"), a company principally engaged in provision of medical and health services and distribution of medical devices, as a north regional manager, where he was primarily responsible for product management. Mr. Liu Yu then worked as the sales manager of Beijing office of Germany BrainLAB Co., Ltd. (德國博醫來公司北京代表處), a company principally engaged in surgical software and hardware development, until October 2006 where he was primarily responsible for its marketing and sales. He also served as the chief representative of the Beijing branch of Canadian IMRIS Co., Ltd. (加拿大醫美瑞有限公司北京代表處), a company principally engaged in medical device management, where he was primarily responsible for overseeing its daily operation. From July 2008 to 2017, Mr. Liu Yu served as chief operating officer and senior vice president of Chindex Beijing and Chindex Medical Limited (美中互利醫療有限公司), a distribution partner for Intuitive Surgical's da Vinci Surgical Systems in China. From January 2017 to August 2019, Mr. Liu Yu successively served as a senior vice president and chief operation officer of the medical device department of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a pharmaceutical company whose shares are listed on the Stock Exchange (stock code: 2196), and a senior vice president and chief commercial officer of Intuitive Surgical-Fosun Medical Technology (Shanghai) Co., Ltd. (直觀復星醫療器械技術(上海)有限公司), a company principally engaged in medical device industry, where Mr. Liu was primarily responsible for managing the sales and marketing of its da Vinci surgical robot. From September 2019 to June 2020, he served as the chief executive officer of Shanghai Ruidao Medical Technology Co., Ltd. (上海睿刀醫療科技有限公司), a company principally engaged in production of medical devices, where he was primarily responsible for its overall operations and management.

## Directors, Supervisors and Senior Management (Continued)

Mr. Liu Yu obtained a bachelor's degree in mechanical instruments engineering from Tianjin University of Technology in the PRC in 1992 and a master's degree in economic management from Tsinghua University in the PRC.

**Mr. Li Shuxiang (李叔祥)**, aged 43, joined the Group on 21 October 2019 as a quality director of the Company. Since March 2021, Mr. Li Shuxiang has been serving as a vice president of the Company, primarily responsible for planning, development and execution of the Group's industrial operation.

Prior to joining the Group, from August 2004 to July 2006, Mr. Li Shuxiang served as a R&D engineer of Nanjing Research Institute Simulation Technique (南京模擬技術研究所), an institution principally engaged in R&D and production training equipment for military and public security system, where he was primarily responsible for the technical mechanical design & product development. From 2006 to 2019, Mr. Li Shuxiang worked as a PE/PQ manager of GE Medical Systems (China) Company Limited (通用電氣醫療系統(中國)有限公司), a company principally engaged in research, development and production of medical devices, where he was primarily responsible for supervising the quality control and manufacturing process design and improvement.

Mr. Li Shuxiang graduated from Anhui Institution of Engineering and Technology (now known as Anhui Polytechnic University) in the PRC with a bachelor's degree in mechanical manufacturing process and equipment in June 2002. He received his master's degree in mechanical manufacturing and automation from Nanjing University of Science and Technology in the PRC in July 2004.

**Ms. Cui Xiaoyu (崔曉煜)**, aged 45, joined the Group in April 2020 and was appointed as the financial controller on 1 June 2022.

Ms. Cui Xiaoyu has over 20 years of relevant experience in finance. Prior to joining the Group, from August 2002 to April 2008, Ms. Cui Xiaoyu served as an assistant manager of KPMG Huazhen Certified Public Accountants. From April 2008 to December 2008, she worked as the senior internal auditor of Tyco Electronics (泰科電子). From March 2009 to October 2013, she also worked as the financial manager of SCA (China) Holding Co., Ltd. (愛生雅(中國)投資有限公司). From October 2013 to April 2019, she was the senior financial manager of Shanghai Roche Pharmaceutical Co., Ltd. (上海羅氏製藥有限公司).

Ms. Cui Xiaoyu received her bachelor's degree in economics from Shanghai University of Finance & Economics in 2002.

## Directors, Supervisors and Senior Management (Continued)

### COMPANY SECRETARY

**Ms. Yeung Siu Lam (楊兆琳)** was appointed as the company secretary of the Company on 14 August 2024.

Ms. Yeung Siu Lam is a senior manager of company secretarial services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. She has over 8 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Yeung Siu Lam is currently the company secretary or joint company secretary of a few Hong Kong listed companies.

Ms. Yeung Siu Lam is a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom. Ms. Yeung Siu Lam had obtained a Bachelor of Arts degree from The University of Hong Kong and a Master of Corporate Governance degree from The Hong Kong Metropolitan University.



# Report of the Board

The board (the “**Board**”) of directors (the “**Directors**”) of Shanghai MicroPort MedBot (Group) Co., Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) presents this report to the shareholders of the Company (the “**Shareholders**”) together with the audited consolidated financial statements of the Group for the year ended 31 December 2024.

## PRINCIPAL ACTIVITIES

The Group is principally engaged in the research and development, manufacturing and sale of surgical robots, and the activities of its subsidiaries are set out in note 13 to the consolidated financial statements. There’s no significant changes in the nature of Group’s activities during the Reporting Period.

The product portfolio of the Group as at the date of this report is set out in the section headed “Management Discussion and Analysis” on pages 13 to 21 of this report.

## FINANCIAL STATEMENTS

The financial performance of the Group for the financial year ended 31 December 2024 and the state of the Group’s affairs as at that date are set out in the consolidated financial statements on pages 139 to 223 of this annual report.

## BUSINESS REVIEW

### Overview

A review of the business of the Group during the year ended 31 December 2024, which includes an analysis of the Group’s performance, is set out in the section headed “Management Discussion and Analysis” on pages 9 to 34 of this report. An analysis of the Group’s performance indicators, is set out in the section headed “Financial Highlights” on page 4 of this report. The compliance with relevant laws and regulations which have significant impact on the Group is set out in this Report of the Board. The reviews form part of this statement.

### Environmental Policies and Performance

Realising the responsibility of protecting the environment, the Company is committed to achieving its success in business without the expense of environment, and is dedicated to maintaining an environmentally friendly and sustainable operation.

The Company integrates environmental considerations into its operational strategy, ensuring that required resources are allocated to support effective implementation of the environmental management system. The functional departments of the Company regularly review the relevant laws and regulations, making sure the environmental management systems are up-to-date and in compliance with the latest standards and requirements.

A comprehensive review of the Company’s environmental policies and performance during the year of 2024 is provided in the “Environment, Social and Governance Report” from pages 85 to 138 of this report.

## Report of the Board (Continued)

### Compliance with Laws and Regulations

The Company recognises the importance of compliance with legal and regulatory requirements, as well as the risk of non-compliance. The Company has allocated system and staff resources to ensure ongoing compliance with applicable laws, rules and regulations including but not limited to, those laws, rules and regulations promulgated by the NMPA, the Ministry of Commerce, State Administration for Market Regulation, the government of the Hong Kong Special Administrative Region, and such regulators' global counterparts in countries/regions where the Group conducts business. The Group maintains cordial working relationships with regulators through effective communications. Throughout the year ended 31 December 2024, the Group have strived to conduct business in accordance with all applicable laws, rules and regulations in all material respects and there is no investigation, disciplinary proceeding or inquiry by, or order, decree, decision or judgment of any authority outstanding, or, to the best of the Company's knowledge, threatened or expected to be issued against any member of the Company or its respective assets or any person for whose acts or defaults it may be vicariously liable, and which is of a material nature.

### PRINCIPAL RISKS AND UNCERTAINTIES

#### Risks Relating to the Development and Commercialisation of Pipeline Products

The Group was a pre-revenue innovative medical device company before its products enter the commercialisation stage. The Group's ability to generate revenue and become profitable in the future substantially depends on the successful development of, the ability to obtain the necessary regulatory approvals for, and the successful commercialisation of its pipeline products. Clinical trial involves lengthy and expensive process with uncertain outcomes. A failure of one or more of the Group's clinical trials can occur at any stage of testing and clinical trials may experience significant setbacks even after earlier trials have shown promising results. In addition, there can be significant variability in safety and/or efficacy results between different trials of the same product candidate due to numerous factors, including changes in trial procedures set forth in protocols, differences in the size and type of the patient populations and the rate of dropout among clinical trial participants. The Group also has limited experience in commercialising its products. The Group's ability to successfully commercialise its pipeline products may involve more inherent risks, take longer, and cost more than it would if the Group was a company with more experience in launching and marketing products.

#### Risks Relating to Financial Position and Need for Additional Capital

As the Group was a pre-revenue innovative medical device company before its products enter the commercialisation stage, investments in the development of innovative medical devices such as the Group's surgical robots are highly speculative. It entails substantial upfront capital expenditure and as the Group is still at the initial stage of commercialisation, it will continue to incur relevant research and development expenses, commercialisation expenses and other expenses related to the Group's ongoing operations

## Report of the Board (Continued)

### Risks Relating to Intellectual Property Rights

The Group seeks to protect the proprietary technologies that it considers commercially important by filing patent applications in the PRC and other jurisdictions. This process is expensive and time-consuming. For example, the Group may not be able to file and prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. The Group cannot be certain that patents will be issued or granted with respect to its patent applications that are currently pending, or that issued or granted patents will not later be found to be invalid and/or unenforceable, be interpreted in a manner that does not adequately protect its products, or otherwise provide the Group with any competitive advantage. As a result, the Group may not be able to prevent competitors from developing and commercialising competitive products in all such fields and territories. Patents may be invalidated and patent applications may not be granted for a number of reasons, including known or unknown prior deficiencies in the patent application or the lack of novelty of the underlying invention or technology. The Group may also fail to identify patentable aspects of its R&D output in time to obtain patent protection. Moreover, the patent position of surgical robots companies is generally uncertain because it involves complex legal and factual considerations. Patent applications the Group had applied may not be granted in the end. As such, the Group does not know the degree of future protection that it will have on its proprietary technologies, if any, and a failure to obtain adequate intellectual property protection with respect to the Group's products could have a material adverse impact on its business.

### RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group's success also depends on the support from key stakeholders which comprise employees, customers and shareholders.

#### Employees

The Company builds its success on employees' dedication and commitment. The Company is committed to providing as much opportunities as possible for employees' skills enhancement and career development. The Company aims at cultivating talents in a long run, encouraging employees to realise their full potential and to keep pace with growth of the Company.

As at 31 December 2024, the Group had 443 employees (31 December 2023: 646 employees).

#### Customers

The Group's principal customers are distributors and hospitals throughout the world. The Group has gradually established its sales and marketing team. It is expected that the Group's marketing and promotion activities will primarily include hosting training sessions for surgeons, participating in medical conferences and assisting in hospital seminars.

The Group is gradually establishing relationships with many key opinion leaders in medical community, including physicians, researchers and hospital administrators. Through regular visits with specialists, attendance of conferences, holding physician education programmes and other activities, the Group's brand recognition will be continuously enhanced.

# Report of the Board (Continued)

## Shareholders

The Company considers that effective communication with Shareholders is essential for enhancing investor relations (“IR”) and investor understanding of the Company’s business performance and strategies. Apart from transparent and timely disclosure of corporate information in accordance with the Listing Rules, the Company has kept effective communication with Shareholders through the Company’s website, WeChat platform, Shareholder’s hotline, and IR mailbox. Senior management are also pleased to receive Shareholders’ on-site visit and have one-on-one meetings with them to share the information which they are concerned and enable them to make rational investment decisions.

## FUTURE BUSINESS DEVELOPMENTS

The future business developments of the Company are set out in the section headed “Management Discussion and Analysis” on page 25 of this report.

## MAJOR CUSTOMERS AND SUPPLIERS

For the financial year ended 31 December 2024, purchases from the Group’s largest supplier and the five largest suppliers in aggregate accounted for 3.9% and 13.4% respectively of the Group’s total purchase for the year. Sales to the Group’s largest customer and the five largest customers in aggregate accounted for 21.7% and 51.5% respectively of the Group’s total revenue for the year.

Except subsidiaries of MicroPort, which are included in the five largest customers and suppliers, none of the Directors and Supervisors or any of their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company’s issued share capital) had any material beneficial interest in the Group’s other five largest customers and suppliers.

## SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2024 are set out in note 28 to the consolidated financial statements.

## DISTRIBUTABILITY OF RESERVES

As at 31 December 2024, the Company did not have distributable reserves (2023: nil).

## GROUP FINANCIAL SUMMARY

A summary of the Group’s results and assets and liabilities for the past five financial years is set out in the section “Financial Highlights” of this report.



# Report of the Board (Continued)

## DIRECTORS AND SUPERVISORS

Directors and Supervisors during the year ended 31 December 2024 and up to the date of this Report of the Board were:

### Executive Director

Dr. He Chao

Ms. Fang Cong (Appointed on 18 July 2024)

### Non-Executive Directors

Mr. Sun Hongbin

Mr. Chen Chen

Mr. Chen Xinxing

### Independent Non-Executive Directors

Dr. Li Minghua

Mr. Yao Haisong

Mr. Mui Wing Hong (Resigned on 18 July 2024)

Mr. Chung Wai Man (Appointed on 18 July 2024)

As the term of office of the first session of the Board expired in December 2023, at the extraordinary general meeting of the Company held on 29 December 2023, the Shareholders re-elected Dr. He Chao as executive director of the second session of the Board, re-elected Mr. Sun Hongbin and Mr. Chen Chen as non-executive directors of the second session of the Board, and elected Mr. Chen Xinxing as non-executive director of the second session of the Board, and re-elected Dr. Li Minghua and Mr. Yao Haisong as independent non-executive directors of the second session of the Board. On 29 December 2023, Mr. Sun Hongbin was reappointed as the chairman of the second session of the Board. On 18 July 2024, Ms. Fang Cong was appointed as executive director of the second session of the Board, and Mr. Chung Wai Man was appointed as independent non-executive director of the second session of the Board.

### Supervisors

Dr. Zhang Jie

Ms. Zhang Lihong

Mr. Chen Gong

As the term of office of the first session of the Supervisory Committee expired in December 2023, at the extraordinary general meeting of the Company held on 29 December 2023, the Shareholders re-elected Dr. Zhang Jie and Ms. Zhang Lihong as shareholder representative supervisors of the second session of the Supervisory Committee. Mr. Chen Gong was elected as the employee representative supervisor of the second session of the Supervisory Committee at the Employees' Congress of the Company held on 29 December 2023. On 29 December 2023, Dr. Zhang Jie was reappointed as chairman of the second session of the Supervisory Committee.

## DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Biographical details of the Directors, Supervisors and senior management of the Company are set out on pages 35 to 41 of this report.

# Report of the Board (Continued)

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACT

None of the Directors or Supervisors has a service contract which is not determinable by the Company within one year without the payment of compensation (other than statutory compensation).

## COMPETING BUSINESS INTERESTS OF DIRECTORS AND SUPERVISORS

During the year ended 31 December 2024, none of the Directors or Supervisors were interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries pursuant to Rule 8.10 of the Listing Rules.

## EMOLUMENT POLICY

The remuneration and appraisal committee of the Company is responsible for reviewing the Group's emolument policy and structure for all remuneration of the Directors, Supervisors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices.

The Company has adopted a share award scheme and a share option scheme as an incentive for Directors, Supervisors and eligible employees. Details of the schemes are set out in the sections headed "Share Award Scheme" and "Share Option Scheme" below.

## REMUNERATION OF SENIOR MANAGEMENT

Pursuant to the Code Provision E.1.5 of Part 2 of the CG Code, the remuneration of the members of the senior management (other than the Directors and Supervisors) whose particulars are contained in the section headed "Directors, Supervisors and Senior Management" in this report for the year ended 31 December 2024 by band is set out below:

Remuneration Band (RMB)	Number of individuals
1,000,001 to 1,500,000	2
2,000,001 to 5,000,000	1

## REMUNERATION OF DIRECTORS, SUPERVISORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors, Supervisors and the five individuals with the highest emoluments are set out in Notes 7 and 8 to the consolidated financial statements.

# Report of the Board (Continued)

## PENSION SCHEME

According to relevant laws and regulations, as well as local policies, the Group's subsidiaries participate in retirement savings plans. Under these plans, the Group is required to pay the defined contribution to the plans by certain rules and up to certain maximums. The only obligation of the Group with respect to the retirement savings plans is to make required contributions under the plans. Contributions made under the retirement savings plans are charged in the statement of profit or loss as incurred.

The Company may not utilise any forfeited contributions in order to make fewer contributions than the current amounts.

## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

At 31 December 2024, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors, Supervisors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules were as follows:

### Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company

Name	Class of Shares	No. of Shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the relevant class of Shares
Dr. He Chao	H Shares	617,023,912	1, 2, 3	Interest in a controlled corporation	Long position	61.73%
Ms. Zhang Lihong	H Shares	9,400	4	Beneficial owner	Long position	0.00%

- (1) Dr. He Chao was the general partner of Shanghai Qingmin. Shanghai Qingmin held 96,013,252 Shares as at 31 December 2024. By virtue of the SFO, Dr. He Chao was deemed to be interested in the Shares held by Shanghai Qingmin.
- (2) Dr. He Chao held approximately 43.12% interest in Shanghai Qinghe as its limited partner. Shanghai Qinghe held 20,279,653 Shares as at 31 December 2024. By virtue of the SFO, Dr. He Chao was deemed to be interested in the Shares held by Shanghai Qinghe.
- (3) Dr. He Chao held approximately 54.05% interest in Shanghai Qingzhen as its limited partner. In accordance with the SFO, Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert. As at 31 December 2024, Shanghai Qingzhen held 16,963,831 Shares and Shanghai Latent held 483,767,176 Shares. By virtue of the SFO, Dr. He Chao was deemed to be interested in the Shares held by Shanghai Qingzhen.
- (4) Ms. Zhang Lihong was interested the underlying Shares of the Company by virtue of the options granted to her under a share scheme of MicroPort.

## Report of the Board (Continued)

### Interests and Short Positions in Shares, Underlying Shares and Debentures of the Associated Corporations

Name	Name of associated corporation	No. of shares	Notes	Capacity	Nature of interest	Approximate percentage of interest in the associated corporation
Dr. He Chao	MicroPort	160,757	1	Beneficial owner	Long position	0.01%
Mr. Sun Hongbin	MicroPort	9,432,321	2	Beneficial owner	Long position	0.51%
	MicroPort CardioFlow	1,043,935	3	Beneficial owner	Long position	0.04%
Dr. Zhang Jie	MicroPort	578,804	4	Beneficial owner	Long position	0.03%
	MicroPort CardioFlow	200,000	5	Beneficial owner	Long position	0.01%
	MicroPort Vision Power	14,000,000	6	Interest in a controlled corporation	Long position	13.08%
Ms. Zhang Lihong	MicroPort	713,367	7	Beneficial owner	Long position	0.04%
	MicroPort CardioFlow	262,262	8	Beneficial owner	Long position	0.01%

Notes:

- (1) Dr. He Chao was interested in 160,757 underlying shares of MicroPort by virtue of the options granted to him under a share option scheme of MicroPort.
- (2) Mr. Sun Hongbin was interested in (i) 7,840,968 shares; and (ii) 1,591,353 underlying shares of MicroPort.
- (3) Mr. Sun Hongbin was interested in (i) 593,935 shares; and (ii) 450,000 underlying shares of MicroPort CardioFlow.
- (4) Dr. Zhang Jie was interested in (i) 200,147 shares; and (ii) 378,657 underlying shares of MicroPort.
- (5) Dr. Zhang Jie was interested in 200,000 underlying shares of MicroPort CardioFlow.
- (6) Dr. Zhang Jie was the general partner of Shanghai Maitian and Shanghai Lantian. Shanghai Maitian and Shanghai Lantian held in aggregate 13.08% interest in MicroPort Vision Power, an indirect non-wholly owned subsidiary of MicroPort and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Dr. Zhang Jie was deemed to be interested in the interest in which Shanghai Maitian and Shanghai Lantian are interested.
- (7) Ms. Zhang Lihong was interested in (i) 150,159 shares; and (ii) 563,208 underlying shares of MicroPort.
- (8) Ms. Zhang Lihong was interested in (i) 62,262 shares; and (ii) 200,000 underlying shares of MicroPort CardioFlow.

Save as disclosed above, as at 31 December 2024, none of the Directors, Supervisors or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which would be required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



## Report of the Board (Continued)

### Interests and Short Positions of Substantial Shareholders in Shares and Underlying Shares of the Company

As at 31 December 2024, so far as is known to the Directors, the following persons (not being a Director, Supervisors or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which would need to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

#### Interests and Short Position in the Shares

Names of Shareholder	Class of Shares	No. of Shares	Note	Capacity	Nature of interest	Approximate percentage of interest in the relevant class of Shares	Approximate percentage of interest in the total issued Shares
Shanghai Latent	H Shares	500,731,007	1, 2	Beneficial owner/interest held jointly with another person	Long position	50.09%	49.76%
MicroPort Sinica	H Shares	500,731,007	1	Interest in a controlled corporation	Long position	50.09%	49.76%
MicroPort	H Shares	500,731,007	1	Interest in a controlled corporation	Long position	50.09%	49.76%
Shanghai Qingzhen	H Shares	500,731,007	2	Beneficial owner/interest held jointly with another person	Long position	50.09%	49.76%
Shanghai Qingmin	H Shares	96,013,252		Beneficial owner	Long position	9.61%	9.54%
Ms. Ji Shufang	H Shares	617,023,912	3	Interest of spouse	Long position	61.73%	61.32%
Zuhai Gao Ling Chongheng Equity Investment LLP (珠海高瓴崇恒股權投資合夥企業(有限合夥)) (“Gao Ling Chongheng”)	H Shares	71,972,764	4	Beneficial owner	Long position	7.20%	7.15%
Shenzhen Gao Ling Muqi Equity Investment Fund LLP (深圳高瓴慕祺股權投資基金合夥企業(有限合夥)) (“Gao Ling Muqi”)	H Shares	71,972,764	4	Interest in a controlled corporation	Long position	7.20%	7.15%
Xiamen Gao Ling Ruiqi Equity Investment Fund LLP (廈門高瓴瑞祺股權投資基金合夥企業(有限合夥)) (“Gao Ling Ruiqi”)	H Shares	71,972,764	4	Interest in a controlled corporation	Long position	7.20%	7.15%
Shenzhen Gao Ling Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資有限公司) (“Shenzhen Gao Ling”)	H Shares	73,772,755	4, 5	Interest in a controlled corporation	Long position	7.38%	7.33%

## Report of the Board (Continued)

Notes:

- (1) Shanghai Latent is wholly owned by MicroPort Sinica, which in turn is wholly owned by MicroPort. By virtue of the SFO, MicroPort and MicroPort Sinica are deemed to be interested in the Shares held by Shanghai Latent.
- (2) In accordance with the SFO, Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert. Shanghai Qingzhen holds 16,963,831 Shares and Shanghai Latent holds 483,767,176 Shares as at 31 December 2024.
- (3) Ms. Ji Shufang is the spouse of Dr. He Chao. By virtue of the SFO, Ms. Ji Shufang is deemed to be interested in the Shares held by Dr. He Chao.
- (4) By virtue of the SFO, Shenzhen Gao Ling (as general partner) and Gao Ling Muqi and Gao Ling Ruiqi (as relevant limited partners) are deemed to be interested in the Shares held by Gao Ling Chongheng. As such, by virtue of the SFO, each of Shenzhen Gao Ling, Gao Ling Muqi and Gao Ling Ruiqi is deemed to be interested in the Shares held by Gao Ling Chongheng.
- (5) Shenzhen Gao Ling is also the general partner of Zhuhai Gao Ling Jiangheng Equity Investment LLP (珠海高領絳恒股權投資合夥企業(有限合夥)) (“**Gao Ling Jiangheng**”). Gao Ling Jiangheng held 1,799,991 Shares as at 31 December 2024. By virtue of the SFO, Shenzhen Gao Ling is deemed to be interested in the Shares held by Gao Ling Jiangheng.

Save as disclosed above, as at 31 December 2024, the Directors of the Company were not aware of any persons (who were not Directors, Supervisors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would need to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

As at the date of this report, none of the above-mentioned substantial Shareholders of the Company had pledged any Shares.

### MANAGEMENT CONTRACT

During the year ended 31 December 2024, no contract concerning the management and administration of all or any substantial part of the business of the Company was entered into or existed.

### DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed “Continuing Connected Transactions”, there were no other transactions, arrangements or contracts of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party and in which a Director or Supervisor or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the financial year 2024 or at any time during the year ended 31 December 2024.

### SIGNIFICANT CONTRACTS WITH CONTROLLING SHAREHOLDERS

Save as disclosed in the section headed “Continuing Connected Transactions” and the material related party transactions as disclosed in note 31 to the consolidated financial statement, no contract of significance was entered into between any member of the Group and a controlling shareholder of the Company or any of its subsidiaries or contract of significance for the provision of services to any member of the Group by a controlling shareholder or any of its subsidiaries subsisted during the year ended 31 December 2024.

# Report of the Board (Continued)

## PERMITTED INDEMNITY PROVISION

The Company has maintained directors' liability insurance which provides appropriate cover for the Directors during the year ended 31 December 2024. At no time during the Reporting Period was there any permitted indemnity provision previously existing or being in force for the benefit of any of the Directors or Supervisors (whether made by the Company or otherwise) or any associated companies (if made by the Company).

## ARRANGEMENTS TO ENABLE DIRECTORS OR SUPERVISORS TO ACQUIRE SHARES AND DEBENTURES

Apart from the details as disclosed under the heading "Interests and short positions of the Directors, Supervisors and Chief Executive in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director, Supervisors or their respective spouse or children under 18 years of age, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors, Supervisors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate.

## CONNECTED TRANSACTION

On 25 June 2024, OrthoBot Suzhou (a subsidiary of the Company) as the lessee entered into a Transfer Contract and Finance Lease Agreement with Shanghai MicroPort Tianniuayan Financial Leasing Co., Ltd. (上海微創天牛眼融資租賃有限公司) ("**Tianniuayan**", a related party of the Group) as the lessor. Pursuant to which, OrthoBot Suzhou agreed to sell the Prototypes, which are primarily used by OrthoBot Suzhou for the R&D iteration and clinical trials of the orthopaedic surgery navigation positioning system and other selected hard tissue surgery navigation positioning system, to Tianniuayan for a total consideration of RMB60,000,000, and Tianniuayan agreed to lease back the Prototypes to OrthoBot Suzhou at a lease consideration of RMB66,000,000, which includes a principal lease amount of RMB60,000,000 and lease interest of RMB6,000,000 for a term of three years. The entering into of the Transfer Contract and Finance Lease Agreement is to meet the daily operational needs of the Group, revitalise the Group's assets, improve asset utilisation efficiency, and enhance the overall efficiency of the Group.

MicroPort is one of the controlling shareholders of the Company, and Tianniuayan is a wholly-owned subsidiary indirectly held by MicroPort. Therefore, it is a connected person of the Company under the Listing Rules. Accordingly, the transactions under the Transfer Contract and the Finance Lease Agreement constitute connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transfer Contract exceeds 0.1% but is less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules but is exempt from circular (including independent financial advice) and independent Shareholders' approval requirements.

## CONTINUING CONNECTED TRANSACTION

On 24 January 2022, the Company and MicroPort Sinica, together with its subsidiaries, associates and joint ventures entered into the catering services framework agreement (the "**Catering Services Framework Agreement**") and the property management services framework agreement (the "**Property Management Services Framework Agreement**"), and set annual caps for the relevant continuing connected transactions from 2022 to 2024. The original framework agreements expired on 31 December 2024 and their corresponding annual caps also matured on 31 December 2024. The Company intended to proceed with the transactions under the Catering Services Framework Agreement and the Property Management Services Framework Agreement as described above, which were subject to the reporting, annual review and announcement requirements but were exempt from the circular (including the independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. On 17 January 2025, the Company entered into the New Catering Services Framework Agreement and the New Property Management Services Framework Agreement with MicroPort, respectively, for the renewal of the relevant continuing connected transactions. For details, please refer to the announcement of the Company dated 17 January 2025 published on the websites of Hong Kong Stock Exchange and the Company.

## Report of the Board (Continued)

### (I) Catering Services Framework Agreement

On 24 January 2022, the Company and MicroPort Sinica, together with its subsidiaries, associates and joint ventures (“**MicroPort Sinica Group**”) entered into the catering services framework agreement, which sets out the principal terms for the provision of catering services and beverages by the MicroPort Sinica Group at its staff canteens and other internal dining areas to the Group. The Catering Services Framework Agreement has a term commencing from 24 January 2022 until 31 December 2024.

The maximum transaction amounts under Catering Services Framework Agreement for each of the three years ending 31 December 2024 will not exceed RMB7.6 million, RMB10.8 million and RMB13.5 million, respectively. For the year ended 31 December 2024, the actual transaction amount under the Catering Services Framework Agreement was approximately RMB4.5 million.

MicroPort Sinica is one of the controlling shareholders of the Company. Therefore, MicroPort Sinica is a connected person of the Company under the Listing Rules, and the transactions under the Catering Services Framework Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the Catering Services Framework Agreement exceed 0.1% but is less than 5%, the transactions contemplated under the Catering Services Framework Agreement are subject to the reporting, annual review, announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 24 January 2022.

### (II) Property Management Services Framework Agreement

On 24 January 2022, the Company and MicroPort Sinica entered into the property management services framework agreement, pursuant to which the MicroPort Sinica Group shall provide property management services to the Group. The Property Management Services Framework Agreement has a term commencing from 24 January 2022 until 31 December 2024.

The maximum transaction amounts under Property Management Services Framework Agreement for each of the three years ending 31 December 2024 will not exceed RMB5.3 million, RMB5.3 million and RMB5.3 million, respectively. For the year ended 31 December 2024, the actual transaction amount under the Property Management Services Framework Agreement was approximately RMB2.2 million.

MicroPort Sinica is one of the controlling shareholders of the Company. Therefore, MicroPort Sinica is a connected person of the Company under the Listing Rules, and the transactions under the Property Management Services Framework Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the Property Management Services Framework Agreement exceed 0.1% but is less than 5%, the transactions contemplated under the Property Management Services Framework Agreement are subject to the reporting, annual review, announcement requirements but are exempt from circular (including independent financial advice) and independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 24 January 2022.



## Report of the Board (Continued)

### (III) 2024 Sales Framework Agreement

On 6 December 2022, the Company and MicroPort entered into a sales framework agreement (the “**Sales Framework Agreement**”), pursuant to which the Group agreed to sell and the MicroPort Group agreed to purchase certain products for the purpose of commercialising and distributing such products in the relevant target markets. Considering the expanding overseas layout of the Group and that it is in the interest of the Company to expand the scope of the sales cooperation between the Group and the MicroPort Group, the Company entered into the 2024 Sales Framework Agreement with MicroPort on 6 December 2023 to expand the scope of the Sales Framework Agreement to cover other products and to revise/renew the annual caps contemplated thereunder. The Sales Framework Agreement was terminated on 31 December 2023. Pursuant to the 2024 Sales Framework Agreement, the Group agreed to sell and the MicroPort Group agreed to (i) purchase the products (the “**Products**”) of the Group for commercialisation and distribution worldwide and application including (a) all the surgical robot and medical equipment (including Toumai, SkyWalker, DFVision and other equipment to be launched by the Group from time to time); (b) all the equipment supporting accessories and consumables; and (c) other products developed and/or produced and processed by the Group; and (ii) procure the maintenance services provided by the Group for the Products. The 2024 Sales Framework Agreement has a term commencing from 1 January 2024 to 31 December 2026.

The maximum transaction amounts for the 2024 Sales Framework Agreement for each of the three years ending 31 December 2026 will not exceed RMB230 million, RMB500 million and RMB900 million, respectively. For the year ended 31 December 2024, the actual transaction amount under the 2024 Sales Framework Agreement was approximately RMB96.1 million.

MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions under the 2024 Sales Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the 2024 Sales Framework Agreement exceed 5%, the transactions thereunder are subject to the reporting, annual review, announcement, circular (including independent financial advice) and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 6 December 2023 and the circular of the Company dated 12 December 2023.

## Report of the Board (Continued)

### (IV) 2024 Master Products Procurement Agreement

On 6 December 2023, the Company entered into the 2024 Master Products Procurement Agreement with MicroPort, pursuant to which the Group agreed to procure from or procure through the MicroPort Group and its joint ventures and associates certain materials and products mainly for use in our R&D, production and operation. The 2024 Master Products Procurement Agreement has a term commencing from 1 January 2024 to 31 December 2026.

The maximum transaction amounts for the procurement of the Products for each of the three years ending 31 December 2026 will not exceed RMB9.5 million, RMB16.0 million and RMB18.0 million, respectively. For the year ended 31 December 2024, the actual transaction amount under the 2024 Master Products Procurement Agreement was approximately RMB0.4 million.

MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions under the 2024 Master Products Procurement Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the 2024 Master Products Procurement Agreement exceed 5%, the transactions contemplated under the 2024 Master Products Procurement Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 6 December 2023 and the circular of the Company dated 12 December 2023.

### (V) 2024 Master Services Procurement Agreement

On 6 December 2023, the Company entered into the 2024 Master Services Procurement Agreement with MicroPort, pursuant to which MicroPort Group and its joint ventures and associates shall provide the Group certain services, including but not limited to cleaning and packaging services, sterilisation services, product testing services, animal test services, administrative support services and marketing activity support and commercial promotion services. The 2024 Master Services Procurement Agreement has a term commencing from 1 January 2024 to 31 December 2026.

The maximum transaction amounts in relation to the procurement of the Services for each of the three years ending 31 December 2026 will not exceed RMB40.0 million, RMB51.0 million and RMB47.0 million, respectively. For the year ended 31 December 2024, the actual transaction amount under the 2024 Master Services Procurement Agreement was approximately RMB11.1 million.

MicroPort is one of the controlling shareholders of the Company. Therefore, MicroPort is a connected person of the Company under the Listing Rules, and the transactions under the 2024 Master Services Procurement Agreement constitute a continuing connected transaction for the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios (other than the profits ratio) in respect of the highest amount of the annual caps under the 2024 Master Services Procurement Agreement exceed 5%, the transactions contemplated under the 2024 Master Services Procurement Agreement are subject to the reporting, annual review, announcement, circular (including independent financial advice) and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. For further details, please refer to the announcement of the Company dated 6 December 2023 and the circular of the Company dated 12 December 2023.

## Report of the Board (Continued)

The independent non-executive Directors have reviewed the continuing connected transactions mentioned above and confirmed that such transactions have been entered into:

- in the ordinary and usual course of business of the Group;
- on normal commercial terms; and
- according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions conducted for the year ended 31 December 2024 in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

The Directors confirmed that the auditor has provided a letter containing their findings and conclusions in respect of the continuing connected transactions of the Group in accordance with Rule 14A.56 of the Listing Rules. The Company's auditor has confirmed that regarding the continuing connected transactions of the Group, nothing has come to their attention that causes them to believe that:

- the disclosed continuing connected transactions have not been approved by the Board;
- for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- the transaction amounts of the disclosed continuing connected transactions as mentioned above have exceeded the annual cap set by the Company.

Save as the aforesaid, there were no discloseable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules for the year ended 31 December 2024.

Save as aforesaid, none of the "Material Related Party Transactions" as disclosed in Note 31 to the consolidated financial statements for the year ended 31 December 2024 constituted disclosable non-exempted connected transaction or non-exempted continuing connected transaction under the Listing Rules.

To the extent of the above "Material Related Party Transactions" constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules for the year ended 31 December 2024.

## Report of the Board (Continued)

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

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

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

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

### CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

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 for the year ended 31 December 2024.

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 unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the Reporting Period.

### SHARE AWARD SCHEME

The Company has adopted an H share award scheme on its extraordinary general meeting held on 10 February 2022 (the "**Share Award Scheme**") as a means of recognising the contributions of certain eligible participants. A summary of the Share Award Scheme was set out in the circular of the Company dated 19 January 2022.

#### Purpose and Objectives of the Share Award Scheme

The Share Award Scheme is a share award and trust scheme established by the Company to award certain selected participants and the objectives of the Share Award Scheme are: (i) to recognise the contributions by certain eligible participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group.

#### Participants of the Share Award Scheme

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the Share Award Scheme as a selected participant and determine the H Shares to be awarded for them (the "**Awarded Shares**"). Participation in the Share Award Scheme is limited to selected participants only. The Board is entitled to impose any conditions (including a period of continued service within the Group), as it deems appropriate in its absolute discretion with respect to the entitlement of the selected participant to the H Shares to be awarded.

An "eligible participant" means any individual, being an employee, a director, a consultant or an adviser of any member of the Group who the Board considers, in its sole discretion, to have contributed to the Group.



## Report of the Board (Continued)

### Duration

Subject to any early termination or extension as may be determined by the Board according to the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on its adoption date.

### Scheme Limits

The Board shall not make any further award of H Shares which will result in the number of H Shares awarded by the Board under the Share Award Scheme exceeding 10% of the issued H Shares from time to time, being 99,594,288 H Shares, represented approximately 9.90% of the issued share capital of the Company as at the date of this report.

The maximum number of H Shares which may be awarded to a selected participant under the Share Award Scheme shall not exceed 1% of the issued H Shares from time to time, save and except approved by the Shareholders in a general meeting.

### Operation

The Board may, from time to time, at its absolute discretion select any eligible participant for participation in the Share Award Scheme as a selected participant and determine the H Shares to be awarded to them. The Board is entitled to impose any conditions (including a period of continued service within the Group) and vesting period, as it deems appropriate in its absolute discretion with respect to the entitlement of the selected participant(s) to the Awarded Shares. The Board shall determine the number of H Shares to be purchased as Shares for the awards, and pay the relevant amount from the Company's resources to the trustee to be held on trust for the purchase of the H Shares. When the selected participant(s) have satisfied all vesting conditions specified by the Board at the time of making the award and become entitled to the H Shares forming the subject of the award, the trustee shall transfer the relevant Awarded Shares to the selected participant(s) or his nominee(s) or as requested by the selected participant(s) or his nominee(s) to sell the relevant Awarded Shares on the market and transfer the proceeds to him in lieu of transfer of the Awarded Shares to, and registration of, the relevant selected participant(s) or his nominee as the holder thereof.

No Award Shares have been granted since the date of adoption of the Share Award Scheme to the year ended 31 December 2024. As at 1 January 2024 and 31 December 2024, the number of awards available for grant under the Share Award Scheme is 99,594,288 H Shares. As at the date of this report, the remaining life of the Share Award Scheme is approximately six years and 10 months.

## SHARE OPTION SCHEMES

In order to provide incentives or reward to certain eligible persons for their contribution to, and continuing efforts to promote the interests of, the Group and for such other purposes as the Board may approve from time to time, the Company had adopted a share option scheme (the **"Share Option Scheme"**) in accordance with Chapter 17 of the Listing Rules. For details, please refer to the announcement of the Company dated 10 February 2022 and circular of the Company dated 28 February 2022.

## Report of the Board (Continued)

Eligible persons include (a) any employee (whether full-time or part-time) of the Group; (b) any director (including executive, non-executive and independent non-executive directors) of the Group; (c) any director (including executive, non-executive and independent non-executive directors) or employee (whether full-time or part-time) of the MicroPort Group and associated companies of the Company who, in the sole and absolute direction of the Board, has contributed or will contribute to the development of the Group; and (d) any advisers, consultants, distributors, contractors, contract manufacturers, agents, customers, business partners, joint venture business partners, service providers on a continuing and recurring basis in its ordinary and usual course of business of the Group who, in the sole and absolute direction of the Board, has contributed or will contribute to the development of the Group. The basis of eligibility of any of the above classes of eligible persons to the grant of any options shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group.

Pursuant to the Share Option Scheme, the aggregate number of H Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options schemes of the Company (the “**Other Schemes**”) must not in aggregate exceed 10% of the total number of H Shares in issue as at the date of adoption of the Share Option Scheme (being 99,594,288 H Shares, represents 10% of total number of H Shares and 9.90% of the issued share capital of the Company as at the date of this report) or the Other Schemes (as the case may be).

No options shall be granted to any eligible person (the “**Relevant Eligible Person**”) if, at the relevant time of grant, the H Shares subscribed and to be subscribed upon exercise of all options (granted and proposed to be granted, whether exercised, cancelled or outstanding) to the Relevant Eligible Person in the 12-month period up to and including the date of such grant would exceed 1% of the total number of H Shares in issue at such time unless: (a) such grant has been duly approved, in the manner prescribed by the relevant provisions of Chapter 17 of the Listing Rules in force from time to time, by ordinary resolutions of the shareholders of MicroPort and by special resolutions of the Shareholders (if applicable) in their respective general meeting, at which the Relevant Eligible Person and his close associates (or his associates if the Relevant Eligible Person is a connected person (as defined under the Listing Rules) of MicroPort) abstained from voting; (b) a circular regarding the grant has been despatched to the shareholders of the MicroPort and the Shareholders (if applicable) in a manner complying with, and containing the information specified in, the relevant provisions of Chapter 17 of the Listing Rules in force from time to time. In accordance with the current Listing Rules, the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant) and other information required to comply with the relevant provisions of Chapter 17 of the Listing Rules in force from time to time; and (c) the number and terms (including the exercise price) of such options are fixed before the general meeting of MicroPort and the Company (if applicable) at which the same are approved.

The exercise period of the options granted under the Share Option Scheme will be determined and notified by the Board, but shall expire in any event not later than the last day of the 10-year period after the date of grant of the Option. The Share Option Scheme does not specify any vesting period of the Option but the Board has the authority to determine such vesting period before it was granted. The Board shall specify in an offer letter a date by which the grantee must accept such offer, being a date no later than 28 days after the date on which the option is offered or the date on which the conditions for the offer are satisfied, whichever is earlier.

Subject to any adjustments made pursuant to the terms of the Share Option Scheme, the exercise price shall be a price determined by the Board in its sole and absolute discretion and notified to an eligible person, but in any event must be at least the highest of: (a) the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange on the relevant offer date; (b) the average of the official closing price of the H Shares as stated in the daily quotations sheet of the Stock Exchange for the 5 business days immediately preceding the relevant offer date; and (c) the nominal value of an H Share.

## Report of the Board (Continued)

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the date of its adoption, being 18 March 2022. The Share Option Scheme may be terminated at any time by way of an ordinary resolution of the Shareholders pursuant to the Articles of Association or a resolution by the Board. After expiry or termination of the Share Option Scheme, no further options will be offered, but the provisions of the Share Option Scheme shall remain in full force and effect in all other respects and options granted prior to such expiry or termination shall continue to be valid and exercisable in accordance with the Share Option Scheme. As at the date of this report, the remaining life of the Share Option Scheme is approximately six years and 11 months.

During the period from the date of adoption of the Share Option Scheme to 31 December 2024, no option had been granted or agreed to be granted under the Share Option Scheme. As at 1 January 2024 and 31 December 2024, the number of options available for grant under the Share Option Scheme is 99,594,288 H Shares.

### EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing Shares or that require the Company to enter into any agreements that will or may result in the Company issuing Shares were entered into by the Company during the year ended 31 December 2024.

### 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 as required under the Listing Rules.

### PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the relevant laws of the PRC that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

### LOAN TO AN ENTITY

During the year ended 31 December 2024, the Company did not have any loan to an entity which was subject to the disclosure requirements under the Listing Rules.

### DONATION

During the year ended 31 December 2024, the Group made no donations.

### ANNUAL GENERAL MEETING

The Company will further determine the date, time and place of the 2024 AGM. The details of the 2024 AGM, the period of closure of the register of members during the 2024 AGM and the notice of convening the 2024 AGM will be published and dispatched in the manner prescribed by the Listing Rules and the Articles of Association as soon as possible.

### FINAL DIVIDEND

The Directors do not recommend a final dividend for the year ended 31 December 2024 (2023: nil).

## Report of the Board (Continued)

### TAX RELIEF AND EXEMPTION (H SHAREHOLDERS)

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends paid to individuals by PRC companies are generally subject to an individual income tax levied at a flat rate of 20%. For an individual who has no domicile in the PRC and is not resident in the territory of the PRC or who has no domicile in the PRC and has been resident in the territory of the PRC for less than 183 days cumulatively within a tax year, his/her receipt of dividends from a PRC company is normally subject to a PRC withholding tax of 20% unless specifically exempted or reduced by an applicable tax treaty and other tax laws and regulations.

Pursuant to the Notice of the State Administration of Taxation on Issues Concerning Withholding the Enterprise Income Tax on Dividends Paid by Chinese Resident Enterprises to Holders of H Shares who are Overseas Nonresident Enterprises (Guo Shui Han [2008] No. 897) 《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)), a PRC resident enterprise, when distributing dividends for 2008 and for the years afterwards to holders of H Shares who are overseas non-resident enterprises, shall withhold the enterprise income tax at a flat rate of 10%.

The Company did not have any distributable profit in 2024. The Company did not pay any dividend. Accordingly, the shareholders of the Company (including the holders of H Shares) are not subject to income tax.

### CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report of this report.

### CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

After having made specific enquiry by the Company and as confirmed by the Directors and Supervisors, saved as disclosed below, during the Reporting Period, there were no changes in the information of the Directors and Supervisors that would be required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules. The change in the information of the Directors and Supervisors required to be disclosed pursuant to Rule 13.51(B)(1) of the Listing Rules is set out below:

Name of the Directors and Supervisors	Details of the change
Mr. Chung Wai Man	Appointed as an independent non-executive director of Zhongmiao Holdings (Qingdao) Co., Ltd. (a company listed on the Stock Exchange, stock code: 1471) with effect from 5 August 2024
Mr. Chen Chen	Resigned as a director of Spectrum Dynamics Medical Group Limited in January 2025

### SUBSEQUENT SIGNIFICANT EVENTS

The Group was not aware of any significant events which need to be disclosed after 31 December 2024 and up to the date of this report.



# Report of the Board (Continued)

## ARRANGEMENT FOR ISSUING CORPORATE COMMUNICATIONS ELECTRONICALLY

The Company has adopted an arrangement for the electronic dissemination of corporate communications (“**Corporate Communications**”), which refer to any documents issued or to be issued by the Company for the purpose of providing information to its Shareholders or prompting them to take action, including but not limited to (a) copies of directors’ reports, annual accounts and auditors’ reports and, where applicable, summary financial reports; (b) interim reports and interim report summaries (where applicable); (c) notices of meeting; (d) listing documents; (e) circulars; and (f) proxy forms. Please note that all Corporate Communications in English and Chinese are only available on the Company’s website ([www.medbotsurgical.com](http://www.medbotsurgical.com)) and the Hong Kong Stock Exchange website ([www.hkexnews.hk](http://www.hkexnews.hk)), with no printed versions provided. Shareholders should proactively check the Company’s and the Hong Kong Stock Exchange websites to stay informed about the release of Corporate Communications. To ensure timely receipt of Actionable Corporate Communications (as defined in the Listing Rules), the Company recommends that Shareholders provide their email addresses to the Company. The method for providing email addresses is detailed in the Shareholder notification letter and reply form published on the Company’s website. If the Company has not received a valid email address from a shareholder, the Company shall send Actionable Corporate Communications in printed form until the H Share Registrar (Computershare Hong Kong Investor Services Limited) receives a valid email address from such Shareholder. If Shareholders wish to receive the printed version of Corporate Communications, please complete and return the reply form in accordance with the instructions contained in the Shareholder notification letter and reply form.

## AUDIT COMMITTEE

As at the date of this report, the Audit Committee consists of two independent non-executive Directors, namely Mr. Chung Wai Man (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 2024.

## AUDITOR

KPMG has acted as auditor of the Company for the financial year ended 31 December 2024. There has been no change in auditor since the Listing Date. KPMG shall retire at the forthcoming 2024 AGM and, being eligible, will offer themselves for re-appointment. A resolution may be proposed at the forthcoming 2024 AGM to re-appoint KPMG as auditor of the Company.

By Order of the Board

**Shanghai MicroPort MedBot (Group) Co., Ltd.**

**Mr. Sun Hongbin**

*Chairman*

Shanghai, the PRC

27 March 2025

# Corporate Governance Report

The Board is pleased to report to the Shareholders on the corporate governance of the Company for the year ended 31 December 2024.

## CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices, and the Board adheres to the corporate governance principles which emphasise transparency, accountability and independence that are intended to ensure sound management and the satisfactory and sustainable returns to Shareholders.

## CORPORATE GOVERNANCE PRACTICES

The Group is committed to achieving high corporate governance standards to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and to enhance its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company's corporate governance practices, and the CG Code has been applicable to the Company throughout the period ended 31 December 2024.

Throughout the period ended 31 December 2024, so far as the Directors are aware, the Company has complied with all the code provisions as set out in Part 2 of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

## THE DIRECTORS/THE BOARD

### Roles and Responsibilities

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company.

The day-to-day management, administration and operation of the Company are delegated to the chief executive officer and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions by the above mentioned officers.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all time.

## Corporate Governance Report (Continued)

The Company has arranged for appropriate insurance cover for Directors', Supervisors' and senior management's liabilities in respect of legal actions against its Directors, Supervisors and senior management arising out of corporate activities.

### Board Composition

The Board structure is governed by the Articles of Association. The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group.

As at 31 December 2024, the Board comprises eight members, consisting of two executive Director, three non-executive Directors and three independent non-executive Directors.

The list of all Directors, which also specifies the posts, e.g. chairman of the Board, and chairman and members of committees, held by each Director is set out under "Corporate Information" on page 2 of this report. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules. The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

Ms. Fang Cong was appointed as an executive Director and Mr. Chung Wai Man was appointed as an independent non-executive Director on 18 July 2024. They confirmed they had obtained the legal advice referred to in Rule 3.09D of the Listing Rules from the Company's legal advisor on 15 July 2024 and understood their obligations as Directors.

The Board comprises the following Directors as of 31 December 2024:

#### Executive Directors

Dr. He Chao (*President*)

Ms. Fang Cong (Appointed on 18 July 2024)

#### Non-executive Directors

Mr. Sun Hongbin (*Chairman*)

Mr. Chen Chen

Mr. Chen Xinxing

#### Independent Non-executive Directors

Dr. Li Minghua

Mr. Yao Haisong

Mr. Mui Wing Hong (Resigned on 18 July 2024)

Mr. Chung Wai Man (Appointed on 18 July 2024)

Save as disclosed in this report, there is no other relationship (including, financial, business, family or other material/relevant relationships) between the board members.

## Corporate Governance Report (Continued)

Throughout the period ended 31 December 2024, the Board at all time met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise, and the Board at all times met the requirement of the Listing Rules in regard of independent non-executive directors to constitute one-third of an issuer's board.

### Chairman and Chief Executive Officer

The roles of chairman and chief executive officer have been performed separately by Mr. Sun Hongbin and Dr. He Chao.

### Independence of Non-Executive Directors

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

### Mechanisms to Ensure Independent Views and Input Are Available to the Board

During the Reporting Period, the Company has established mechanisms to ensure independent views and input are available to the Board, which set out the processes and procedures to ensure a strong independent element on the Board, these mechanisms allow the Board effectively exercises independent judgment to better safeguard Shareholders' interests. All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. To facilitate proper discharge of their duties, all the Directors are entitled to seek advice from the company secretary of the Company or, upon reasonable request, seek independent professional advice at the Company's expense. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns.

Any Director or his/her associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting.

Pursuant to these mechanisms, the Board will conduct annual review on its independence, and the Board will collectively discuss the results and the action plan for improvement, if appropriate. The Board will also review the implementation and effectiveness of such mechanisms on an annual basis.

During the year ended 31 December 2024, the Board has reviewed the implementation and effectiveness of the mechanisms to ensure independence views and input are available to the Board and the results were satisfactory.



# Corporate Governance Report (Continued)

## Appointment and Re-Election of Directors

In accordance with the Articles of Association, all Directors shall be elected at the general meetings for a term of three years, and are eligible to offer himself or herself for re-election and re-appointment upon the expiration of his or her term of office. The Company has entered into a service contract with each of the executive Directors and entered into a letter of appointment with each of the non-executive Directors and independent non-executive Directors for three years for each term of office. The three-year term of office of the second session of the Board commenced on 29 December 2023.

The procedures and process of appointment, re-election and removal of directors are laid down in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, monitoring the appointment/re-election and succession planning of Directors.

## Induction and Continuing Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives formal, comprehensive and tailored induction training on the first occasion of his/her appointment. Such training sessions cover a wide range of relevant topics including directors' duties and responsibilities/corporate governance etc. To ensure that they have an appropriate understanding of the business and operations of the Company and are full awareness of responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors are encouraged to engage in continuous professional development to deepen and refresh their knowledge and skills. Development of Directors is an ongoing process, which enables them to perform their duties appropriately. Directors are continually updated on the statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continuing briefing and professional development for Directors will be arranged where necessary.

## BOARD MEETINGS

### Functions

The Board requires Directors to devote sufficient time and attention to their duties and responsibilities. The Board normally has scheduled meetings at quarterly interval each year and meets as and when required to discuss the overall business, development strategy, operations and financial reporting of the Company.

### Board Practices and Conduct of Meetings

Annual meeting schedules and draft agenda of each meeting are normally made available to Directors in advance.

Notice of regular Board meetings is served to all Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given.

## Corporate Governance Report (Continued)

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management where necessary.

The senior management attend all regular Board meetings and where necessary, other Board and committee meetings, to advise on business developments, financial and accounting matters, statutory and regulatory compliance, corporate governance and other major aspects of the Company.

The Board secretary and the company secretary are responsible for taking and keeping minutes of all Board meetings and committee meetings. Draft minutes are normally circulated to Directors for comments within a reasonable time after each meeting and final versions are open for Directors' inspection.

The Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

### Directors' Attendance Records

During the financial year ended 31 December 2024, 10 Board meetings were held and four general meetings were held (including an annual general meeting, an extraordinary general meeting, a domestic shareholders' class meeting and a H shareholders' class meeting). The attendance records of each Director at the Board meetings, the annual general meeting and the extraordinary general meeting during the term of office as a Director during the year ended 31 December 2024 are set out below:

Name of Directors	Attendance/ Number of Board meetings held during the term of office of the Director concerned	Attendance/ Number of annual general meeting held during the term of office of the Director concerned	Attendance/ Number of extraordinary general meetings/ class meetings held during the term of office of the Director concerned
<b>Executive Director</b>			
Dr. He Chao ( <i>President</i> )	10/10	1/1	3/3
Ms. Fang Cong (Appointed on 18 July 2024)	5/5	—*	—*
<b>Non-executive Directors</b>			
Mr. Sun Hongbin ( <i>Chairman</i> )	10/10	1/1	3/3
Mr. Chen Chen	10/10	1/1	3/3
Mr. Chen Xinxing	10/10	1/1	3/3
<b>Independent non-executive Directors</b>			
Mr. Mui Wing Hong (Resigned on 18 July 2024)	5/5	1/1	3/3
Mr. Chung Wai Man (Appointed on 18 July 2024)	5/5	—*	—*
Dr. Li Minghua	10/10	1/1	3/3
Mr. Yao Haisong	10/10	1/1	3/3

\* No meetings were held during the term of office of Ms. Fang Cong and Mr. Chung Wai Man.

## Corporate Governance Report (Continued)

Directors reviewed the documents of Board meetings provided by the Company in advance. For the year ended 31 December 2024, the chairman of the Board held one meeting with independent non-executive Directors without the presence of other Directors.

### Compliance With the Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' and Supervisors' securities transactions throughout the period ended 31 December 2024.

Specific enquiry has been made with all the Directors and Supervisors, who have confirmed that they have complied with the Model Code for transactions in the Company's securities throughout the period ended 31 December 2024.

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

During the Reporting Period, no incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

## DELEGATION BY THE BOARD

### Board Committees

The Board reserves for its decision all major matters of the Company, in terms of approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All Directors have full and timely access to all relevant information and the advices/services of the company secretary, with a view to ensure that Board procedures and all applicable laws and regulations are properly followed. Each Director can seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The Board has delegated a schedule of responsibilities to the chief executive officer and senior management of the Company. These responsibilities include implementing decisions of the Board, directing and coordinating day-to-day operation and management of the Company in accordance with the management strategies and plans approved by the Board, formulating and monitoring the operating and production plans and budgets, and supervising and monitoring the control systems.

The Board has established four committees, namely, the Audit Committee, Remuneration and Appraisal Committee, Nomination Committee and Strategic and Development Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference which are available to Shareholders upon request. The independent non-executive Directors are invited to serve on these four Board committees.

# Corporate Governance Report (Continued)

## Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision A.2.1 of Part 2 of the CG Code. Throughout the period ended 31 December 2024, the Board has considered the corporate governance policies and practice and its relevant disclosures; the compliance of the Model Code and the Employees Written Guidelines; and policies and practices on compliance with legal and regulatory requirements as required under the applicable requirements of the Listing Rules.

## Audit Committee

The Company has established the Audit Committee prior to the Listing and revised its written terms of reference in compliance with the CG Code in November 2021. As at 31 December 2024, the Audit Committee comprises three members:

Mr. Chung Wai Man (*Chairperson*)

Dr. Li Minghua

Mr. Chen Xinxing

Two of the members are independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise) and one of the members is a non-executive Director. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee include the following:

- review and supervise the financial reporting process and internal control system of the Group, risk management and internal audit;
- provide advice and comments to the Board in respect of financial, risk management and internal control matters;
- perform other duties and responsibilities as may be assigned by the Board.

The Audit Committee oversees the internal control system and risk management system of the Group, reports to the Board on any material issues, and makes recommendations to the Board.

During the year ended 31 December 2024, the Audit Committee reviewed, inter alia, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditors.



## Corporate Governance Report (Continued)

On 27 March 2025, the Audit Committee held a meeting to review (i) the Group's annual results, annual consolidated financial statements and annual reports for the year ended 31 December 2024, (ii) the Company's relationship with the external auditor, discussed with the Company's external auditor on the tasks performed by them including the nature and scope of their audit and reporting obligations, and reviewed the terms of engagement and their remuneration; (iii) the appropriateness and effectiveness of the risk management and internal control systems of the Group and make relevant recommendations to the Board; (iv) the effectiveness of the internal audit function of the Group.

The Audit Committee held seven meetings during the year ended 31 December 2024. The attendance records of each member at the Audit Committee meetings during the year ended 31 December 2024 are set out below:

Name of Members concerned	Number of meeting(s) attended/held
Mr. Mui Wing Hong (Resigned on 18 July 2024)	5/5
Mr. Chung Wai Man (Appointed on 18 July 2024)	2/2
Dr. Li Minghua	7/7
Mr. Chen Xinxing	7/7

During the Reporting Period, the Audit Committee and the external auditor held a total of 3 meetings.

### Remuneration and Appraisal Committee

The Company has established the Remuneration and Appraisal Committee prior to Listing and revised its written terms of reference in compliance with the CG Code in November 2021 and November 2022 respectively.

As at 31 December 2024, the Remuneration and Appraisal Committee comprises three members:

Dr. Li Minghua (*Chairperson*)  
Mr. Yao Haisong  
Mr. Sun Hongbin

Two of the members are independent non-executive Directors and one of the members is a non-executive Director.

The primary objectives of the Remuneration and Appraisal Committee include reviewing and making recommendations to the board on the remuneration of non-executive directors, making recommendations to the Board on the remuneration policy and structure of the Directors and the senior management and determining the remuneration packages of all executive Directors and senior management. The Remuneration and Appraisal Committee is also responsible for establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration, which will be determined by reference to the performance of the individual and the Company as well as market practice and conditions.

## Corporate Governance Report (Continued)

The Company has adopted a share award scheme and a share option scheme as an incentive to Directors, Supervisors and eligible employees. Details of the scheme are set out in the section headed “Share Award Scheme” and “Share Option Scheme”, respectively, in the Report of the Board.

During the year ended 31 December 2024, the Remuneration and Appraisal Committee reviewed and made recommendations to the Board on, among other things, the year end bonus of senior management and the related remuneration policy.

The Remuneration and Appraisal Committee held a meeting during the year ended 31 December 2024. The attendance records of each member at the Remuneration and Appraisal Committee meetings during the year ended 31 December 2024 are set out below:

Name of Members concerned	Number of meeting(s) attended/held
Dr. Li Minghua	1/1
Mr. Yao Haisong	1/1
Mr. Sun Hongbin	1/1

### Nomination Committee

The Company has established the Nomination Committee prior to the Listing and revised its written terms of reference in compliance with the CG Code in November 2021. As at 31 December 2024, the Nomination Committee comprises three members:

Mr. Yao Haisong (*Chairperson*)  
Mr. Chung Wai Man  
Dr. He Chao

Two of the members are independent non-executive Directors and one of the members is an executive Director.

The principal duties of the Nomination Committee include reviewing the Board composition, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of the independent non-executive Directors.

## Corporate Governance Report (Continued)

The Company has adopted a director nomination policy. The director nomination policy contains the criteria for nomination and appointment of directors, as well as nomination process. In evaluating and selecting any candidate for directorship, the following criteria should be considered: character and integrity; qualifications including professional qualifications, skills, knowledge and experience and diversity aspects under the board diversity policy of the Company that are relevant to the Company's business and corporate strategy; any measurable objectives adopted for achieving diversity on the Board; requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Listing Rules; any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity; willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company's such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be adopted and/or amended by the Board and/or the Nomination Committee from time to time for nomination of directors and succession planning.

For the appointment of new Director, the Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable). The Nomination Committee should then recommend to the Board for the appropriate candidate for directorship, as applicable. For any person that is nominated by a shareholder for election as a director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. Where appropriate, the Nomination Committee and/or the Board should make recommendation to shareholders in respect of the proposed election of director at the general meeting.

For re-election of Director at a general meeting of the Company, the Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring director and the level of participation and performance on the Board. The Nomination Committee and/or the Board should also review and determine whether the retiring director continues to meet the criteria as set out above.

During the year ended 31 December 2024, the Nomination Committee reviewed the current composition of the Board and discussed the Board structure to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company.

On 27 March 2025, the Nomination Committee held a meeting to (i) review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board; and (ii) assess the independence of independent non-executive Directors.

## Corporate Governance Report (Continued)

During the financial year ended 31 December 2024, Nomination Committee held two meetings. The attendance records of each member at the Nomination Committee meetings during the year ended 31 December 2024 are set out below:

Name of Members concerned	Number of meeting(s) attended/held
Mr. Yao Haisong	2/2
Mr. Chung Wai Man	—*
Dr. He Chao	2/2

\* No meeting was held during the term of office of Mr. Chung Wai Man

### Strategy and Development Committee

The Company established the Strategic and Development Committee in November 2021 with written terms of reference.

The Strategic and Development Committee comprises three members as at 31 December 2024:

Mr. Sun Hongbin (*Chairperson*)  
Dr. Li Minghua  
Dr. He Chao

One of the members is a non-executive Director, one of the members is an independent non-executive Director and another one of the members is an executive Director.

The primary objectives of the Strategic and Development Committee include researching and making recommendations to the Board on long-term development strategies and rolling strategies, business, operational and financial/capital plans; reviewing and evaluating financial, marketing, operational and business performance of the Company; researching and discussing on trends in markets where the Group operates as well as reviewing and discussing on the implementation of the Group's strategies.

During the year ended 31 December 2024, Strategic and Development Committee has reviewed the strategic plan of capital market activities of the Company.

During the year ended 31 December 2024, the Strategic and Development Committee held a meeting. The attendance records of each member at the Strategic and Development Committee meetings during the year ended 31 December 2024 are set out below:

Name of Members concerned	Number of meeting(s) attended/held
Mr. Sun Hongbin	1/1
Dr. He Chao	1/1
Dr. Li Minghua	1/1



# Corporate Governance Report (Continued)

## BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to talent, skills, gender, age, cultural and educational background, ethnicity, professional experience, independence, knowledge and length of service. The Company will select potential Board candidates based on merit and his/her potential contribution to the Board while taking into consideration the own business model and specific needs from time to time. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

Board has a balanced mix of knowledge, skills and experience, including but without limitation to research and development of surgical robots, medical device, medical engineering, investment management, medicine, securities and derivatives, and legal industry. Members of the Board have obtained degrees in various majors including mechanical engineering, economics, mechanical and electronics, science, molecular genetics and microbiology, business administration, accountancy, financial engineering, medicine, diagnostic radiology, jurisprudence and international business law. The Company has three independent non-executive Directors from different industry backgrounds, including accounting, neuro-imaging and legal industry. Furthermore, The Directors are of a wide range of age, from 35 years old to 73 years old.

The Board has taken and will continue to take steps to promote and enhance gender diversity at all levels of the Company, including but without limitation at the Board and senior management levels. The board diversity policy provides that the Board should aim to increase the proportion of female members over time after Listing where possible when selecting and making recommendations on suitable candidates for Board appointments. With regard to gender diversity on the Board, the Company recognises the particular importance of gender diversity. Currently, the Board has eight members, including one female Director (i.e. Ms. Fang Cong, an executive Director), accounting for 12.5% of the Board members. The Company believes that gender diversity has been achieved in the Board. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board going forward. It is the objective to maintain an appropriate balance of gender diversity with reference to the expectations of stakeholders and international and local recommended best practices. As of 31 December 2024, the full-time employees of the Group (including senior management) comprise about 67% male and 33% female.

# Corporate Governance Report (Continued)

## ACCOUNTABILITY AND AUDIT

### Directors' Responsibilities for Financial Reporting in Respect of Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the financial year ended 31 December 2024.

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as are necessary to enable the Board to make an informed assessment for approving the financial statements.

The Board is not aware of any material uncertainties relating to events or conditions which may cast significant doubt over the Company's ability to continue as a going concern. Accordingly, the Board has continued to adopt the going concern basis in preparing the financial statements. The Board is of the view that they give a true and fair view of the financial position, performance and cash flow of the Company for the year ended 31 December 2024, and the disclosure of other financial information and report therein complies with relevant legal requirements.

### Audit Committee

In addition to the duties and responsibilities set out under its terms of reference, the Audit Committee assists the Board in providing an objective non-executive review of the effectiveness and efficiency of the internal control, risk management and governance processes of the Group on an annual basis.

The management of the Company's internal audit department attended the Audit Committee's meetings at the invitation of the committee.

The activities carried out by the Audit Committee during the year ended 31 December 2024 are set out in this Corporate Governance Report on pages 70 to 71 of this report.

### Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems, reviewing their effectiveness at least once a year through Audit Committee, and the review results are subsequently reported to the Board by the Audit Committee. The Board considers multiple aspects when conducting the review, including but not limited to: (i) changes in the nature and extent of significant risks since the most recent annual review and the Group's ability to respond to changes in business and external circumstances; (ii) the scope and quality of management's ongoing monitoring of risks and internal control system. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. During the year of 2024, the Audit Committee has reviewed the Group's internal control and risk management systems and processes which covered the whole financial year.

## Corporate Governance Report (Continued)

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, establishing and maintaining appropriate effective risk management and internal control systems. The Board has obtained management's confirmation on the effectiveness of the Company's risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation, monitoring the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including sales, purchasing, financial reporting, expense, fixed assets, contract management, human resources, information technology and so on. The Company has established legal department and internal review department with policies in relation contract management and compliance management. The legal department is primarily responsible for the comprehensive and centralised management of contracts with the power to guide and supervise the drafting, execution, consummation and management of contracts.

Through interviews and questionnaires, the internal audit department of the Company conducted independent risk assessment regularly to identify risks that potentially impact the business of the Group and various aspects including strategic risks, financial risks, market risks, operation risks, legal risks and so on.

The management, in coordination with division/department heads, assessed the likelihood of risk occurrence, the impact, the vulnerability and the velocity. Also they provided treatment plans, and monitored the risk management progress.

The internal audit department of the Company is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit department of the Company examined key issues in relation to the accounting practices and all material controls, provided its findings and recommendations for improvement auditees and report the remediation periodically to the Audit Committee.

The Board, as supported by the Audit Committee, reviewed the risk management and internal control systems, including the financial, operational and compliance controls periodically and considered such systems are effective and adequate. The Board also considers that the relevant resources, employees' qualifications and related employees' experience are sufficient, and necessary training projects and budgets have been provided.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential and inside information, coordinate information disclosure and responding to enquiries. Monitoring procedures have been implemented to ensure that unauthorised access and use of inside information are strictly prohibited.

## Corporate Governance Report (Continued)

The Company has in place the whistleblowing policy for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company.

The Company has also in place the anti-corruption policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal audit function, which is responsible for investigating the reported incidents and taking appropriate measures. The Company continues to carry out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organises anti-corruption training and inspections to ensure the effectiveness of anti-corruption and anti-bribery.

### EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities for the financial statements is set out in the "Independent Auditor's Report" on pages 139 to 144 in this annual report.

For the financial year ended 31 December 2024, the fees for audit services and other assurance services rendered by the external auditor of the Company, KPMG were as follows:

	Year ended 31 December 2024 RMB'000
Audit services	1,750
Other assurance services	1,600
Total:	3,350

### COMPANY SECRETARY

Ms. Hui Yin Shan had been the company secretary of the Company during the period from 1 January 2024 and resigned on 14 August 2024. Ms. Yeung Siu Lam was appointed as the company secretary of the Company in place of Ms. Hui Yin Shan since 14 August 2024. Each of Ms. Hui Yin Shan and Ms. Yeung Siu Lam was nominated by Tricor Services Limited, an external service provider, and engaged by the Company as its company secretary in compliance with the Listing Rules.

Ms. Yeung Siu Lam had complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training during the year ended 31 December 2024. During the year ended 31 December 2024, the primary contact person at the Company with Ms. Hui Yin Shan and Ms. Yeung Siu Lam is Ms. Fang Cong, the Board secretary of the Company. The biography of Ms. Yeung Siu Lam is set out in the "Biographies of Directors, Supervisors and Senior Management" section on page 42 of this report.



# Corporate Governance Report (Continued)

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS/INVESTOR RELATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognises the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at [www.medbotsurgical.com](http://www.medbotsurgical.com), where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. Investors may write to the Company at its principal place of business in Hong Kong or China or via the Company's website for any enquiries. During the periods of annual results release, dual-languages conference calls and non-deal roadshows are held for ensuring effective and timely communication to Shareholders and investors. Normally, the Company also accommodated shareholders' and investors' site visits by arranging meetings with the senior management.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the Shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, Remuneration and Appraisal Committee, Audit Committee and Strategic and Development Committee or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available normally at the annual general meeting and other relevant shareholder meetings to answer questions.

The Board has reviewed the shareholders' communication policy of the Company. After considering the implementation of the above mechanisms, the Board is of the view that the shareholders' communication policy is effective for the year ended 31 December 2024.

## SHAREHOLDER RIGHTS

To safeguard Shareholders' interests and rights, a separate resolution will be proposed for each issue to be considered at general meetings, including the election of individual Directors. All resolutions put forward at Shareholder meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

### Convening an Extraordinary General Meeting

Shareholders holding 10% or more of the Shares (individually or together with others) shall be entitled to request for an extraordinary general meeting or class meeting. The aforesaid shareholder(s) may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. Shares held by the above shareholders shall be calculated as of the date on which the written request is made by shareholder(s).

## Corporate Governance Report (Continued)

### Putting Forward Proposals at Extraordinary General Meetings

When a general meeting is held by the Company, the Board, the Supervisory Committee or Shareholder(s) who individually or jointly holding at least 1% of the Shares shall have the right to submit new proposals to the Company.

Shareholder(s) who individually or together holding at least 1% of the Shares may propose an extempore proposal 10 days prior to the general meeting by submitting the same to the convener in writing. The convener shall issue a supplemental notice of general meeting within 2 days (or such other period as may be required by the regulatory rules of the place where the shares are listed) after receiving the proposed motion specifying the content of the extempore motion.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company.

## CONTACT DETAILS

Shareholders may send their enquiries or requests as mentioned above to the following:

Tel: (86)(21) 3895 4600

Fax: (86)(21) 5080 1305

Address: 1601 Zhangdong Road China (Shanghai) Pilot Free Trade Zone Shanghai PRC

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address.

## DIVIDEND POLICY

No dividend was paid or declared by our Company during the year ended 31 December 2024. There is no assurance that the Company will be able to declare or distribute any dividend. The Company has adopted a dividend policy on payment of dividends. When proposing dividend payment, various elements would be taken into consideration including but not limited to the Company's strategic development objectives, operation plan, profitability, cash flow and financing. The policy sets out the factors in consideration, procedures, methods and intervals of the payment of dividends with an objective to provide the Shareholders with continuing, stable and reasonable returns on investment while maintaining the Company's business operation and achieving its long-term development goal.

# Corporate Governance Report (Continued)

## CONSTITUTIONAL DOCUMENTS

The Articles of Association was amended in accordance with the special resolutions passed by the general meetings of the Company and took effect on the Listing Date, being the date of commencement of dealings in the H Shares on the Stock Exchange. The Articles of Association was approved for amendment by the Shareholders at the extraordinary general meetings of the Company held on 10 February 2022, 17 March 2022, 21 June 2022, 25 June 2024 and 18 July 2024. The changes were pursuant to the law and regulations of the PRC, the Listing Rules and the actual situation of the Company.

### Amendments to Articles of Association

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

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

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

## Corporate Governance Report (Continued)

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

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

Save as disclosed above, during the Reporting Period and up to the date of this report, there had been no material change to the Articles of Association.

An up-to-date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

By order of the Board

**Shanghai MicroPort MedBot (Group) Co., Ltd.**

**Mr. Sun Hongbin**

*Chairman*

Shanghai, PRC

27 March 2025



# Report of the Supervisory Committee

During the Reporting Period, the Supervisory Committee has performed its duty earnestly and strictly in accordance with the Company Law of the People's Republic of China (the "**Company Law**") and other laws and regulations as well as the relevant provisions of the Articles of Association and the Rules of Procedure of the Supervisory Committee of Shanghai MicroPort MedBot (Group) Co., Ltd., understood and grasped the Company's operating decisions, investment plans, financial position and production operation, supervised the performance of duties by the Directors and senior management of the Company, safeguarded the legitimate rights and interests of the Company and all Shareholders, and played a positive role in regulating the operation of the Company.

## MEETINGS OF SUPERVISORY COMMITTEE IN 2024

During the Reporting Period, the Company held 3 meetings of the Supervisory Committee to consider regular reports, connected transactions and other major matters of the Company.

## OPINION OF THE SUPERVISORY COMMITTEE ON RELEVANT MATTERS OF THE COMPANY IN 2024

### Operation Compliance of the Company

The Company has performed necessary review procedures in accordance with laws and regulations when making decisions on significant matters. The Directors and senior management of the Company performed their duties diligently, they have implemented all resolutions passed at the general meetings and the Board meetings in a timely manner, and actively performed their duties in respect of our operation and management. The Directors and senior management of the Company were not aware of any breach of laws, regulations and the Articles of Association or any act that has impaired the interests of the Company during the performance of their duties.

### Financial Position

The Company has a sound financial management system and standardised financial operation, and has not violated the laws, regulations and systems of China. During the Reporting Period, the financial report of the Company was prepared and reviewed procedures in compliance with the Company Law, the Articles of Association and other relevant provisions. The financial report truly reflected the operation and financial position of the Company in all material aspects, and there were no material omissions or false records. The Supervisory Committee agreed with the audit opinion issued by KPMG on the Group's financial report for 2024.

### Connected Transactions

The connected transactions of the Company are in line with the actual needs of the Company's production and operation. The framework agreements executed in respect of our connected transactions have been considered and reviewed in accordance with the law. The transaction price was fair and in compliance with the requirements of laws and regulations. There is no circumstance where the interests of the shareholders of the Company are damaged due to connected transactions.

# Report of the Supervisory Committee (Continued)

## Implementation of Internal Control

The Company has established a relatively comprehensive corporate governance structure and formulated a relatively complete corporate governance and internal control system in accordance with the relevant requirements of the Company Law and other laws and regulations, which can be further improved according to the actual situation of the Company and regulatory requirements, and will be strictly implemented by us. During the Reporting Period, the internal control system of the Company has been implementing soundly, and is complied with the requirements of relevant laws, regulations and securities regulatory authorities on the management of the internal control system of listed companies. Our internal control system is effective in risk prevention and control in all aspects of the Company's daily operation and management.

*The Supervisory Committee of*

**Shanghai MicroPort MedBot (Group) Co., Ltd.**

Shanghai, the PRC

27 March 2025

# Environmental, Social and Governance Report

## ABOUT THIS REPORT

### Explanation of the Report

This Report is the fourth Environmental, Social and Governance (“**ESG**”) Report (the “**ESG Report**”) issued by Shanghai MedBot MedBot (Group) Co., Ltd. (“**MedBot**”, “**we**” or the “**Company**”). This Report, which will be published annually, focuses on the disclosure of the relevant information relating to the ESG performance of the Company and its subsidiaries (together, the “**Group**”), and covers the financial year from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”). Some information cases may be beyond the Reporting Period.

### Reporting Scope

Unless specially stated, the information contained in this Report covers the period from 1 January 2024 to 31 December 2024 (the “**Year**” or “**Reporting Period**”). The policies and information disclosed in this ESG Report cover the Group and its subsidiaries and the reporting scope is consistent with the Annual Report.

### Basis of Preparation

This Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) set out in Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

This Report is prepared in accordance with the reporting principles in the ESG Reporting Guide, including:

**Materiality:** The Group identifies ESG issues that have significant impacts on stakeholders through communication with stakeholders and materiality assessment, and discloses them in this ESG Report.

**Quantitative:** Key performance indicators at the environmental and social aspects are disclosed in a quantitative way, accompanying with a narrative which explains their purposes and impacts, with comparative data provided as well.

**Balance:** This Report follows the principle of balance and objectively presents the Group’s ESG management.

**Consistency:** This Report adopts methodologies for information disclosure and data statistics that are consistent with those used in previous ESG reports to ensure the comparability.

### Data Source and Reliability Assurance

Unless specially stated, the data in this Report is derived from internal information, survey interview records and related documents of the Group and its subsidiaries. The historical data quoted is final statistics and unless specially stated, the financial data in this Report is dominated in Renminbi. The Board of the Group undertakes that there are no false information or misleading statements in this Report and is responsible for the truthfulness, accuracy and completeness of its contents.

# Environmental, Social and Governance Report (Continued)

## Confirmation and Approval

This Report was approved by the Board in March 2025 upon confirmation by the management.

## Access and Feedback to this Report

This report is prepared in Traditional Chinese and English for readers' reference. An electronic version of the Report is available on our official website (<https://www.medbotsurgical.com/>) or the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). In case of any discrepancy between the Chinese and English versions of this Report, the English version shall prevail.

## 2024 Honors and Milestones

In line with its own business strategy, MedBot focuses on key areas such as accelerating the commercialisation progress, expanding the global market, and innovating 5G remote surgery, in order to strengthen its technological advantages and commercial potential and create a powerful engine for sustained business growth. The Group adheres to the principle of "clinical demand-oriented" and focuses on three core areas of laparoscopy, orthopedics, and vascular intervention. As driven by independent research and international cooperation, the Group has built a robot product matrix covering diverse scenarios. In 2024, MedBot excavated clinical value of important fields, strived for rapid approval of core products and closed loop of commercialisation, and created a virtuous cycle from technological leadership to market share.

### New generation of Toumai® Laparoscopic Surgical Robot is officially approved



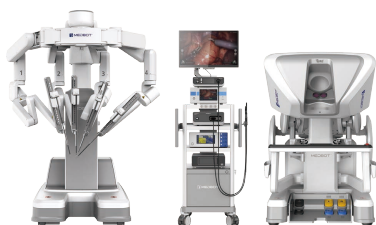
In August 2024, a new generation of Toumai® Laparoscopic Surgical Robot was officially approved. This product is equipped with the latest fluorescent endoscope system developed by MedBot, which has multi-modal real-time fusion fluorescence function, making the surgery more precise, efficient, safe and thorough; and achieving a significant breakthrough of "10" in the number of domestic laparoscopic robotic surgical instruments being used, which further reduced the unit cost of robotic surgery, and made an important contribution to the "affordability" of domestic high-end medical care.

We adhere to the internationalisation strategy of "setting footholds in China with business presence globally" and break through technological barriers through independent innovation. In 2024, MedBot exported its various products overseas and completed more than 100 international robot-assisted surgeries, which demonstrated its technological innovation strength of "intelligent manufacturing in China" to international clinical experts, showing its great potential in the global surgical robot industry.



## Environmental, Social and Governance Report (Continued)

### Toumai® Thoracic and Abdominal Endoscopic Surgery System obtains CE (Conformity Certification)



MedBot's Toumai® Thoracic and Abdominal Endoscopic Surgery System started overseas business expansion in the second half of 2023 and successfully completed CE certification in May 2024. As Asia's first and currently the only laparoscopic surgical robot to obtain EU CE certification, the milestone of commercialisation of Toumai® in overseas markets not only marks a major breakthrough in medical technology, but also demonstrates our firm commitment to social responsibility and humanistic care. We contribute to global healthcare cause by providing surgeons around the world with innovative tools that improve surgical precision and patient outcomes.

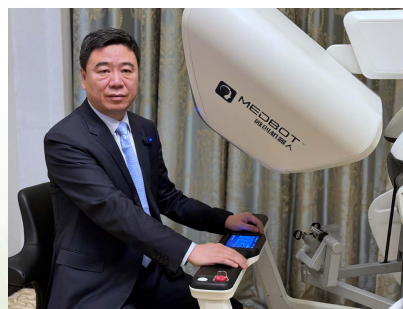
With its world-leading remote integrated technology innovation, MedBot overcomes the difficulties of large-scale applications and realises remote surgery solutions that do not rely on dedicated lines or a single supplier. In 2024, MedBot explored the world's only large-scale, multi-regional, long-distance clinical application of complex surgeries through world-leading remote and secured technology innovations such as dual-machine hot standby, data encryption transmission, and real-time monitoring.

### Toumai® Robot — Completes the World's Longest Remote Human Surgery



Toumai® Robot assisted a famous Moroccan surgical expert to successfully perform a remote prostate cancer radical surgery for a patient in Casablanca, Morocco, 12,000 kilometers away from Shanghai, China. The entire surgery was completed remotely, with a one-way delay of only 100 milliseconds. This surgery, spanning Asia and Africa with a two-way communication distance exceeding 30,000 kilometers, set a new world record for the longest-distance remote human surgery to date.

### Toumai® Robot successfully performs the world's first robotic satellite remote surgery



In 2024, Toumai® Robot successfully implemented the world's first robot satellite remote surgery in Lhasa, Tibet, marking a milestone breakthrough in remote surgery control technology based on satellite communications. Remote surgery has officially entered the "third generation of remote surgery", a new era of robot satellite remote surgery. To meet the needs of "third generation of remote surgery", Toumai® has carried out systematic technical breakthrough-making actions, and built a remote surgery technology system that includes high-frequency redundant data transmission, delay compensation accuracy assurance, image low-latency ultra-compression technology, data encryption technology, and dynamic communication network optimisation, ensuring accurate, safe, and efficient surgical operations over a communication distance of nearly 150,000 kilometers.

# Environmental, Social and Governance Report (Continued)

## COMPANY'S HONORS

Time	Award	Certificate of Honor
<b>SkyWalker</b> January 2024	2023 Shanghai Industry-University-Research Cooperation Project Award	
June 2024	Selected into the "Catalog of 10th Batch of Excellent Domestic Medical Equipment Selection" of the China Association of Medical Equipment	
November 2024	Second Prize of Science and Technology Innovation Award 2024 of the China Association for Promoting Industry-University-Research Cooperation	
<b>Toumai</b> June 2024	Selected into the "Catalog of 10th Batch of Excellent Domestic Medical Equipment Selection" of the China Association of Medical Equipment	
<b>MedBot</b> April 2024	Shanghai Key Service Listed Unicorn Enterprises	
December 2024	Huaxia Medical Science and Technology Award	

# Environmental, Social and Governance Report (Continued)

## 1. STANDARDISING AND BUILDING A SOLID FOUNDATION FOR THE ENTERPRISE

MedBot continues to improve its corporate governance system, and in the principle of compliant operation, integrates business ethics, risk management, information and data security into its own development strategy to continuously enhance its ESG governance, so as to create greater value for shareholders, employees and society.

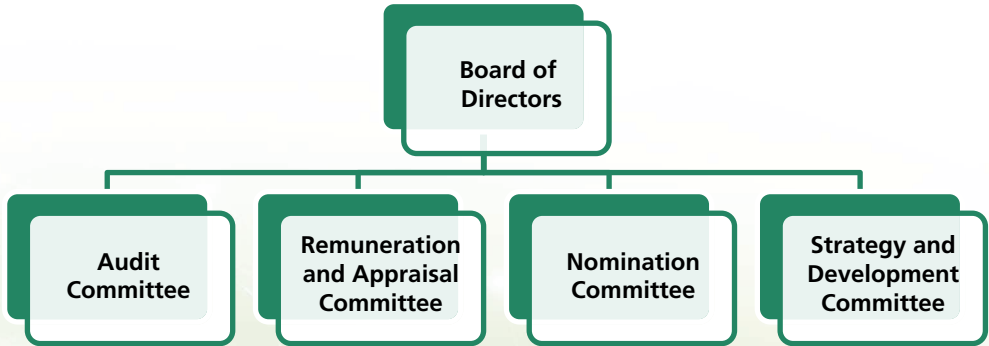
### 1.1 Corporate Governance

MedBot continues to improve its governance, establish responsible, standardised and transparent management procedures to ensure the Group's effective governance. We are gradually building a risk management system with comprehensive coverage and strict control, adhere to business ethics, and promote the sustainable development of enterprise.

#### 1.1.1 Governance structure

The Group strictly abides by the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Listing Rules and other applicable laws, regulations and rules, and unswervingly promotes corporate governance in accordance with the law. We have formulated and continuously improved a series of effective rules and regulations, including the Articles of Association and the Working Rules of the Audit Committee of the Board of Directors, to constantly increase management and risk control capabilities of the enterprise and consolidate corporate governance.

The Board of Directors has established the Audit Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and Development Committee. Each of these committees fulfill their respective obligations according to their terms of reference to promote standardised operation of the Group. Through close collaboration, all parties on the Board of Directors have worked diligently to enhance the Company's governance and ensure the scientificity, fairness, and transparency of the Group's decision-making processes.



Governance Structure of the MedBot's Board of Directors

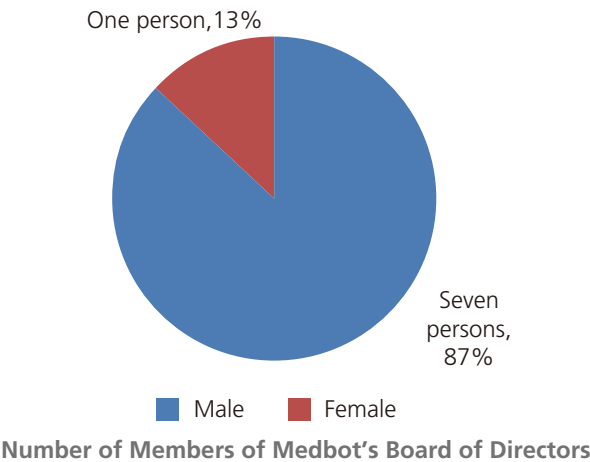
In order to better cope with the ever-changing business environment, MedBot has formulated a board diversity policy, committing to incorporating diversity into the considerations during the appointment of board members. MedBot would consider diversity factors such as gender, age, cultural and educational background, race, professional experience, skills, independence, knowledge and years of service in the nomination process of the Board of Directors to ensure its balance in terms of background, skills and diversity of perspectives.



# Environmental, Social and Governance Report (Continued)

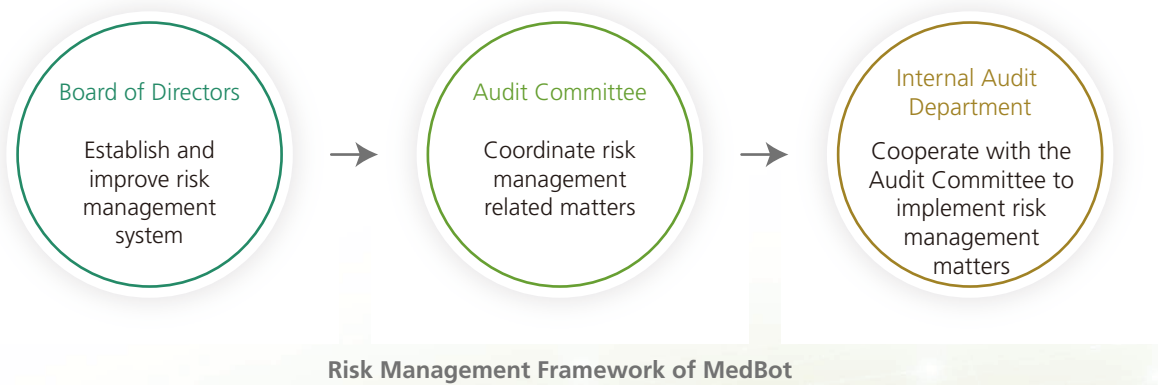
During the Reporting Period, the MedBot’s Board of Directors consisted of eight Directors, including two executive Directors, three independent non-executive Directors, and three non-executive Directors.

Number of Board Members by Gender of Directors (Unit: person, %)



## 1.1.2 Risk management and control

Comprehensive risk management helps companies strengthen their business capabilities and calmly respond to changes and uncertainties in the external environment. MedBot has formulated relevant system documents such as the Risk Assessment Management Process Regulations and Internal Control Manual to build a risk management framework and enhance risk management.





# Environmental, Social and Governance Report (Continued)

At the same time, we actively carry out construction of risk culture, enhance risk awareness and risk management capabilities of all employees, and form a risk management environment with full participation and prevention and control by all employees.

### Risk Review

We integrate the concept of risk management into the entire daily operations, and perform annual risk identification, screening and management in accordance with the Risk Assessment Management Process Regulations. MedBot conducts comprehensive inspections and assessments of various strategic risks, financial risks, market risks, operation risks and legal risks in the course of production and operation, and formulates corresponding risk countermeasures to control risks within an acceptable range. During the Reporting Period, the Group carried out annual dynamic risk assessment and internal control review based on external development requirements and internal management practices, identified one high risks, six medium risks, and one low risk, and formed the 2024 Risk Assessment Robot Internal Audit Report.



Risk Management Process of MedBot

### Risk Audit

MedBot will continue to strengthen risk management and internal compliance management, constantly improve the risk management system, and enhance risk prevention and response capabilities. We follow internal system regulations such as the Internal Control Manual, Internal Audit System, Work Rules for the Internal Audit, Internal Control Review Project Process Regulations, and Special Audit Process Regulations, clarify the compliance management responsibilities of various functional departments, and regularly monitor and evaluate the Group’s risk management system and internal control construction. During the Reporting Period, we conducted an audit on the Group’s full-process internal control design and operation in accordance with the annual audit plan, communicated the risk issues discovered with the responsible departments and rectified them to achieve efficient prevention and control of risks.

# Environmental, Social and Governance Report (Continued)

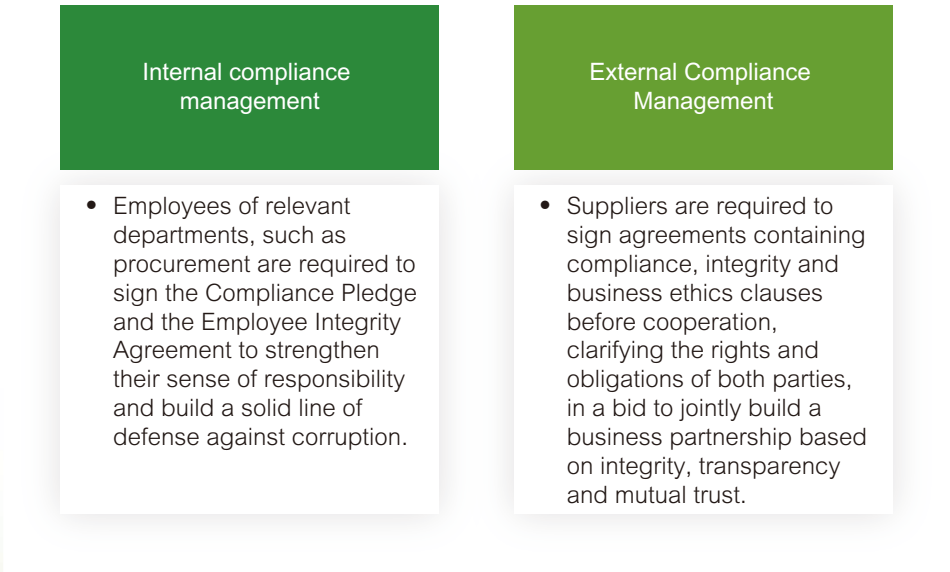
## 1.1.3 Business ethics

MedBot has always regarded honest operation as the foundation of its existence, constantly improving its compliance management system and building a corporate culture of integrity. We strictly abide by relevant laws and regulations in the places where we operate, such as the Criminal Law of the People’s Republic of China, the Anti-Unfair Competition Law of the People’s Republic of China, the Anti-Monopoly Law of the People’s Republic of China, and the Overseas Anti-Corruption Law, and adopt a zero-tolerance attitude towards acts that violate business ethics, such as corruption, favoritism, fraud, and unfair competition. During the Reporting Period, no cases of corruption, money laundering or fraud occurred in MedBot.

### Compliance operation

In order to ensure the implementation of compliance management, MedBot has formulated the Compliance Management System to provide business ethics requirements and guidelines for all employees (including part-time employees), board members, suppliers, contractors and partners. In addition, we have formulated a series of systems such as the Employee Integrity Management System and the Labor Fee Standards for Services Provided by Health Care Professionals (HCP) to regulate employees’ behavior, and established a compliance governance structure comprising the Board of Directors, business management, compliance management department and all employees to clarify the responsibilities of each level in ethics management and improve compliance management.

We clearly define and strictly restrict corruption, bribery, fraud, unfair transactions and other behaviors that may be involved in the business activities of the Group and its suppliers, and establish a good atmosphere of honest practice and diligence.



Business Compliance Measures of MedBot

# Environmental, Social and Governance Report (Continued)

MedBot regularly conducts various forms of compliance training for employees, management members and external partners. In doing so, MedBot strives to ensure that all stakeholders clearly understand and strictly abide by our business ethics and compliance requirements through systematic training.



Compliance Training Types of MedBot

We have opened compliance reporting channels to encourage employees and partners to report and provide feedback on non-compliant behavior. We implement the whistle-blower protection policy to ensure that the whistle-blower’s personal information and reporting content are kept strictly confidential. We will impose severe punishment on any form of retaliation and safeguard the legitimate rights and interests of whistle-blowers.

<b>Reporting channels</b>	<ul style="list-style-type: none"><li>• Integrity information: No. 1601, Zhangdong Road, Zhangjiang Hi-Tech park, Pudong New Area, Shanghai</li><li>• Integrity e-mailbox: MedBotcompliance@MedBot.com</li><li>• Compliance hotline: 021-38954600 ext. 52245</li></ul>
<b>Reporting mechanism</b>	<ul style="list-style-type: none"><li>• We promise to initiate the investigation within 24 hours after receiving a report</li><li>• We set up an independent investigation team comprising the Internal Audit Department, the Legal Department and the Compliance Department to push forward integrity audit under the authority of management of the Group</li><li>• We put forward impartial and objective opinions on the results and report to management for approval before implementation</li></ul>
<b>Whistle-blower protection mechanism</b>	<p>During the investigation, we will exclude all stakeholders who may interfere with fair investigation of the case, ensure that the safety and privacy of whistleblowers is strictly protected, and will not tolerate any retaliation against the whistle-blower or employees involved in the investigations. We will also take severe punitive measures against any retaliation</p>

# Environmental, Social and Governance Report (Continued)

## 1.2 ESG Governance

MedBot continues to improve its ESG management system, actively responds to the demands of internal and external stakeholders, and integrates the concepts of sustainability into every aspect up and down the value chain, steadily promoting orderly implementation of sustainability work.

### 1.2.1 ESG governance

MedBot has established an ESG governance structure comprising the Board of Directors, management, and ESG working group, which effectively promotes participation of departments in the implementation of ESG-related work. Our ESG governance division of labor and responsibilities and other specific matters have been included in the board statement and publicly disclosed to enhance governance transparency.

Responsibilities of the Board of Directors
As the highest responsible body for the Group’s ESG management and public disclosure, the Board of Directors leads the planning and formulation of ESG strategies and supervises the management and control of related risks. At the same time, the Board of Directors is responsible for monitoring progress of the implementation of ESG goals and determining the priority of various ESG issues. The Group’s management is responsible for reviewing and approving ESG-related policies and reports, verifying rationality of performance indicators and accuracy of data, and reporting to the Board of Directors on a regular basis.
ESG work execution
MedBot sets up an ESG working group to assign responsibilities to department employees, coordinate various ESG communication tasks, promote implementation of the Group’s ESG strategies and policies, and integrate ESG management concepts into daily production and operations.
ESG issues assessment
We continue to pay attention to ESG development trends and industry best practices. We maintain continuous communication and dialogue with all stakeholders in light of the Company’s strategic goals and stakeholder concerns, and by means of a variety of communication channels, collect information that is critical to determining key ESG issues. We determine major ESG issues based on professional evaluation results of independent third parties, which are then thoroughly discussed and formally approved by the ESG Committee and the Board of Directors.
ESG risk management
MedBot attaches importance to the management and control of ESG risks. The Board of Directors is responsible for evaluating and clarifying ESG-related risks, while the Audit Committee focuses on supervising the overall risk management status and internal risk control flow. In addition, the Board of Directors is also responsible for reviewing and approving risk information to be disclosed to the public, and planning response strategies in advance to effectively avoid ESG risks and minimise their adverse effects.



# Environmental, Social and Governance Report (Continued)

## 1.2.2 Stakeholder engagement

Our main stakeholders include governments and regulatory authorities, shareholders and investors, customers, employees, suppliers, communities and media. We have established a normalised communication mechanism to regularly communicate on ESG performance, focus and impact thereon, so as to better understand their expectation and concerns.

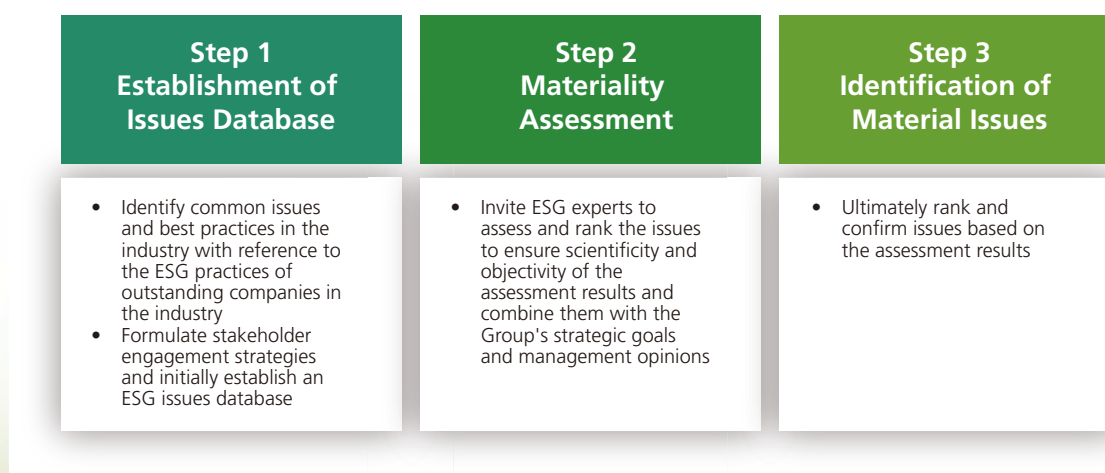
Category of Stakeholders	Stakeholders	Issues of Concern	Communication Channels
Governments and Regulatory Authorities	National and local governments, market, taxation, environmental protection, and industry regulators, etc.	Compliant operation	Institutional visits
		Risk management	Official correspondence
		Environmental management system	Policy implementation
		Anti-corruption	Information disclosure
		Product safety and quality	
Shareholders and Investors	Investor of equity investment in the Group		Investor relations website
			General meetings of shareholders
		Technology innovation	Online exchange meetings
		Intellectual property	Strategy meetings
		Product safety and quality	Correspondence
			Conference calls
			Company research
Customers	Global distributors, hospitals, physicians and surgeons		Roadshow
		Information security	Distributor meetings
		Product safety and quality	Customer surveys and technical discussion meetings
		Customer service	Customer service hotline
		Responsible marketing	Customer satisfaction surveys

## Environmental, Social and Governance Report (Continued)

Category of Stakeholders	Stakeholders	Issues of Concern	Communication Channels
Employees	Group's employees	Talent development	Staff Management Committee
		Employee compensation and benefits	Employee activities
		Diversity and equality	Employee surveys
		Occupational health and safety	Staff training Internal publications
Supplier	Raw material suppliers	Product safety and quality	Supplier assessment
		Responsible supply chain	Supplier communication and training
Communities and Media	Local communities, public, media, etc.	Community contribution	Volunteering Community activities
		Product safety and quality	Media communication and interviews

### 1.2.3 Analysis of materiality

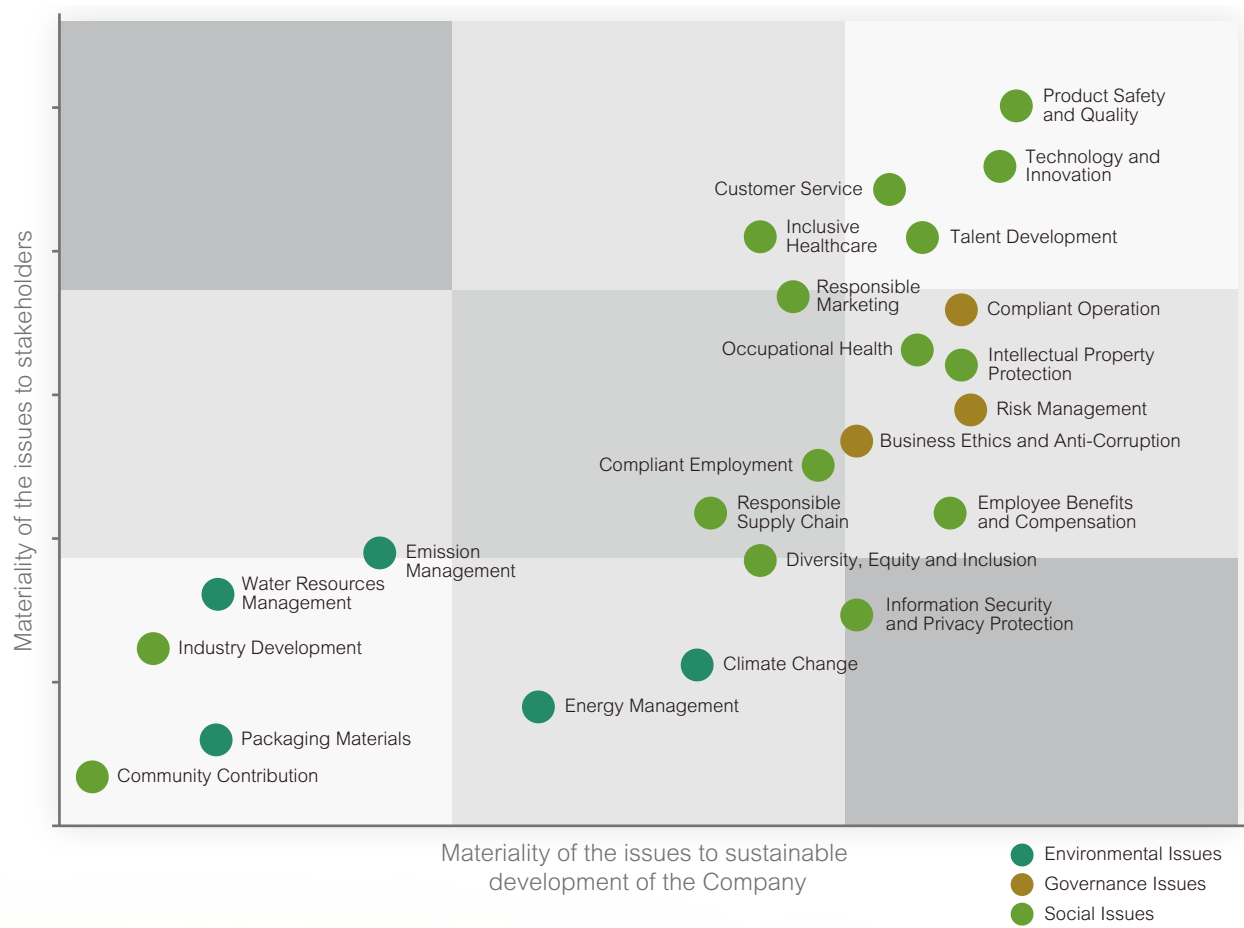
We regularly identify key ESG issues that require the Group's attention. Through assessment on and communication with internal and external stakeholders, we rank the importance of issues and ultimately determine the materiality matrix to provide a basis for the Group to formulate long-term ESG strategy.



Materiality Assessment Process of MedBot

# Environmental, Social and Governance Report (Continued)

During the Reporting Period, we reviewed the analysis results of ESG issues and material issues, and adjusted the description of some issues to ensure that they accurately reflect the latest developments of the Group and the concerns of stakeholders. Issues cover key areas such as product technology and innovation, quality and safety, talent development, inclusive healthcare, and climate change mitigation and adaptation.



ESG Materiality Matrix of MedBot

# Environmental, Social and Governance Report (Continued)

## 1.3 Responsible Marketing

The Group strictly complies with the Advertising Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and other relevant laws, regulations and industry norms in the places where it operates, and provides compliance guidance to relevant personnel to ensure accurate and responsible convey of information in their communication with stakeholders such as customers and medical professionals.

In accordance with compliance requirements, we have established strict review processes such as the Management Process for External Information Release, the Responsibility and Reporting Process for External Publicity and Promotion, and the Procedures for the Management of the Media in Various Functional Blocks. In order to monitor the authenticity and legality of marketing, all promotional materials must be classified, reviewed and managed to ensure the accuracy of external publicity and product content, and to avoid unethical behaviors such as false propaganda and exaggeration of product effects.

The Group regularly provides responsible marketing-related training to all employees involved in marketing activities to enhance their awareness of responsible marketing and strengthen our responsible marketing stance.

## 1.4 Information and Data Security

MedBot strictly abides by the Data Security Law of the People's Republic of China and the Personal Information Protection Law of the People's Republic of China and other relevant laws, regulations and regulatory requirements. MedBot has formulated data security management systems such as the Information Security Policy, the Data Security Management Process, and the Robot Information Security Institutional System, which standardise the cybersecurity management system from the management and technical perspectives, laying a solid foundation for information and data security work. We have established a complete three-level information security management organisational structure to manage cybersecurity risks from top to bottom.

<b>Decision-Making Level Information Security and Privacy Committee</b>	<ul style="list-style-type: none"><li>Develop the information security development strategy, approve information security systems and activities, coordinate information security work, and ensure the necessary resources for activities.</li></ul>
<b>Management Level Information Security and Privacy Work Team</b>	<ul style="list-style-type: none"><li>Manage the information security work, inspect the development and implementation of information security systems.</li></ul>
<b>Executive Level All Employees</b>	<ul style="list-style-type: none"><li>Follow the requirements of information security management, implement various information security work, and cooperate with supervision and inspection.</li></ul>

Data Security Governance Structure of MedBot

By the end of the Reporting Period, the official website of MedBot has passed the system security assessment by the National Quality Supervision and Testing Centre for Information Network Products, obtained the certification of Level 2 system security, and passed the dual system certification of ISO 27001 information security management system and ISO 27701 privacy information management system.



## Environmental, Social and Governance Report (Continued)

In order to enhance cybersecurity management and system guard capabilities, we have launched a series of measures to effectively increase our ability to handle cybersecurity incidents and our security protection capabilities against external risks. During the Reporting Period, MedBot had no information security risk related events.

### Data Classification

- In actively implementing data security management, we classify the Company's data into three categories namely business, industry and personal, and classify them into five levels namely top secret, confidential, secret, internal use and public. We manage data of different levels in a hierarchical manner to ensure safe and stable operation of the Company's data.

### Internal Risk Analysis

- We regularly check the risks of outward sending of documents and materials, conduct internal verification for abnormal demands, and reduce the risks of outward sending of documents and materials from the source, thus building internal risk awareness.

### Permission Management

- When using various software, we sort out the permissions of internal employees to reduce the risk of internal information leakage.

### Information Security Drills

- We conduct information security drills on a regular basis, such as email phishing test drills, which are designated to enhance employees' awareness of information security and data privacy, to ensure their identification of high-risk information at work and mastering of relevant security knowledge and skills.

#### Safety Management Measures of MedBot

## 2. COMMITMENT TO RESEARCH TO PROTECT A HEALTHY FUTURE

Innovation is the soul engine that drives an enterprise to continuously forge ahead, and quality is the cornerstone that ensures the steady progress of an enterprise. MedBot strengthens its independent research and innovation capabilities, constantly optimises product quality and customer service, and is committed to providing patients with cutting-edge and efficient medical solutions. At the same time, we actively fulfill our social responsibilities, enhance supply chain management, and promote inclusive healthcare and industry win-win results, achieving sustainable development together with all sectors of society.

### 2.1 Innovation-driven Approach

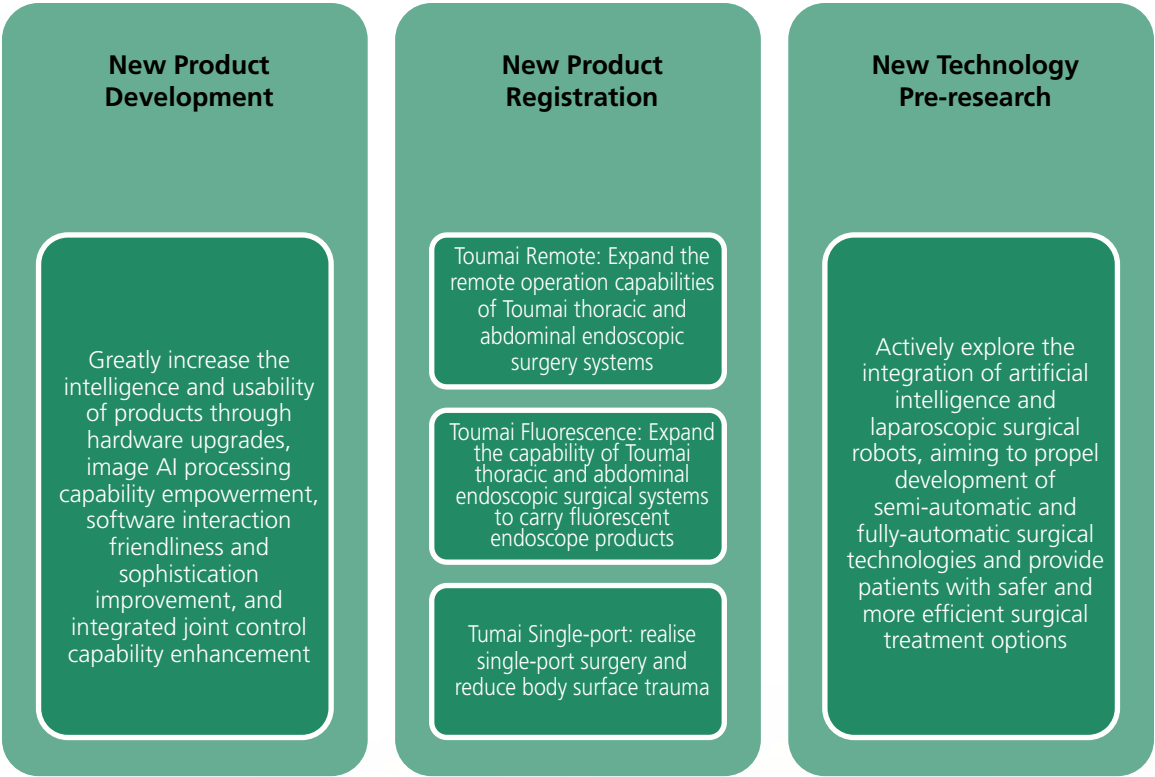
MedBot continues to optimise its innovation management system by vigorously promoting technological innovation, building a high-level R&D talent team, and driving high-quality development. At the same time, the Group continues to intensify its efforts on intellectual property protection, injects strong impetus into R&D innovation and protection of results, and promotes the transformation of R&D results and hence the development of medical and health industry.

# Environmental, Social and Governance Report (Continued)

## 2.1.1 R&D management system

As a leading surgical robotics company, and with the vision of “building a global medical robot full-solution innovation platform”, MedBot continually implements the research and development strategies of “independent research to master underlying core technologies” and “extensive product pipelines to cover five major and fast-growing surgical specialties”. It has built a comprehensive surgical robot technology innovation platform and a sound industrial operation system, and has established an extensive product pipeline layout in multiple disciplines such as general surgery, orthopedics, and neurology.

MedBot insists on independent research and development and innovation, and aims to lead development of the domestic surgical robot industry and shape an era of super-intelligent surgery.



Key R&D Areas of MedBot

During the Reporting Period, we further formulated the Product Cybersecurity Risk Analysis and Management System and the Detailed Rules for Design Review for each technical direction, and revised the Hazard Analysis and Management System and the Demand Management Guidelines to improve and innovate R&D management systems and hence provide standardised guidance for the Group’s R&D innovation.

# Environmental, Social and Governance Report (Continued)

## ***Innovative R&D Results***

MedBot carries out the whole-process management of product R&D through digital systems by establishing a reliability system for R&D testing of seven laboratories, including the vibration lab, multifunctional lab, electromechanical lab and in vitro tissue lab, to facilitate delicate R&D, cost reduction and efficiency improvement in multiple dimensions.

During the Reporting Period, MedBot tapped in multi-sensor fusion positioning technology, augmented reality technology, intelligent robot technology, etc., which significantly improved the accuracy of surgical operations, promoted coordination of comprehensive intelligent surgical solutions, and created medical new quality productivity.

Augmented Reality Technology
<ul style="list-style-type: none"><li>• Precise positioning of lesions: Developed augmented reality technology to display lesions in real time on fluoroscopic images, increasing the accuracy of doctors' one-time punctures</li><li>• Laparoscopic fusion technology: Developed augmented reality technology for endoscopes to accurately locate key anatomical structures and achieve precise surgery. It also used artificial intelligence technologies such as laparoscope unsupervised depth estimation, image segmentation, and point cloud registration to achieve automatic fusion of kidney models</li></ul>
Automated Surgical Technology
<ul style="list-style-type: none"><li>• Developed automatic bronchoscopic surgery technology and completed two animal experiments on automatic bronchoscopic robot insertion</li></ul>
AI Cloud Services
<ul style="list-style-type: none"><li>• Completed the development of AI imaging cloud services, gained high-precision automatic segmentation technology for hard tissue, increasing the efficiency of surgical planning. Currently, it has been deployed in China and Europe, saving time and learning costs of clinical physicians at home and abroad</li></ul>

### **R&D Technology Achievements of MedBot**

## ***Cultivation of Innovative Talents***

MedBot attaches importance to the introduction and training of high-quality talents, and improves innovative talent team building, so as to effectively support product development and technology transformation. By the end of the Reporting Period, we had 142 R&D personnel, accounting for 32% of the total workforce, among which 51% had master's degree or above.

# Environmental, Social and Governance Report (Continued)

MedBot continues to improve its assessment and incentive mechanisms for innovative talents to drive innovation and development. During the Reporting Period, we carried out performance appraisals covering all employees in the R&D team, and implemented immediate incentives and intellectual property reward mechanisms to fully stimulate enthusiasm and creativity of R&D personnel and inject vitality into the Group’s continuous innovation. MedBot granted instant rewards to more than 40 employees, with a total amount of approximately RMB30,000.

Innovative Talent Assessment	Innovative Talents Incentives
<ul style="list-style-type: none"><li>Established the Performance Appraisal System of MedBot to evaluate the performance of all employees in the R&amp;D department in a scientific way, and provided performance incentives based on appraisal results</li></ul>	<ul style="list-style-type: none"><li>Implemented the Instant Incentive Management System of MedBot to reward employees who have made important contributions to increasing efficiency and saving costs</li><li>Implemented the Intellectual Property Reward Management Standards of MedBot to commend the substantial creative contributions made by R&amp;D personnel during the R&amp;D process</li><li>Implemented a long-term equity incentive scheme to motivate employees who have met relevant qualifications and made continuous contributions to MedBot</li></ul>

### Talent Assessment and Incentive Measures of MedBot

In addition, MedBot builds the “Geek Academy” training base for talents, offers innovative talents a three-in-one training system covering practices, research projects and vocational education, cultivates high-tech talents who are ecology-conscious, tech-savvy and creative, providing a source of vitality for the development of the Group. The Group also provides a complete training system for all functional members of the R&D team to comprehensively improve management ability and technical ability of R&D personnel, thus to cultivate industry top talents.

### R&D Ethics

MedBot attaches importance to scientific and technological ethics and animal welfare, and promotes technological innovation and development with a responsible attitude. We firmly believe that scientific development should abide by ethical principles, and respect the dignity and rights of animals, promoting technology for good.



# Environmental, Social and Governance Report (Continued)

The Group strictly abides by national or local animal experiment and use regulations for animal experiments, follows the “3R” principle (namely replacement, reduction and refinement), and formulates standard documents such as the Policy on the Access Management of Animal Operating Rooms. In addition, in active collaboration with qualified institutions, we strictly comply with animal welfare policies of cooperative institutions, and standardise animal experimental procedures to safeguard animal welfare.

During the Reporting Period, MedBot initiated three registered clinical trial projects, all of which have passed the medical ethics review and no violations of scientific and animal ethics have occurred.

## 2.1.2 Intellectual Property Protection

MedBot strictly observes laws and regulations of the places of operation, such as the Trademark Law of the People’s Republic of China, the Patent Law of the People’s Republic of China, and the Anti-Unfair Competition Law of the People’s Republic of China. Additionally, we have formulated internal policies, including the Intellectual Property Rights Manual, the Regulations on the Management of Intellectual Property Rewards, which would contribute to standardised management of intellectual property rights of the Group.

The Group continues to improve intellectual property management system to protect our intellectual property rights and respect others’, with “zero tolerance” for infringement. By the end of the Reporting Period, MedBot has obtained the GB/T29490–2013 Enterprise Intellectual Property Management certification and was rated as a national intellectual property advantageous enterprise.



Intellectual Property Management System Certification and Honorary Awards

# Environmental, Social and Governance Report (Continued)

MedBot uses the intellectual property management system to implement internal hierarchical management. By conducting feasibility analysis before R&D project approval, infringement analysis after design is finalised, and implementing a pre-patent application evaluation mechanism, MedBot achieves systematic, efficient and precise management of the entire process from patent proposal to maintenance. During the Reporting Period, the Group had no cases of any patents, trade secrets or trademarks infringement.

Besides, all new employees are required to sign the Confidentiality and Intellectual Property Ownership Agreement, which would stipulate their confidentiality obligations. We actively build an intellectual property protection culture internally and enhance employees' awareness of intellectual property protection through diversified internal training and external exchanges. During the Reporting Period, MedBot organised 6 intellectual property-themed training sessions engaged with 120 participants.

## Intellectual Property-themed Training of MedBot

In 2024, MedBot organised a series of intellectual property-themed trainings for all R&D personnel, including strategic patent search and analysis, literature interpretation skills, Eureka technology patent search, etc., to effectively improve the R&D personnel's awareness and ability of intellectual property protection. Additionally, the intellectual property department of the Group also organised and participated in thematic trainings such as "Focus on major national strategies, and accelerate construction of a strong intellectual property city — propel high-quality development through transformation and application of intellectual property" and "Chief Operating Officer of Intellectual Property of Small and Medium Enterprises in Shanghai" to increase the intellectual property management of relevant personnel and build a solid protection line for the Group's intellectual property.



Intellectual Property-themed Training

By the end of the Reporting Period, we had applied for 320 trademarks and 1,333 patents with 509 patents having been granted, of which 338 have been granted in China and 171 overseas.

# Environmental, Social and Governance Report (Continued)

## 2.2 Craftsmanship and Quality

MedBot upholds the concept of “strictly implementing quality standards and continuously improving service quality” by enhancing whole-process quality management of products, and bends itself to provide customers with better service experience, thereby establishing MedBot’s quality ecosystem, and winning the trust of customers with quality products and services.

### 2.2.1 Full-process quality management

Strictly complying with relevant laws and regulations and standards in the places where we operate, such as the Quality Law of the People’s Republic of China, Code of Practice for Quality Management in the Manufacturing of Medical Devices, and Code of Practice for Quality Management in the Clinical Trial of Medical Devices, MedBot has improved the quality management system coving the full processes of product R&D, procurement, production, service, sales and post-market. During the Reporting Period, the Group optimised more than 70 policies and systems, including the Quality Manual and the Product Life Cycle Control Procedure, and added 18 procedures and management documents of various countries, including the Registration Management System and Adverse Event Reporting Management System in Overseas Markets, so as to comprehensively standardise the quality management work of the Group.

#### ***Quality Management System***

MedBot continues to improve the construction of its quality management system, actively promotes quality system certification, and regularly accepts strict reviews from third-party organisations to promote efficient operation and management of the system. By the end of the Reporting Period, MedBot has obtained the ISO 13485 Quality Management System for Medical Device, as well as Class II Medical Device Business Filing Certificate, Medical Device Manufacturing Licence and Medical Device Business Licence.

In order to implement the quality management system more efficiently, the Group continuously promotes the construction of the digital quality management system, and comprehensively guarantees the stability of product quality through the application and upgrading of digital systems such as the Product Lifecycle Management System (PLM system), MES system, SAP system, and Blue Ocean Spirit system.

## Environmental, Social and Governance Report (Continued)

### PLM system

- It is used to manage the entire life cycle of products from conceptual design to retirement. By integrating product-related data, processes and resources, it enables efficient cross-departmental and cross-regional collaboration and ensures the accuracy and consistency of information.

### MES system

- By collecting, processing and feeding back data in the production process in real time, the manufacturing process of the entire workshop is optimised, thereby improving production efficiency, reducing costs and improving product quality.

### SAP system

- The core lies in the modular design of the system, which can be customised to meet specific needs, including but not limited to financial accounting, material management, sales and distribution, production planning, factory maintenance, etc.

### Blue Sea Spirit Dolphin system

- It covers quality control functions in all links from procurement, receipt, acceptance to sales, delivery, review, return, etc., and has multiple functions such as authority management, data sharing, supplier review, qualification validity warning, inventory management, invoice management, etc.

### CMM machine

- By moving the detector in three perpendicular directions ( X , Y , and Z axes), the spatial coordinate values of each point on the workpiece surface are collected, and the data is processed and analysed by a computer system, so as to calculate the geometric characteristics of the object.

### MedBot Digital Quality Management System

We continue to promote product quality control and improvement, consciously carry out self-inspection at key points throughout the product life cycle, strictly implement product testing and release procedures, and continuously improve product testing capabilities to verify the effectiveness of the quality management system. At the same time, we regularly accept quality audits from external regulatory agencies and promptly make improvements to any problems found to ensure the effectiveness of the quality management system. During the Reporting Period, the Group underwent 22 quality audits by external regulatory authorities, with a rectification achievement rate of 98%.



# Environmental, Social and Governance Report (Continued)



Product Testing and Release Process

### Quality Culture Construction

In order to continuously enhance the effectiveness of quality management, the Group actively integrates internal and external resources, organises and carries out a variety of quality management training programs, and enhances employees’ theoretical knowledge and practical skills in product quality management. During the Reporting Period, the Group conducted a total of 151 quality management training sessions, with a total of 16,609 participants.

### MedBot Product Quality Management Training Series

In 2024, MedBot organised and carried out a series of quality management training for all employees or specific departments based on actual business needs. The training covers many topics such as product compliance, product design, process, procurement and warehouse, after-market and regulations, aiming to comprehensively improve the knowledge reserve and practical ability of employees in quality management, and effectively improve the quality management level of the Group.



Quality Management Training Series

# Environmental, Social and Governance Report (Continued)

## Indicators and Goals

MedBot formulates mid-and long-term goals and indicators for quality management based on business needs and actual development conditions, and regularly tracks the achievement of relevant goals and supervises the degree of improvement in quality management.

Mid-to long-term goals of quality management
<ul style="list-style-type: none"><li>• Pass on-site verification in target markets</li><li>• Zero major recalls or returns due to product quality issues</li><li>• Improve the comprehensive product qualification rate year by year</li><li>• Reduce the rate of product quality complaints year by year</li></ul>

During the Reporting Period, MedBot established quantitative quality management goals in supplier management, production processes, R&D projects, client services, and compliance systems, and fully achieved the goals.

### 2.2.2Customer service

MedBot adheres to the “customer-centric” service concept, improves the product recall mechanism, pays attention to customer needs, optimises customer complaint response and handling procedures, improves customer satisfaction, and thus establishes long-term and stable cooperative relationships with customers.

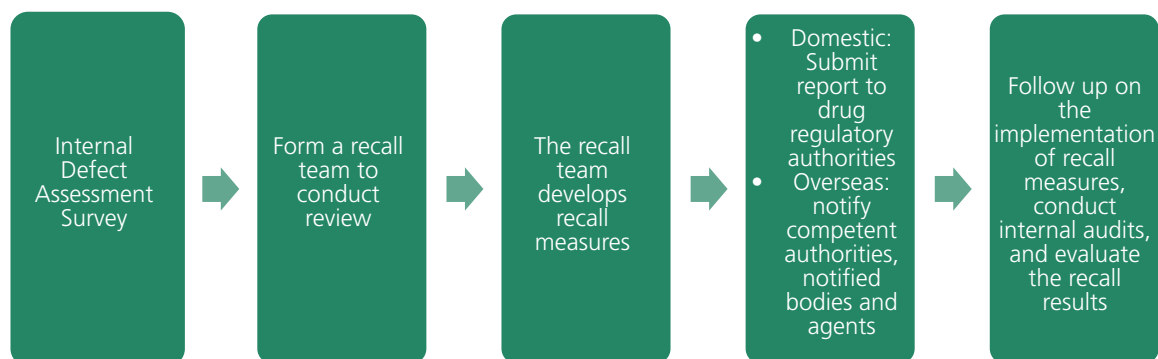
#### Implementing Product Recall Management

MedBot strictly abides by the relevant laws and regulations in the regions of operation such as the Measures for the Administration of Medical Device Adverse Event Monitoring and Re-evaluation, has formulated the Product Recall Management System, which clarifies the conditions for starting a recall, and working mechanism for initiating product recalls, and continuously improves the post-market supervision and management system.

The Group has established a comprehensive domestic and international product recall process to ensure that a recall is efficient and rapid to minimise the potential adverse impacts. During the Reporting Period, the Group had no product recalls.



## Environmental, Social and Governance Report (Continued)



MedBot Product Recall Process

### ***Customer Service quality Improvement***

MedBot attaches great importance to the improvement of the quality of customer service, continuously optimises the customer service management system, and is committed to bringing customers a better service experience. The Group has developed a sound internal system for customer service management and established a comprehensive customer service management system, including the After-sales Service Hotline Management System, Feedback Control Procedures, the Complaint Control Procedures, Product Maintenance Management System and the Product Repair Management System, etc., to provide guidance for the standardised management and efficient operation of customer service.

We have established smooth channels for customer complaints and feedback, including hotline, email, WeChat official account and on-site visits, and constantly improve the complaint handling mechanism to ensure that the customer's needs are quickly responded to and adequately resolved. During the Reporting Period, MedBot received a total of 7 customer complaints, with a complaint resolution rate of 100%. In addition, we regularly conduct customer satisfaction surveys, collect extensive improvement suggestions, and continuously optimise our products and services to improve customer satisfaction and enhance customer stickiness.

### **2024 MedBot Customer Satisfaction Survey**

In 2024, MedBot adopted the sampling method to conduct satisfaction survey on medical staff and equipment users of domestic marketing customers, training centers, and clinical registered prototype customers who have installed and used the Group's products. The survey content included the timeliness, professionalism, and maintenance effectiveness of engineer's service response, and the overall customer satisfaction reached nearly full marks.

To further improve customer service level, we have established a technical engineer training system providing training for personnel based on their professions and ranks. Focusing on three courses which are basic theory, simulation practice and ability improvement, the training comprehensively helps engineers improve their communication skills and product expertise to meet customer needs while building the brand's excellent service reputation. During the Reporting Period, MedBot conducted a total of 11 engineer service trainings, covering product technical services, surgical system maintenance, surgical navigation and positioning system training, etc., the participation totalled 34 participants.



# Environmental, Social and Governance Report (Continued)

## 2.3 Responsible Procurement

Responsible procurement is a key part of an enterprise’s sustainable development strategy. We optimise processes, promote sustainable procurement, and deepen collaborative development with partners to build a win-win value chain ecosystem and continuously improve supply chain management.

### 2.3.1 Supplier management

The Group follows internal supply chain management systems, such as the Procurement Management System and the Supplier Management System and Procurement Control Procedures, to standardise the management processes of supplier selection, qualification, auditing and elimination, so as to ensure the quality and stability of the supply chain.





# Environmental, Social and Governance Report (Continued)

## 2.3.2 Sustainable supply chain

MedBot attaches great importance to and actively carry out the construction of sustainable supply chain. We integrate ESG management requirements such as environmental responsibility, business ethics and social responsibility into supply chain management, and work with our suppliers and partners to fulfil their environmental and social responsibilities, and drive the establishment of a sustainable supply chain.

During the Reporting Period, we updated the Procurement Framework Agreement, adding requirements on business ethics, anti-corruption, safety, environmental protection, human rights, and labour conditions for suppliers, so as to further strengthen the environmental and social responsibilities of the supply chain. To minimise the environmental impact of our business operations on the environment, the Group requires our suppliers to comply with our environmental protection requirements.

We pay attention to the communication and exchange with our cooperative suppliers, and help them improve their sustainable development capabilities through training in various forms and with rich themes.

Supply Chain Risk Management and Control
<ul style="list-style-type: none"><li>We vigorously promote communication and collaborative development with suppliers, regularly monitor and control supply chain risks, and strive to improve the stability of the supply chain.</li></ul>
Local Procurement
<ul style="list-style-type: none"><li>We actively carry out local procurement, increase the proportion of local procurement , and divide raw materials into batches according to risk level. During the reporting period, we have completed the localisation of a considerable part of the raw materials of our products, which promotes the development of the local medical device business while ensuring the stability of the supply chain.</li></ul>
Supplier Training
<ul style="list-style-type: none"><li>In order to enhance communication and cooperation with suppliers, during The Reporting Period, we organised on-site training and exchanges for 15 suppliers on material quality and measurement requirements, which further promoted the stability of the supply chain and achieved common development.</li></ul>

### MedBot Supply Chain Empowerment Initiatives

# Environmental, Social and Governance Report (Continued)

## 2.4 Inclusive Healthcare

MedBot actively participates in the construction of industry standardisation and development of innovative ecosystem, takes part in medical activities, fulfills social responsibilities, contributes own strength to society, and promotes the development of the industry.

### 2.4.1 Driving win-win results in the industry

MedBot is committed to building an innovative collaboration platform that deeply integrates industry, academia, research and medicine, and actively participates in the construction of an innovative ecosystem in the field of high-end medical devices, benefiting patients with scientific and technological strength. We have established close strategic partnerships with many universities and top domestic clinical research institutions in China to achieve complementary advantages, resource sharing, and win-win cooperation.

#### “2024 Medbot Surgery West Lake Conference” Live Surgery Week

During the live surgery week of the “2024 Medbot Surgery West Lake Conference” jointly hosted by medical institutions in Zhejiang Province, remote hepatobiliary surgery was successfully performed by us and broadcast live using the Toumai robot, demonstrating the great advantages of this innovative technology in improving patient treatment efficiency and ensuring surgical quality.



In addition, we also actively participate in industry exchange activities, share innovative R&D ideas and results with outstanding representatives of the industry, jointly discuss cutting-edge technologies and development trends in the industry, work together to overcome technical difficulties, and promote high-quality development of the industry.

## Environmental, Social and Governance Report (Continued)

### Cooperation with Academic Institutions

In 2024, MedBot participated in academic exchange activities such as the “30th China International Medical Instruments and Equipment Exhibition and Technical Exchange Conference” and the “Chinese Pancreatic Society 2024 Annual Conference (CAP)”, and joined hands with partners from all walks of life in industry, academia, research and medicine to jointly build a more prosperous and sustainable innovation ecosystem and contribute to the cause of human health.



#### 2.4.2 Inclusive medical resources

MedBot has always been committed to solving the problem of uneven distribution of medical resources. We actively cooperate with many hospitals across the country, with benchmark tertiary hospitals in provincial capital cities as the core, to radiate advanced medical robot technology and surgical experience to surrounding areas. We also combine emerging technologies such as 5G and cloud services to break geographical restrictions and enable hospitals in remote areas to carry out high-end and complex surgeries, so that patients can obtain high-quality medical services without traveling long distances.

We are well aware that medical robotics technology is complex and requires standardised clinical training and operational processes. To this end, we work with a number of hospitals to build clinical training centres where training, scientific research and collaboration can be achieved, and form a team of trainers composed of experienced robotic surgery experts to promote the standardised development of surgery, cultivate more high-level robotic surgical specialists, and continue to promote the application and popularisation of robotic surgical technology.



## Environmental, Social and Governance Report (Continued)



Domestic training for doctors

Overseas training for doctors

To date, we have established nearly 40 Toumai clinical application and training centers and nearly 20 SkyWalker clinical application and training centers around the world. During the Reporting Period, the Group conducted more than 1,600 training sessions on Toumai, with a total of more than 2,000 participants and more than 160 overseas doctor trainees, covering more than 40 countries in Asia, Europe, Africa and Latin America, to continuously cultivate outstanding robotic surgery technical talents and strengthen doctor exchanges and patient education.



# Environmental, Social and Governance Report (Continued)

## 3. COHESION AND BUILDING AN EXCELLENT TEAM

Consistently putting people first, MedBot continuously improves the human resources management system, protects the rights and interests of employees, continuously improves the salary and welfare system, establishes a broad talent development platform, provides a healthy and comfortable working environment, and continuously improves the happiness and sense of belonging of employees.

### 3.1 Employees' Rights and Interests

MedBot respects and cherishes every employee. We create an inclusive, open and equal working environment for our employees by establishing an objective and fair talent recruitment and development system, and work hand in hand with our employees to grow together.

#### 3.1.1 Protecting employees' rights

We strictly comply with the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, the Prohibition of Child Labour, the Fair Labour Standards Act of the United States and laws in the countries where we operate. We have also formulated employee management systems such as the Employee Handbook based on our own circumstances, and regulate management processes such as employee recruitment, working hours, leave, compensation, performance, benefits, training, and promotion to fully protect the legal rights and interests of employees.

The Group firmly opposes any form of child labor and insists on legal employment. In order to ensure that all employees meet the minimum working age requirements stipulated by the relevant laws of the countries or regions where we operate, through strict information collection and verification, we take strict inspection measures during the recruitment process to prevent the occurrence of child labour. If any violation of the employment policy is found, we will immediately initiate an investigation and take measures in accordance with the relevant regulations to maintain a lawful employment environment.

We advocate reasonable working hours for employees and explicitly prohibit any form of forced labour, and conduct compliance inspections regularly. If forced labor or child labor is found, we will immediately terminate the forced labor practices to ensure the safety and rights of our employees. At the same time, we regularly provide training to employees and management on the prohibition of forced labor and child labor to raise their awareness and sense of responsibility.

In terms of anti-discrimination and anti-workplace harassment, MedBot firmly eliminates discrimination due to differences in nationality, age, ethnicity, gender, beliefs, or due to illness, psychological and physical defects, and prohibits any form of employee harassment and threats and promise to treat every employee fairly and justly and effectively protect the legal rights and interests of employees.

During the Reporting Period, there were no incidents of child labor, forced labor, workplace discrimination or sexual harassment at MedBot, and the labor contract signing rate reached 100%.

# Environmental, Social and Governance Report (Continued)

## 3.1.2 Recruiting diverse talents

Following the core values of “Group Wisdom, Tenacity, Focus, Responsibility, Ingenuity, Passion and Innovation”, MedBot has built a unique recruitment culture. We strictly abide by the relevant national and local laws and regulations, and establish a series of scientific and standardised management systems such as such as the MedBot Recruitment Policy and the Internal Referral Reward System to ensure that recruitment activities are carried out efficiently in an open, fair and just environment. We implement a diversified recruitment strategy and introduce a multi-functional team interview process through a cross-departmental collaborative evaluation mechanism, so as to accurately match candidates with job requirements and accelerate the efficient development of corporate human capital.

The Group actively expands recruitment channels to form an internal and external talent absorption network to jointly promote the construction of the talent team of MedBot. We always uphold the core concepts of professionalism and rigor, and create recruitment strategies and processes for multi-department collaborative evaluation to ensure that every candidate undergoes a comprehensive and in-depth assessment and select outstanding talents who are highly compatible with corporate culture and business needs.



Employee Recruitment Channel of MedBot

In order to ensure that every employee can work in a fair environment, we have implemented a policy of equal pay for equal work and have specially formulated the “Protection and Management System for Female Employees and Minors” to protect the rights and interests of female employees from an institutional level.

By the end of the Reporting Period, MedBot had a total of 443 full-time employees. The composition of employees is as follows:

Category		Total number of employees	Proportion
By Gender	Male	299	67.5%
	Female	144	32.5%
By Age	At or under 30 years of age	97	21.9%
	31–50 years of age	340	76.7%
	Above 50 years of age	6	1.4%
By Region	China	442	99.8%
	US	1	0.2%
By Academic Qualification	Bachelor’s degree	214	48.3%
	Master’s degree	111	25.1%
	Doctoral degree	10	2.2%
	Others	108	24.4%

# Environmental, Social and Governance Report (Continued)

MedBot is committed to building a flexible and resilient organisational structure to enhance overall collaborative efficiency in order to cope with the increasingly complex and uncertain external market environment. During the Reporting Period, we streamlined some projects and positions and the total employee turnover rate was 36.90%. The specific composition is as follows:

Category		2024	2023	2022
By Gender	Male	34.93%	51.45%	14.39%
	Female	37.14%	48.53%	14.65%
By Age	At or under 30 years of age	45.70%	59.01%	12.53%
	31–50 years of age	33.08%	47.62%	15.44%
	Above 50 years of age	40.00%	55.56%	11.11%
By Region	China	35.63%	50.31%	14.61%
	US <sup>1</sup>	—	50.00%	10.53%

## 3.2 Talent Empowerment

MedBot attaches great importance to the career development of its employees. Through a complete employee incentive mechanism, systematic training plans and career development channels, it helps employees improve their skills, broaden their horizons and achieve common growth of individuals and enterprises.

### 3.2.1 Employee incentives

We believe that a fair, just and transparent performance evaluation system values and respects employees' outstanding work performance, and can better attract and motivate employees, thereby promoting the development of the Company. We have formulated and actively implemented a series of performance management systems, including the Quarterly Performance Appraisal System for MedBot and the Performance Appraisal System for Management Positions to continuously improve the performance management system to clarify the types, grade divisions and bonus distribution mechanisms, comprehensively optimise the performance management process for employees, and provide solid guarantees for the career growth of employees and the efficient operation of the Company.

We formulate the Instant Incentive Management System, the Mega-matrix R&D Project Performance Appraisal and Incentive System, the Project Incentive System and other multi-dimensional incentive systems on the basis of performance appraisal and incentives, so as to attract, retain and motivate talents.

Performance Appraisal Incentive	Instant Incentive	Large R&D Incentives	Project Incentive
<ul style="list-style-type: none"> <li>Evaluate the performance of employees in each department scientifically, and carry out performance incentives according to the results.</li> </ul>	<ul style="list-style-type: none"> <li>Grant immediate honour and encouragement to employees with outstanding work performance.</li> </ul>	<ul style="list-style-type: none"> <li>Carry out results-oriented incentive for large R&amp;D teams.</li> </ul>	<ul style="list-style-type: none"> <li>Grant project incentive for project management team members who make positive contributions.</li> </ul>

### MedBot's Incentives for Employees

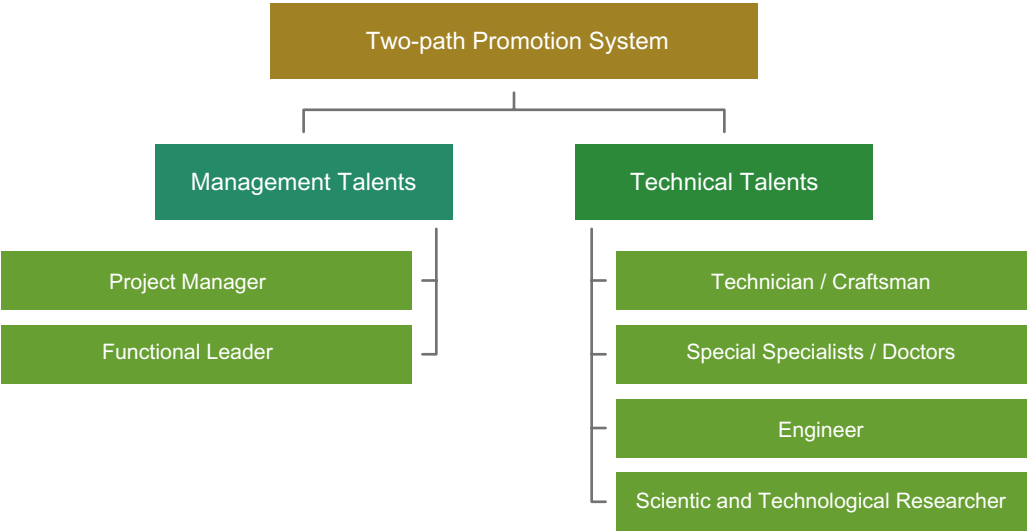
<sup>1</sup> Due to business adjustments, as of the end of the period, there were no employees of US nationality in the Group, with the loss of nine employees of US nationality during the period.

# Environmental, Social and Governance Report (Continued)

MedBot takes equal pay for equal work as its basic principle and pays employees fairly based on position, performance and ability. We have implemented a long-term equity incentive plan to reward eligible employees who have made outstanding contributions to the sustainable development of MedBot, further stimulate employees’ enthusiasm and creativity, and drive the Company and employees to move towards higher goals together.

### 3.2.2Talent cultivation

MedBot has established a “Two-path, Eighteen-level” career development system to provide fair and diverse career promotion opportunities for all employees. The system covers two talent channels (i.e. leadership management and professional skills), and strategically focuses on the training of sales talents in 2024 to ensure a clear career development path for employees in all positions and at all levels. In addition, We have formulated internal systems such as Professional Channel (Engineer) Promotion System to encourage employees to give full play to their expertise and realise the dual development of career and individual value.



“Two-path, Eighteen-level” Career Development System

We have formulated a scientific and systematic Training Management System, built an internal talent development platform that closely matches business needs, established a comprehensive annual training and development plan, and empowered employee development in all aspects. In order to fully meet the personalised learning needs of employees, based on the “C-999” training system, we build a diversified course system covering basic knowledge, management knowledge, professional skills and project experience sharing, providing employees with a full-process learning path from entry to mastery, helping them to continuously break through themselves on their career path.

Medbot has built a rigorous training system and has established specialised capability training institutes for different functions, including the Management Academy, the Geek Academy, the Specialised Training Academy and the New Recruit Academy, which not only help employees quickly improve their job suitability and master the knowledge and skills required to complete work tasks, but are also committed to building a learning organisation to stimulate employees’ innovative potential and teamwork spirit.



## Environmental, Social and Governance Report (Continued)

In addition, we have launched the “MedBot Quantum Programme (Small Quantum System)”, to provide all-round support for new employees. The program selects and trains outstanding current employees as Small Quantum, and make them exclusive partners of new employees. These Small Quantum will provide practical opinions and guidance to new employees, assist new employees in quickly mastering work skills, improving business abilities, so that they can integrate into the team more efficiently and adapt to the work environment.

Management Academy	Geek Academy	Specialised Training Academy	New Recruit Academy
<ul style="list-style-type: none"> <li>targeted at newly-hired/newly-promoted managers</li> <li>provides online courses to introduce the basic management system and tool import process, and organises various offline courses and seminars to help improve the basic management ability of participants.</li> </ul>	<ul style="list-style-type: none"> <li>targeted at technical geeks</li> <li>adopts a project research + coaching model to help them apply what they have learned into practice and improve technical capabilities.</li> </ul>	<ul style="list-style-type: none"> <li>targeted at employees with professional functions such as machinery, electrical appliances, algorithms, and software</li> <li>consolidate their professional ability through a complete suite of learning content.</li> </ul>	<ul style="list-style-type: none"> <li>targeted at new employees</li> <li>provide courses like cultural integration, system promotion, basic industry and product knowledge popularisation to help them quickly familiarise with the environment and master the vocational skills required for work.</li> </ul>

### Employee Special Ability Training Platform of MedBot

We regard talent as the core driving force for corporate development. Through carrying out online and offline campus recruitments, setting up joint training programmes of excellent doctors and masters, and holding geek competitions, MedBot collects robot technology solutions from teachers, students, and scientific research institutions in universities across the country to contribute to the medical cause. In addition, we establish a talent empowerment channel by collaborating with high schools, vocational schools and colleges and universities to provide internship opportunities for technical high school students, helping them broaden their horizons and create employment opportunities. During the Reporting Period, we established in-depth cooperation with top universities such as Harbin Institute of Technology, Beihang University, Shanghai Jiao Tong University, Shandong University, and Fudan University, to jointly promote school-enterprise research programs and scholarship programs, aiming to identify outstanding students who are passionate about robotics technology.

During the Reporting Period, MedBot recorded 27.4 hours of training per employee on average and the trainees accounted for 100% of all employees. The details of the training are as follows:

Category		Average training hours per employee	The percentage of employees trained
By Gender	Male	28.5	71.1%
	Female	24.6	28.9%
By Leve	Grass-root level	27.9	80.2%
	Middle-level management	28.8	16.1%
	Senior-level management	10.1	3.7%

# Environmental, Social and Governance Report (Continued)

## 3.3 Employee Care

We always regard our employees as the most valuable assets of an enterprise, and continuously improve the well-being of employees, striving to provide our employees with a safe, healthy and inclusive working environment and enhance their happiness and sense of belonging.

### 3.3.1 Employee communication

MedBot is committed to creating an open corporate culture with inclusiveness and sense of belonging. We have set up a variety of platforms to communicate with employees and listen to their voices, including “Appointment with Senior Management”, “Employee Suggestion Box” and “Employee Voice Listening”. Through multi-dimensional communication channels, we ensure that employees’ suggestions and demands can be effectively conveyed, and continuously optimise the workplace environment based on the feedback and suggestions received.

#### “Employee Voice Listening”

Employee participation is the driving force behind corporate innovation, and thus we have established a diversified communication platform. Every half year, we hold an “Employee Voice Listening” in each business line to provide employees with a platform to speak freely and encourage them to share their ideas, feelings and suggestions. During the Reporting Period, we collected a total of 52 “voices” through the activity, covering eight dimensions including management, personnel, administration, welfare, technology, patents, systems and brands, of which more than 40 were answered by the relevant departments and replied to by emails at the company-wide level.



Employee Voice Listening

# Environmental, Social and Governance Report (Continued)

Meanwhile, we have set up multiple reporting channels so that employees can provide timely feedback and report any misconduct. Once a report is received, the Group will respond to the reported incident as quickly as possible, conduct serious and effective investigations into all possible violations, and ensure that comprehensive whistleblower protection measures are in place. In addition, we will promptly provide feedback on our investigation results to the reporter and take appropriate corrective and disciplinary measures if the allegations are confirmed.

Employee happiness and satisfaction are important factors for the sustainable development of an enterprise. Therefore, we regularly conduct employee satisfaction surveys to understand our employees, improve management and enhance competitiveness.

### 3.3.2 Employee compensation and benefits

We strictly follow the Compensation Management System and other internal policies and systems, and have designed and implemented a rich and diversified compensation and benefits system to ensure that we provide employees with fixed salaries that meet or even exceed the salary standards of the places where we operate. On the basis of fixed salary, we provide all employees with comprehensive support including performance-based variable compensation, position-specific allowances and non-salary benefits, aiming to enhance employees' sense of belonging and cohesion in an all-around manner.

Diversified Benefits
<ul style="list-style-type: none"><li>In addition to the national statutory benefits, we additionally provide supplementary housing provident fund, health examination, wedding gift, parental flexible leave, family caregiver leave, additional commercial insurance, birthday and holiday gifts, and meal allowance for our employees.</li></ul>
Humane Subsidy
<ul style="list-style-type: none"><li>We provide our employees with talent subsidy, vocational education subsidy, meal subsidy and technical allowance and effectively address employees' commuting and housing needs through the application mechanism for talent apartments.</li></ul>

Relying on the Group's unique management mode of "Horizontal and Vertical Alliance", MedBot has established eight horizontal organisations, including Women's Federation, Sports Federation, Precision League, etc., and set up a variety of different characteristic activities such as corporate culture construction and sports competitions, so as to encourage employees to actively participate in sports activities after work and find a balance between work and life.

We offer diversified leave and benefits, including maternity leave, prenatal leave, breastfeeding leave, parental leave, childcare leave, etc. The Group has set up breastfeeding rooms in its offices to provide considerate and convenient facilities for female employees. In addition, MedBot has established a Women's Federation, which regularly organises female workplace exchange activities and life care programmes to help female employees gain support in their career development and provide support for their personal growth.

# Environmental, Social and Governance Report (Continued)

## 3.4 Safety and Health

MedBot always puts the health and safety of employees in the first place, constantly improving the safety management level from the two aspects of mechanism operation and management system, continuously strengthening production safety management, and eliminating safety and occupational disease hazards.

During the Reporting Period, all of our occupational health and production safety goals were met.

MedBot's Key Occupational Health and Production Safety Goals	
1.	Zero safety incidents, including deaths, serious injuries, fires, explosions, poisonings and culpable traffic accidents;
2.	100% participation and pass rate in safety training;
3.	Main persons in charge, production safety administrators, special operators and employees in relevant positions are 100% certified;
4.	Zero incidents of unauthorised management and use of hazardous chemicals;
5.	Occupational hazards identification, fire safety inspection, special equipment inspection and other related inspections are 100% completed;
6.	The indicators of the working environment are in line with the national occupational health standards, and there are no cases of occupational diseases.

### 3.4.1 Production safety

We strictly abide by relevant laws and regulations such as the Production Safety Law of the People's Republic of China, the Fire Protection Law of the People's Republic of China, the Regulations on Reporting, Investigation and Handling of Production Safety Accidents, and the Regulations on Occupational Health Supervision and Management in the Workplace. We have formulated and improved a series of internal systems such as the Environmental and Occupational Health and Safety Management Manual, the Work Safety Emergency Plan, the Occupational Health Management System and the Production Safety Responsibility System, and insist on carrying out safety management work in accordance with the laws and regulations.

In order to further clarify the responsibilities of each department, standardise production safety standards, and improve the management structure of production safety, the Group has established the MedBot's Production Safety Committee to clarify the work process and responsibilities of production safety management at all levels and promote the efficient implementation of the Company's production safety management.



# Environmental, Social and Governance Report (Continued)

<b>Chairman of the Production Safety Committee</b>	President of the Company Comprehensively coordinate and supervise the Company's occupational health and safety management
<b>Vice Chairman of the Production Safety Committee</b>	Vice President of Supply Chain Implement and monitor achievement of goals
<b>Heads of departments</b>	Jointly promote the implementation of health and safety work

**Production Safety Committee of MedBot**

In order to further implement safety management and implement safety risk control, MedBot has established a complete safety and supervision management mechanism, as well as a dual preventive system of risk hierarchical control, and potential hazards detection and management. At the same time, MedBot has built a "Three-level Safety Management Network" to identify, evaluate, control and reduce safety risks, and protect the safety of employees' lives and the property of the Company.



**MedBot's "Three-level Safety Management Network"**

## Environmental, Social and Governance Report (Continued)

MedBot adheres to the safety principle of prevention first, and has formulated a safety management mechanism, carried out the identification of safety hazards covering the entire business process and other work, set up a reporting and investigation process for safety accidents and conducted safety production training to reduce the potential impact of related risks.

### Safety Management Mechanism

- We have constructed safety and supervision management mechanisms as well as a dual preventive system of risk hierarchical control, and potential hazards detection and management;
- Based on the List of Identification and Control of Environmental Factors and the List of Identification and Control of Hazardous Factors, we carry out the identification and response work to hazardous sources, and base the management of employees' occupational safety and health on the formulation of safety operation procedures.

### Safety Hazard Identification

- We have formulated the Environmental Factors and Safety Risk Identification Management Procedures and the Production Safety Reward and Punishment Management System. We conduct safety inspections every week, special inspections before and after holidays, comprehensive inspections, etc., and complete closed-loop rectification of hidden dangers found within the rectification period;
- Employees are encouraged to identify and report potential safety hazards in a timely manner in daily production work, and to detect and prevent potential safety hazards with the help of employees' understanding of their own positions, so as to enhance the safety culture and awareness.

### Safety-related Incident Handling

- We have set up a reporting and investigation process for safety incidents and appointed dedicated teams to investigate thoroughly the causes of the accidents to ensure that safety incidents are properly handled and to avoid re-occurrence of similar accidents.

### Production Safety Training

- All new employees are required to pass the three-level safety education training and exams before they can officially take their duties; besides, we carry out regular safety lectures for front-line production employees and strengthen the position safety risk;
- Personnel who need to hold certificates before taking up their posts, such as those engaged in hazardous chemicals and operators of special equipment, will receive relevant training and obtain certificates before taking up their posts;
- Employees exposed to occupational hazards receive occupational disease-related training once a year.

### Safety Production Management Measures of MedBot

MedBot always puts employee safety first, organises and carries out various forms of production safety training activities and emergency drills with rich content, so as to continuously improve employees' safety awareness and emergency response capabilities. During the Reporting Period, the Group had no work-related fatalities. We had no working days lost due to work-related reason and no work-related incidents. The Group has completed one special drill for mechanical injuries, one special drill for elevator accidents, two special drills for dangerous chemical accidents, one special drill for flood and typhoon prevention, two fire escape drills, one drill for pressure vessel explosion accidents, one drill for motor vehicle injury accidents within the factory, and one drill for object impact accidents.

## Environmental, Social and Governance Report (Continued)

### Production Safety Emergency Drill of MedBot

The Group organises a comprehensive emergency plan drill or a special emergency plan drill every six months or every year, and organises an on-site disposal plan every six months to further enhance the emergency response capabilities of employees.



### 3.4.2 Occupational health

In order to ensure the physical and mental health of employees, MedBot actively monitors the occupational health of employees to prevent unsafe behaviours and accidents. We actively carry out annual occupational hazard factor testing and arrange for personnel involved in occupational hazard factors to undergo pre-job, on-the-job and post-job physical examinations. By the end of the Reporting Period, the Group has obtained the ISO 45001 Occupational Health and Safety Management System certification and has been certified as a national Level III Enterprise of Work Safety Standardisation by Shanghai Work Safety Association.

In addition, we have formulated the Chemical Safety Management System, which stipulates the management of hazardous chemicals involved in the product realisation processes and activities, so as to ensure the safety and effectiveness of their purchase, use, storage and waste disposal, and safeguard the smooth progress of related quality activities.

## 4. PROTECTING THE ENVIRONMENT AND PRACTICING LOW-CARBON MISSION

MedBot adheres to the concept of green development, actively responds to the challenges of climate change, continuously improves the environmental management system, and enhances energy and resource utilisation efficiency, in a bid to ensure the compliance of pollutant emissions, minimise the negative impact on the environment, and promote the realisation of the Group's sustainable development goals.

### 4.1 Climate Change

MedBot attaches great importance to the challenges brought by climate change, and actively responds to the national strategy of reaching carbon peak in 2030 and realising carbon neutrality in 2060. We systematically identify and assess risks and opportunities related to climate change, and take proactive measures to effectively mitigate the potential impact of climate change on the Company, striving to promote low-carbon transformation and contribute to global climate action.

# Environmental, Social and Governance Report (Continued)

## 4.1.1 Climate change risks and opportunities

Tackling climate change has become a global consensus. Based on the guidance of the Task Force on Climate-related Financial Disclosures (TCFD), MedBot has comprehensively considered multi-dimensional factors such as operation situation, geographical conditions and industry development, and has initially formed a list of risks and opportunities related to climate change, and formulated response measures to effectively control the impact of climate risks and opportunities on our business.

Types of Risks and Opportunities Related to Climate Change			Impact Cycle	Potential Impact
<b>Risks</b>	Physical Risks	Acute	Mid-term	Production capacity decline because the frequent extreme climate events may disrupt daily operations or supply chain
		Chronic	Long-term	Potential abnormal power supply caused by climate change-induced continuous hot weather may require more energy to ensure the desired indoor ambient temperature
	Transition Risks	Policy and Legal	Mid-term	Increasingly stringent climate change policies and regulatory requirements may increase the Group's compliance operating costs
		Technology	Short-term	The application of low-carbon technologies may bring additional capital investment, and the existing production and operation models may have compatibility issues with new low-carbon technologies
		Market	Mid-term	Increased production costs as a result of changes in raw material prices (e.g., energy, water) and emission requirements (e.g., waste disposal)
		Reputation	Mid-term	Stakeholders are increasingly concerned about the Group's actions and transparency in information disclosure in addressing climate change. Failure to disclose relevant information or to meet stakeholders' expectations may negatively affect the Group's reputation and investors' decisions
<b>Opportunity</b>	Products & Services		Mid-term	Customers are increasingly opting for high-quality, environmentally friendly products and services. The Group's achievements in low carbon will enhance the competitiveness of its products and services
	Resource efficiency		Mid-term	Improve the efficiency of energy and water resources and reduce operating costs by implementing design optimisation, process improvement, equipment upgrades and other measures
	Energy Source		Long-term	Increase the use of low-emission or clean energy, gradually adjust the energy structure, and mitigate the risk associated with higher energy prices in the future



## Environmental, Social and Governance Report (Continued)

In order to effectively cope with the extreme weather challenges brought about by climate change and minimise the impact of acute physical risks on production operations, MedBot has formulated internal regulatory documents such as the Emergency Plan for Sudden Environmental Events and the Emergency Plan for Typhoon and Flood Prevention to clarify the procedures for handling sudden climate events and provide guidance for the Group's extreme weather emergency response. In addition, we continue to improve the monitoring and early warning mechanism, and comprehensively enhance our management capabilities for extreme weather emergency events through such measures as conducting hazard investigation and refining work deployment.

By the end of the Reporting Period, the Company's energy consumption and greenhouse gas emission indicators are as follows:

Indicator			Unit	2024	2023	2022
<b>Energy consumption<sup>2</sup></b>						
Direct energy consumption	Natural gas	kWh		0	203,966.00	20,746.95
	Gasoline	kWh		2,065.83	4,331.88	2,639.42
	Diesel	kWh		93,863.80	96,609.34	147,722.20
Indirect energy consumption	Purchased electricity	kWh		2,920,859.68	4,388,132.50	4,592,201.00
Comprehensive energy consumption		kWh		3,016,789.30	4,693,039.72	4,763,309.57
Comprehensive energy consumption intensity		kWh/sq.m.		165.19	87.95	89.27
<b>Greenhouse gas emissions<sup>3</sup></b>						
Scope 1 greenhouse gas emissions		Tonnes		25.07	67.51	44.23
Scope 2 greenhouse gas emissions		Tonnes		1,710.46	2,502.55	3,230.61
Total greenhouse gas emissions		Tonnes		1,735.53	2,570.06	3,274.84
GHG emission intensity		Tonnes/sq.m.		0.10	0.05	0.06

2 For calculation of the comprehensive energy consumption, please refer to the General Rules for Calculation of the Comprehensive Energy Consumption (GB/T 2589-2020) promulgated by the State Administration for Market Regulation and the National Standardisation Administration.

3 The emission of greenhouse gas is calculated with reference to the Guidelines for Accounting Methods and Reporting of Greenhouse Gas Emissions of Other Industrial Enterprises (Trial Implementation) published by the National Development and Reform Commission in 2015. The emission factors of purchased electricity are set out in the Notice on the Management of Enterprise Greenhouse Gas Emissions Reporting of the Power Generation Industry in 2023-2025 issued by the Ministry of Ecology and Environment of the People's Republic of China in 2023.

# Environmental, Social and Governance Report (Continued)

## 4.1.2 Energy conservation and carbon reduction actions

Faced with the severe challenges of global climate change, MedBot actively practices the concept of green development, sets energy consumption efficiency and carbon emission targets, continuously follows up on the achievement of targets, so as to promotes the Group's low-carbon transformation and sustainable development.

Energy Consumption Efficiency	Carbon Emissions
<ul style="list-style-type: none"><li>Improve operational efficiency and endeavour to achieve negative growth of energy consumption intensity</li></ul>	<ul style="list-style-type: none"><li>Strictly adhere to the carbon peak and carbon neutrality policy and seek to achieve negative growth of carbon emissions intensity</li></ul>

### Energy Conservation and Carbon Reduction Targets of MedBot

MedBot actively responds to the national "carbon peak and carbon neutrality" strategic goals, strictly abides by the Energy Conservation Law of the People's Republic of China and other laws and regulations, continuously improves the low-energy consumption management system, and enhances the level of energy management. We have adopted a series of energy-saving and emission-reduction measures to effectively reduce the Group's energy consumption and greenhouse gas emissions through process equipment upgrade and administrative management optimisation.

Process equipment upgrade
<ul style="list-style-type: none"><li>Carry out energy-saving technical transformation for medical robot assembly processes with high energy consumption and large resource losses;</li><li>Introduce high-efficiency energy-saving equipment, accurately control power outputs and apply intelligent energy-saving control algorithms to effectively reduce energy consumption;</li><li>Use energy-efficient equipment such as energy-saving lamps, introduce infrared energy-saving control systems and motion sensor light switches to reduce energy waste;</li><li>Raise energy utilisation efficiency through maximum demand (MD) management, regular equipment inspection, installation of remote time-control equipment, and installation of motorised valves for air-conditioning and other technical means;</li><li>Promote the installation and construction of solar photovoltaic panels, improve energy structure and reduce carbon emissions.</li></ul>
Administrative management optimisation
<ul style="list-style-type: none"><li>Establish an online energy monitoring and management platform to achieve efficient energy management through energy metering equipment and monitoring systems;</li><li>Carry out capacity start rate analysis and develop starting and stopping schedules of the clean workshops based on capacity demand, reducing energy consumption by approximately 70%;</li><li>Reasonable planning of production process layout allows the robot arm to be directly delivered to the final assembly workshop for arm joint adjustment, packaging and overall delivery after assembly, thus reducing additional transportation energy consumption;</li><li>Cultivate employees' habit of saving energy through office inspections and various forms of awareness campaigns and implement carbon reduction measures from small actions.</li></ul>

### Energy-Saving and Carbon-Reduction Management Measures of MedBot

# Environmental, Social and Governance Report (Continued)

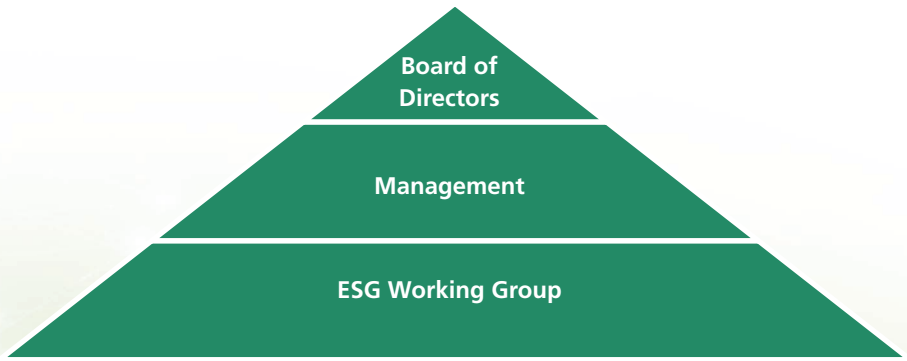


Energy Saving and Carbon Reduction Slogans

## 4.2 Green Operation

MedBot strictly complies with the Environmental Protection Law of the People’s Republic of China, the Environmental Impact Assessment Law of the People’s Republic of China and other laws and regulations related to the environment in the places where it operates. Furthermore, we have formulated internal systems such as the Environmental and Occupational Health and Safety Management Manual, the Environmental Factors and Safety Risk Identification Management Procedures, the List of Identification and Control of Environmental Factors and the Logging List of Material Environmental Factors in combination with the Company’s production and operation characteristics, so as to clearly regulate environmental management procedures and strictly prevent various types of environmental risks..

In order to ensure the efficient operation of the environmental management system, MedBot establishes a three-level environmental governance structure of “Board of Directors — Management — ESG Working Group”, improves the top-down responsibility transmission and supervision mechanism, implements environmental management measures, and reports to the Board of Directors regularly.



Environmental Governance Structure of MedBot

# Environmental, Social and Governance Report (Continued)

In addition, MedBot continues to optimise its environmental management system in accordance with relevant certification standards. By the end of the Reporting Period, the Group has obtained ISO 14001 environmental management system certification.

MedBot has established environmental factors and hazardous source identification and management mechanisms, and based on the current situation of the Group and the identified risk issues, we have formulated response plans and environmental target indicators to effectively manage environmental risks. Moreover, the Group regularly conducts EHS internal audits and routine unannounced inspections, and proactively accepts external supervision and environmental inspections by third-party agencies to promptly identify problems and make corrections, thereby effectively improving the Group’s environmental management level. During the Reporting Period, MedBot did not experience any major environmental risk accidents, nor did we violate any laws and regulations related to environmental protection.

**By the end of the Reporting Period, MedBot has achieved the goal of 100% completion rate of environmental testing**

Meanwhile, MedBot is committed to deeply rooting environmental awareness in all aspects of its operations. By posting environmental slogans in office areas and regularly organising environmental training for all employees, we effectively enhance employees’ green office awareness and work with employees to promote the sustainable development of the Group.

**Environmental Management Training**

In order to enhance environmental awareness of our employees and improve environmental management level, MedBot organised and planned several environmental management themed training sessions in 2024. We carried out EHS knowledge training for all employees, covering environmental protection laws and regulations, policy interpretation, the Company’s major environmental factors and impacts, waste classification and treatment specifications, etc. In addition, we conducted special EHS hazardous waste training for employees in specific positions to ensure that relevant personnel understand the requirements for hazardous waste storage, management and emergency treatment. The relevant training has achieved good results, with a 100% pass rate of employees.



# Environmental, Social and Governance Report (Continued)

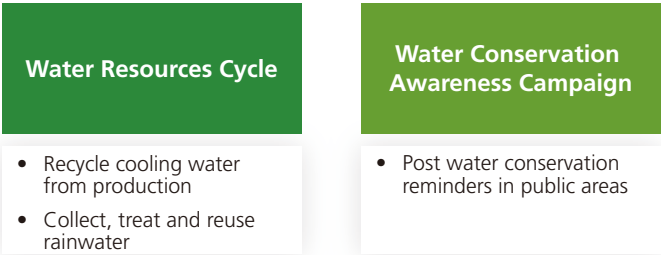
## 4.3 Resource Management

MedBot adheres to the concept of sustainable development. While promoting the stable business development, we actively explore resource conservation and recycling practices, striving to improve resource utilisation efficiency and achieve harmonious development of the economy and the environment.

### 4.3.1 Water resources management

MedBot strictly abides by the Water Law of the People’s Republic of China and other water-related laws and regulations of the places where it operates, formulates the Water Management System, and continuously optimises the water resources management system to ensure the rational use and effective protection of water resources.

The Group’s daily production and operation water comes from the municipal pipeline network, and water consumption is mainly concentrated in process water, cleaning water and domestic water in the research and development and production processes. We have launched a series of water resources management initiatives to reduce water waste and improve water utilisation efficiency by promoting water resources recycling and carrying out water conservation awareness campaigns.



### Water Resources Management Initiatives

By the end of the Reporting Period, the water consumption indicators of MedBot are as follows:

Indicator	Unit	2024	2023	2022
Total water consumption	Tonnes	3,877.20	11,016.00	7,500.00
Total water consumption intensity	Tonnes/sq.m.	0.21	0.21	0.14

# Environmental, Social and Governance Report (Continued)

## 4.3.2Packaging materials management

MedBot adheres to the concept of circular economy and actively explores resource recycling practices during production and operation. We strive to promote the design optimisation and recycling of packaging materials, reduce waste generation, and work with value chain and industry partners to promote the green circulation and sustainable development of packaging materials.

Packaging Material Design Optimisation	Supplier Packaging Material Management	Green Packaging Material Practice in The Industry
<ul style="list-style-type: none"><li>Formulate the Management Policies on Packaging Design, design and use reusable shipping packaging, and promote the recycling and reuse of packaging boxes, material pallets, etc.</li></ul>	<ul style="list-style-type: none"><li>Suppliers are required to sign a Purchase Framework Agreement to ensure that the quality of packaging materials meets the standards, and priority is given to suppliers that meet environmental protection requirements.</li></ul>	<ul style="list-style-type: none"><li>Promote the association standard of the Guidance on Packaging Design for Medical Surgery Robots to provide guiding packaging design standards for the long-term development of the industry.</li><li>Optimise packaging materials through technological innovation, recycling, the use of environmentally friendly materials, lightweight and weight reduction, and explore packaging solutions that take into account environmental protection and the diversity of medical surgical robotic system products.</li></ul>

### Packaging Material Management Initiatives

By the end of the Reporting Period, the packaging material usage indicators of MedBot are as follows:

Indicator	Unit	2024	2023	2022
Total consumption of packaging materials	Tonnes	21.93	21.64	20.10
Total consumption density of packaging materials	Tonnes/sq.m.	0.0012	0.0004	0.0004

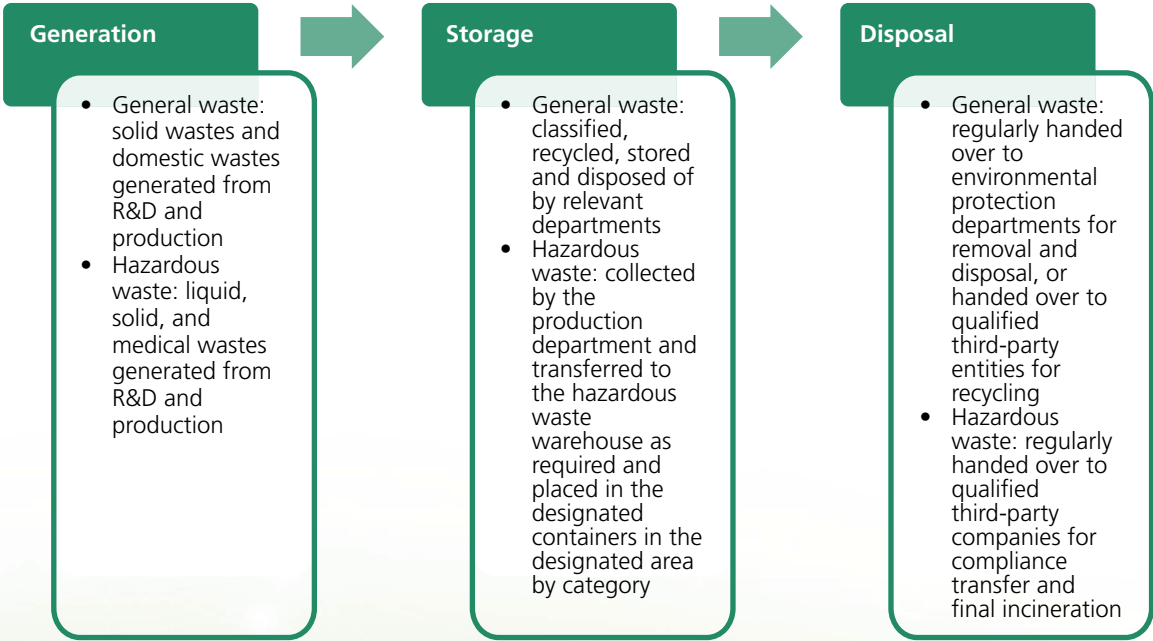
## 4.4 Emissions Management

MedBot strictly abides by the relevant laws, regulations and standards of the places where it operates, and takes active measures to strengthen environmental management, striving to minimise the negative impact on the ecological environment and contribute to ecological protection on the basis of ensuring the compliance of pollutant emissions.

### 4.4.1 Waste management

MedBot strictly abides by the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste and other laws and regulations of the places where it operates, formulates internal management systems such as the Solid Waste Pollution Control Management System, the Hazardous Chemicals Management System and the Technical Specification for Setting Hazardous Waste Identification Marks, which clarify the treatment procedures and specifications for various types of waste.

The Group implements the principle of classified collection for solid waste and has established a comprehensive treatment mechanism and process to ensure that all types of waste are properly and legally treated and disposed of, and to effectively control the pollution caused by waste.



Waste Disposal Process of MedBot

## Environmental, Social and Governance Report (Continued)

MedBot actively explores waste management practices, advocates paperless office, and implements electronic management of processes by use of OA and other systems, reducing waste generation from the source. In addition, we have optimised our production processes and used waste alcohol to clean our workshops, thereby reducing the generation of hazardous waste, effectively reducing the negative impact on the environment, and promoting the sustainable development of the Group.

**By the end of the Reporting Period, MedBot has achieved the goal of 100% legal disposal rate of hazardous waste, general industrial solid waste and domestic waste**

### 4.4.2 Wastewater management

MedBot strictly abides by the Law of the People's Republic of China on the Prevention and Control of Water Pollution and other laws and regulations, and formulates internal systems such as the Water Pollution Prevention and Control Management System and the Water Pollution Prevention and Control Procedures to achieve standardised management of wastewater discharge and reduce the burden on the ecological environment.

The types of wastewater from MedBot mainly include production wastewater from the production and R&D test stages, as well as domestic sewage generated by employees' office life. The Group has built sewage treatment stations, which use anoxic-aerobic and membrane bioreactor processes to treat sewage, ensuring that pollutant indicators meet relevant emission standard limits before being connected to the municipal pipe network.

### 4.4.3 Waste gas management

MedBot strictly abides by the Law of the People's Republic of China on the Prevention and Control of Air Pollution and other laws and regulations of the place where they operate, and formulates the Air Pollution Prevention and Control Management System to clarify the management standards for waste gas generation, treatment, and emission to ensure the compliance of waste gas pollutants.

The types of exhaust pollutants from MedBot mainly include welding fume, ethanol and volatile organic compounds (VOCs). In order to effectively reduce the emission of waste gas pollutants, the Group improves the construction of environmental protection facilities and performs regular maintenance to ensure the normal operation of the facilities. At the same time, it optimises product production processes to reduce the emission of waste gas pollutants from the source.

#### Robotic Welding Fume Treatment

MedBot has implemented a local exhaust system at the welding station to effectively handle the smoke and dust generated during the welding process. The system is equipped with an umbrella-shaped suction hood on the side of the welding station and is connected to a mobile dust collector via a retractable plastic hose. The exhaust volume of the suction hood is set to 1000m<sup>3</sup>/h, ensuring that the wind speed at the hood opening is maintained within the range of 0.5 to 1.0m/s to effectively capture smoke and dust. The dust-containing exhaust gas is filtered by the mobile dust collector and then discharged safely indoors.



## Environmental, Social and Governance Report (Continued)

### Effective Reduction of VOCs by Local Exhaust and Mechanical Ventilation

MedBot uses local exhaust and mechanical ventilation to effectively reduce VOCs emissions. In the local exhaust system, we equip the ultrasonic cleaning machine with a fume hood to collect the alcohol volatilised during the ultrasonic cleaning process. In the clean room, we use a full-room mechanical ventilation system, and each area maintains positive pressure through a shared centralised air-conditioning system. Finally, it is treated by an activated carbon purification device and discharged into the air, effectively reducing the pollution caused by VOCs.

As of the end of the Reporting Period, MedBot did not have any pollutant emissions exceeding the standard. The emission indexes of various types of waste, wastewater, and exhaust pollutants are as follows:

Index	Unit	2024	2023	2022
<b>Waste</b>				
Total hazardous waste produced	Tonne	0.10	0.31	0.09
Hazardous waste intensity	Tonne/sq.m.	0.000005	0.000006	0.000002
Total solid waste generated	Tonne	61.80	72.19	82.20
Total non-hazardous waste disposed	Tonne	61.80	72.19	82.20
Non-hazardous waste disposal intensity	Tonne/sq.m.	0.003	0.001	0.002
<b>Wastewater</b>				
Sewage discharge	Tonne	3,000.00	9,914.40	6,750.00
Chemical oxygen demand (COD) emissions	Tonne	0	0.37	/
Ammonia nitrogen discharge	Tonne	0	0.0015	/
<b>Exhaust</b>				
Volatile Organic Compounds (VOCs) emissions	Tonne	0.18	/	/

# Environmental, Social and Governance Report (Continued)

## APPENDIX: APPENDIX C2 TO THE LISTING RULES — ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING CODE CONTENT INDEX

Environmental, Social and Governance Aspects and General Disclosures and KPIs		Chapter
<b>ENVIRONMENTAL</b>		
<b>Aspect A1</b>	<b>EMISSION</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and nonhazardous waste.	4.4 Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	4.4 Emissions Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.1 Climate Change
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	4.4 Emissions Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	4.4 Emissions Management
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	4.4 Emissions Management
<b>Aspect A2</b>	<b>Resource Usage</b>	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	4.3 Resource Management
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	4.1 Climate Change
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	4.3 Resource Management
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	4.1 Climate Change
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	4.3 Resource Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	4.3 Resource Management
<b>Aspect A3</b>	<b>The Environment and Natural Resources</b>	
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	4.2 Green Operation
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	4.2 Green Operation
<b>Aspect A4</b>	<b>Climate Change</b>	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	4.1 Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	4.1 Climate Change

# Environmental, Social and Governance Report (Continued)

Environmental, Social and Governance Aspects and General Disclosures and KPIs		Chapter
<b>SOCIAL</b>		
<b>Aspect B1</b>	<b>Employment</b>	
General Disclosure	Information on: (a) the policies; and (b) the relevant laws and regulations that have a significant impact on the issuer  relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	3.1. Employee Rights 3.2 Talent Empowerment 3.3 Employee Care
KPI B1.1	Total workforce by gender, employment type (e.g. full-time or part-time), age group and geographical region.	3.1. Employee Rights
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	3.1. Employee Rights
<b>Aspect B2</b>	<b>Health and Safety</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to providing a safe working environment and protecting employees from occupational hazards.	3.4 Safety and Health
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	3.4 Safety and Health
KPI B2.2	Lost days due to work injury.	3.4 Safety and Health
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	3.4 Safety and Health
<b>Aspect B3</b>	<b>Development and Training</b>	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.  Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	3.2 Talent Empowerment
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	3.2 Talent Empowerment
KPI B3.2	The average training hours completed per employee by gender and employee category.	3.2 Talent Empowerment
<b>Aspect B4</b>	<b>Labour Standards</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to preventing child and forced labour.	3.1 Employee Rights
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	3.1 Employee Rights
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	3.1 Employee Rights

# Environmental, Social and Governance Report (Continued)

Environmental, Social and Governance Aspects and General Disclosures and KPIs		Chapter
<b>Aspect B5</b>	<b>Supply Chain Management</b>	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	2.3 Responsible Procurement
KPI B5.1	Number of suppliers by geographical region.	2.3 Responsible Procurement
KPI B5.2	Description of the management relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	2.3 Responsible Procurement
KPI B5.3	Description of the management used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	2.3 Responsible Procurement
KPI B5.4	Description of the management used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	2.3 Responsible Procurement
<b>Aspect B6</b>	<b>Product Responsibility</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to health and safety, advertising, labelling, and privacy matters relating to products and services provided and methods of redress.	2.2 Quality with Ingenious Heart
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	2.2 Quality with Ingenious Heart
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	2.2 Quality with Ingenious Heart
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	2.1 Innovation-driven
KPI B6.4	Description of quality assurance process and recall procedures.	2.2 Quality with Ingenious Heart
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	1.4 Information and Data Security
<b>Aspect B7</b>	<b>ANTI-CORRUPTION</b>	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer  relating to bribery, extortion, fraud and money laundering.	1.1 Corporate Governance
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	1.1 Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	1.1 Corporate Governance
KPI B7.2	Description of anti-corruption training provided to directors and staff.	1.1 Corporate Governance
<b>Aspect B8</b>	<b>COMMUNITY INVESTMENT</b>	
General Disclosure	Policies on community engagement to understand the needs of the communities where it operates and to ensure its activities take into consideration the communities' interests.	2.4 Inclusive Healthcare
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	2.4 Inclusive Healthcare
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	2.4 Inclusive Healthcare



# Independent Auditor's Report



To the shareholders of Shanghai MicroPort MedBot (Group) Co., Ltd.  
(Incorporated in the People's Republic of China with limited liability)

## OPINION

We have audited the consolidated financial statements of Shanghai MicroPort MedBot (Group) Co., Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 145 to 223, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (“**the Code**”) together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTER (Continued)

### Recognition and measurements of research and development costs

Refer to note 5 to the consolidated financial statements and the accounting policies set out in note 1(j) on page 157

#### The Key Audit Matter

The Group incurred research and development ("R&D") costs of RMB309 million for the year ended 31 December 2024, mainly consisting of staff costs, cost of materials and consumables, contracting and clinical trial expenses.

We identified the recognition and measurement of R&D costs as a key audit matter because of the significant amount incurred during the year and the inherent risk of R&D costs not accurately recognised.

#### How the matter was addressed in our audit

Our audit procedures to assess the recognition and measurement of R&D costs included the following:

- Obtaining an understanding of and testing the design and implementation and the operating effectiveness of the key internal controls related to the Group's R&D recognition and measurement process;
- Evaluating the accrual and allocation in terms of R&D-related staff costs by checking to the working time records maintained by the R&D department;
- Evaluating the R&D-related cost of materials and consumables by inspecting, on a sample basis, materials and consumables purchase contracts, payment slips, invoices and other underlying documents;
- Evaluating the contracting and clinical trial expenses by inspecting key terms set out in the contracts and evaluating the completion status reports from the service providers, on a sample basis, to assess whether these costs were recorded based on the respective contract terms or completion status; and
- Evaluating whether the R&D costs were included in the appropriate period by comparing R&D costs recorded before and after the balance sheet date, on a sample basis, to relevant underlying document such as working time records of staff costs, purchase contracts, payment slips and invoices and completion status reports from the service providers.

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTER (Continued)

### Revenue recognition

Refer to note 3 to the consolidated financial statements and the accounting policies set out in note 1(w)(i) on pages 168 to 169

#### The Key Audit Matter

#### How the matter was addressed in our audit

The Group recognised revenue of RMB257 million for the year ended 31 December 2024, mainly arising from the sale of medical devices.

The Group participates in sales arrangements that include multiple performance obligations, e.g. sale of robot(s), robot components, accessories, instruments and/or services. These arrangements require the allocation of the transaction price to each performance obligation in an amount based on the estimated relative stand-alone selling prices. Generally, the Group establishes stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. In addition, the timing of revenue recognition on each performance obligation depends on different terms and conditions in the sales arrangements.

Our audit procedures to assess the recognition and measurement of revenue included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition and measurement including the identification of performance obligations and the determination of stand-alone selling prices;
- inspecting, on a sample basis, customer contracts to identify terms and conditions relating to the identification of performance obligations and timing of revenue recognition, and assessing the Group's revenue recognition policies with reference to the requirements of the prevailing accounting standards;
- understanding and evaluating, on a sample basis, the appropriateness of the methodology in determining the allocation of total transaction price to each performance obligation with reference to the requirements of the prevailing accounting standards, evaluating the reasonableness of the estimated stand-alone selling price by comparing with information available, such as the observable price or actual costs of satisfying a performance obligation, etc., assessing the relevance and reliability of the data used and testing the mathematical accuracy of management's calculations of the allocation;

# Independent Auditor's Report (Continued)

## KEY AUDIT MATTER (Continued)

### Revenue recognition (continued)

Refer to note 3 to the consolidated financial statements and the accounting policies set out in note 1(w)(i) on pages 168 to 169 (continued)

#### The Key Audit Matter

#### How the matter was addressed in our audit

- |   |  |
|---|--|
| <p>We identified the recognition and measurement of revenue as a key audit matter because (i) revenue is a key performance indicator of the Group and is, therefore, subject to possible manipulation through the timing of revenue recognition to meet targets or expectations, (ii) the variety of different terms of sale may affect the timing of the recognition of revenue; and (iii) significant management judgement can be required to estimate the stand-alone selling price to allocate the transaction price of an arrangement to each distinct performance obligation.</p> | <ul style="list-style-type: none"><li>• inspecting, on a sample basis, goods delivery notes, client acceptance notes or installment documents, as applicable under the different sales contracts ("<b>client acceptance documents</b>"), for revenue transactions recorded before and after the financial year end date to assess whether the related revenue had been recognised in the appropriate financial period; and</li><li>• inspecting, on a sample basis, sales contracts and client acceptance documents for revenue transactions recorded during the year to assess whether the related revenue had been recognised in accordance with the Group's revenue recognition policies.</li></ul> |
|---|--|

## INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



# Independent Auditor's Report (Continued)

## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report (Continued)

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo.

### KPMG

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

27 March 2025

# Consolidated Statement of Profit or Loss

for the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
<b>Revenue</b>	3	257,249	104,592
Cost of sales		(171,029)	(89,898)
<b>Gross profit</b>		86,220	14,694
Other net loss	4	(3,168)	(13,342)
Selling and marketing expenses		(207,934)	(238,428)
Administrative expenses		(55,282)	(126,361)
Research and development costs		(308,725)	(569,175)
Net gain/(loss) on financial instruments carried at fair value through profit or loss ("FVPL")		138	(42,525)
<b>Loss from operations</b>		(488,751)	(975,137)
Finance costs	5(a)	(21,639)	(18,590)
Share of losses of equity-accounted investees		(20,244)	(29,803)
Impairment loss on an equity-accounted investee	14	(116,467)	—
<b>Loss before taxation</b>	5	(647,101)	(1,023,530)
Income tax	6(a)	—	—
<b>Loss for the year</b>		(647,101)	(1,023,530)
<b>Attributable to:</b>			
Equity shareholders of the Company		(642,406)	(1,012,174)
Non-controlling interests		(4,695)	(11,356)
<b>Loss for the year</b>		(647,101)	(1,023,530)
<b>Loss per share</b>	9		
Basic and diluted (RMB)		(0.66)	(1.06)

The notes on pages 153 to 223 form part of the consolidated financial statements. Details of dividends payable to equity shareholders of the Company are set out in note 28(b).

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2024

(Expressed in Renminbi)

	2024 RMB'000	2023 RMB'000
<b>Loss for the year</b>	<b>(647,101)</b>	<b>(1,023,530)</b>
<b>Other comprehensive income for the year, net of nil tax</b>		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign operations, net of nil tax	(1,150)	2,171
<b>Other comprehensive income for the year</b>	<b>(1,150)</b>	<b>2,171</b>
<b>Total comprehensive income for the year</b>	<b>(648,251)</b>	<b>(1,021,359)</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	(643,526)	(1,009,986)
Non-controlling interests	(4,725)	(11,373)
<b>Total comprehensive income for the year</b>	<b>(648,251)</b>	<b>(1,021,359)</b>

The notes on pages 153 to 223 form part of these financial statements.



# Consolidated Statement of Financial Position

(Expressed in Renminbi)

		31 December 2024 RMB'000	31 December 2023 RMB'000
	Note		
<b>Non-current assets</b>			
Property, plant and equipment	10	297,371	367,017
Intangible assets	11	3,972	9,537
Goodwill	12	1,482	1,482
Trade receivables	18	2,579	—
Equity-accounted investees	14	11,887	148,282
Financial assets measured at FVPL	15	67,054	66,916
Other non-current assets	16	38,148	40,625
		422,493	633,859
<b>Current assets</b>			
Inventories	17	151,481	229,505
Trade and other receivables	18	92,835	55,749
Pledged deposits		—	1,083
Cash and cash equivalents	19	612,230	507,711
		856,546	794,048
<b>Current liabilities</b>			
Interest-bearing borrowings	20	245,223	375,357
Trade and other payables	21	201,476	244,943
Contract liabilities	22	8,718	11,118
Lease liabilities	23	34,511	47,879
Provisions	24	13,529	5,979
		503,457	685,276
<b>Net current assets</b>		353,089	108,772
<b>Total assets less current liabilities</b>		775,582	742,631
<b>Non-current liabilities</b>			
Interest-bearing borrowings	20	389,312	99,700
Contract liabilities	22	12,527	3,905
Lease liabilities	23	22,281	72,507
Deferred income	26	93,147	64,682
Provisions	24	637	82
		517,904	240,876
<b>NET ASSETS</b>		257,678	501,755

The notes on pages 153 to 223 form part of the consolidated financial statements.

# Consolidated Statement of Financial Position (Continued)

(Expressed in Renminbi)

	Note	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital	28	1,006,194	958,594
Reserves		(727,992)	(439,114)
<b>Total equity attributable to equity shareholders of the Company</b>		<b>278,202</b>	<b>519,480</b>
<b>Non-controlling interests</b>		<b>(20,524)</b>	<b>(17,725)</b>
<b>TOTAL EQUITY</b>		<b>257,678</b>	<b>501,755</b>

Approved and authorised for issue by the board of directors on 27 March 2025.

**Mr. Sun Hongbin**  
Chairman

**Dr. He Chao**  
Director

The notes on pages 153 to 223 form part of these financial statements.

# Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity
		Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	
<b>Balance at 1 January 2023</b>		958,594	2,006,119	261,741	371	48,628	(1,857,795)	1,417,658	(9,780)
<b>Changes in equity for 2023:</b>									
Loss for the year		—	—	—	—	—	(1,012,174)	(1,012,174)	(11,356)
Other comprehensive income		—	—	—	2,188	—	—	2,188	(17)
<b>Total comprehensive income</b>		—	—	—	2,188	—	(1,012,174)	(1,009,986)	(11,373)
Net contributions from non-controlling shareholders of subsidiaries and acquisition of a subsidiary		—	—	455	—	—	—	455	3,064
Equity-settled share-based transactions	27	—	—	111,353	—	—	—	111,353	364
<b>Balance at 31 December 2023</b>		958,594	2,006,119	373,549	2,559	48,628	(2,869,969)	519,480	(17,725)

The notes on pages 153 to 223 form part of the consolidated financial statements.

# Consolidated Statement of Changes in Equity (Continued)

for the year ended 31 December 2024

(Expressed in Renminbi)

		Attributable to equity shareholders of the Company							Non-controlling interests	
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2024</b>		958,594	2,006,119	373,549	2,559	48,628	(2,869,969)	519,480	(17,725)	501,755
<b>Changes in equity for 2024:</b>										
Loss for the year		—	—	—	—	—	(642,406)	(642,406)	(4,695)	(647,101)
Other comprehensive income		—	—	—	(1,120)	—	—	(1,120)	(30)	(1,150)
<b>Total comprehensive income</b>		—	—	—	(1,120)	—	(642,406)	(643,526)	(4,725)	(648,251)
Shares issued under the placements	28(c)	47,600	303,900	—	—	—	—	351,500	—	351,500
Contributions from non-controlling shareholders of subsidiary and additional investments in a subsidiary by the Company	13	—	—	2,746	—	—	—	2,746	1,854	4,600
Equity-settled share-based transactions	27	—	—	48,002	—	—	—	48,002	72	48,074
<b>Balance at 31 December 2024</b>		1,006,194	2,310,019	424,297	1,439	48,628	(3,512,375)	278,202	(20,524)	257,678

The notes on pages 153 to 223 form part of the consolidated financial statements.



# Consolidated Cash Flow Statement

for the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
<b>Net cash used in operating activities</b>	19(b)	(298,124)	(567,843)
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment		(41,785)	(64,985)
Proceeds from sale of property, plant and equipment		477	7,670
Payments for the purchase of intangible assets		(306)	(1,469)
Loans to an equity-accounted investee		(5,990)	—
Others		—	399
<b>Net cash used in investing activities</b>		(47,604)	(58,385)
<b>Financing activities</b>			
Capital element of lease rentals paid	19(c)	(44,153)	(37,732)
Interest element of lease rentals paid	19(c)	(4,430)	(6,277)
Proceeds from interest-bearing borrowings	19(c)	486,922	436,506
Lease deposits paid		—	(872)
Lease deposits received		27	1,531
Loans from related parties	19(c)	99,091	—
Repayments of loans from related parties	19(c)	(48,362)	—
Repayments of interest-bearing borrowings	19(c)	(378,307)	(100)
Interest paid for interest-bearing borrowings and loans from related parties	19(c)	(16,926)	(10,885)
Contributions from non-controlling shareholders of subsidiaries		4,600	3,505
Net proceeds from the placements	28(c)	351,500	—
<b>Net cash generated from financing activities</b>		449,962	385,676

The notes on pages 153 to 223 form part of the consolidated financial statements.

## Consolidated Cash Flow Statement (Continued)

for the year ended 31 December 2024

(Expressed in Renminbi)

	Note	2024 RMB'000	2023 RMB'000
Net increase/(decrease) in cash and cash equivalents		104,234	(240,552)
Cash and cash equivalents at 1 January		507,711	747,962
Effect of foreign exchange rate changes		285	301
Cash and cash equivalents at 31 December		612,230	507,711

The notes on pages 153 to 223 form part of the consolidated financial statements.

# Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

Shanghai MicroPort MedBot (Group) Co., Ltd. (the “**Company**”) (上海微创医疗机器人(集团)股份有限公司) and its subsidiaries (together referred to as the “**Group**”) are principally engaged in the research and development, manufacturing and sale of surgical robots.

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 of Hong Kong Limited (the “**Stock Exchange**”). Material accounting policies adopted by the Group are disclosed below.

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 2024 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 (see note 1(g)); and
- derivative financial instruments (see note 1(h)).

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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (c) Changes in accounting policies

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

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

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has provided additional disclosures about its non-current liabilities subject to covenants in note 29(b) in accordance with the disclosure requirements of the 2022 amendments. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### (d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("**NCI**") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(q), (r), or(s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(l)).



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the ECL model to such other long-term interests where applicable (see note 1(l)(i)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(l)).

### (f) Goodwill

Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see note 1(l)).

### (g) Investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 29(e). These investments are subsequently accounted for as follows, depending on their classification.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (g) Investments in equity securities (Continued)

An investment in equity securities is classified as FVPL unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(w)(ii)(a)).

### (h) Derivative financial instruments

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

### (i) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(l)):

- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 1(k)).

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

- |  |             |
|--|-------------|
| — Equipment and machinery                  | 3–10 years  |
| — Office equipment, furniture and fixtures | 1.5–5 years |

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (j) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets, including patents and trademarks, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 1(l)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

— Software	2–3 years
— Technologies	3 years

Amortisation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

### (k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (k) Leased assets (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(l)(ii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

### (l) Credit losses and impairment of assets

#### (i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECL"s) on financial assets measured at amortised cost (including cash and cash equivalents, pledged deposits, trade and other receivables and amounts due from equity-accounted investees, which are held for the collection of contractual cash flows which represent solely payments of principal and interest).

Financial assets measured at fair value, including equity securities measured at FVPL and derivative financial instruments, are not subject to the ECL assessment.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Measurement of ECLs (Continued)*

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

##### *Significant increases in credit risk*

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### (i) Credit losses from financial instruments (Continued)

##### *Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

##### *Write-off policy*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### (ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (I) Credit losses and impairment of assets (Continued)

#### (iii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “**holder**”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(I)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (l) Credit losses and impairment of assets (Continued)

#### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see note 1(l)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

### (m) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### (n) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 1(w)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(o)).

### (o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(l)(i)).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds held by solicitors that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL (see note 1(l)(i)).

### (q) Trade and other payables (other than refund liabilities)

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

### (r) Preference share capital

The Group's redeemable preference shares are classified as financial liabilities, because they bear non-discretionary dividends and are redeemable in cash by the holders. Non-discretionary dividends thereon are recognised as interest expense in profit or loss as accrued.

Non-redeemable preference shares are classified as equity, because they bear discretionary dividends, do not contain any obligations to deliver cash or other financial assets and do not require settlement in a variable number of the Group's equity instruments. Discretionary dividends thereon are recognised as equity distributions on approval by the Company's shareholders.

### (s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(y).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (t) Employee benefits

#### (i) Short term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

#### (ii) Share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is measured using the binomial lattice model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

#### (iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

### (u) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (u) Income tax (Continued)

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (v) Provisions, contingent liabilities

A provision for warranties is recognised when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see note 1(l)(ii)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

### (w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business. Further details of the Group's revenue and other income recognition policies are as follows:

#### (i) Revenue from contracts with customers

The Group is the principal for its revenue transactions and recognises revenue on a gross basis, including the sale of medical devices that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (w) Revenue and other income (Continued)

#### (i) Revenue from contracts with customers (Continued)

##### (a) *Sale of medical devices*

Revenue is recognised when the customer takes possession of and accepts the products, depending on the terms set forth in the customer contract. The payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

In certain of the Group's customer contract, the Group participates in arrangements that include multiple performance obligations. The Group accounts for individual products and services as separate performance obligations if they are a distinct product or service that is separately identifiable from other items in the packages and if a customer can benefit from the product or service on its own or with other resources that are readily available to the customer. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis. Generally, the Group establishes stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. If the observable stand-alone selling prices are not available, the Group estimates the stand-alone selling price considering market conditions, entity-specific factors and information about the customer or type of the customer.

##### (b) *Revenue from rendering of services*

Revenue from rendering of services is recognised over time by measuring the progress of that performance obligation.

#### (ii) Revenue from other sources and other income

##### (a) *Dividends*

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

##### (b) *Interest income*

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (w) Revenue and other income (Continued)

#### (ii) Revenue from other sources and other income (Continued)

##### (c) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

### (x) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi ("RMB") at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (y) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

### (z) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 1 MATERIAL ACCOUNTING POLICIES (Continued)

### (aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 2 ACCOUNTING JUDGEMENT AND ESTIMATES

### (a) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

#### Determining the lease term

As explained in policy note 1(k), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

### (b) Sources of estimation uncertainty

Notes 12, 14, 27 and 29(e) contains information about the assumptions and risk factors relating to goodwill impairment assessment, equity-accounted investees impairment assessment, fair value of equity-settled share-based transactions and financial instruments. Other key sources of estimation uncertainty are as follows:

#### (i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. The assessment of the net realisable value of inventories involves high degree of estimation uncertainties and judgement subjectively associated with the usage of the inventories, the estimated selling prices and the selling expenses, etc. Management reassesses these estimations at the balance sheet dates to ensure inventory is shown at the lower of cost and net realisable value.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 2 ACCOUNTING JUDGEMENT AND ESTIMATES (Continued)

### (b) Sources of estimation uncertainty (Continued)

#### (ii) Depreciation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual values. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimates.

#### (iii) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences and cumulative tax losses.

As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

#### (iv) Allocation of performance obligations in revenue recognition

As explained in note 1(w)(i)(a), the Group participates in sales arrangements that include multiple performance obligations. The total transaction price is allocated to each performance obligations in an amount based on the estimated relative stand-alone selling prices of the goods or services underlying each performance obligation.

The Group estimates stand-alone selling prices with reference to the observable prices of products or services sold separately in comparable circumstances to similar customers. If the observable stand-alone selling prices are not available, the Group estimates the stand-alone selling price considering market conditions, entity-specific factors and information about the customer or type of the customer. Management regularly review stand-alone selling prices and update these estimates, as necessary. Changes in facts and circumstances may result in revisions to the conclusion, which would affect profit or loss.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The Group derives revenue principally from the sales of surgical robot systems, instruments and accessories, and provision of services 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:

	2024 RMB'000	2023 RMB'000
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Sales of medical devices and accessories — point in time	252,410	104,592
Service income — over time	2,230	—
Others — point in time	2,172	—
	256,812	104,592
<b>Revenue from other sources</b>	437	—
	257,249	104,592

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

	2024 RMB'000	2023 RMB'000
Customer A	—	13,704
Customer B	—	10,893
Customer C	55,798	—
Customer D	27,707	—

Details of the credit risk arising from the Group's customers are set out in note 29(a).



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 3 REVENUE AND SEGMENT REPORTING (Continued)

### (a) Revenue (Continued)

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

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligation under the Group's existing contracts was RMB19,128,000 (2023: RMB6,144,000). 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 6 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	
	2024 RMB'000	2023 RMB'000	2024 RMB'000	2023 RMB'000
The PRC (place of domicile)	153,725	83,385	308,997	360,403
United States	5,612	13,704	5,715	33,933
Europe	36,076	7,503	—	131,982
Africa	23,281	—	—	—
Asia (other than the PRC)	27,549	—	—	—
Australia	2,012	—	—	—
South America	8,994	—	—	—
	257,249	104,592	314,712	526,318

## Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 4 OTHER NET LOSS

	2024 RMB'000	2023 RMB'000
Interest income on financial assets measured at amortised cost	2,197	8,874
Government grants	12,157	19,484
Net foreign exchange (loss)/gain	(534)	201
Net loss in relation to the termination of leases (note 10(b))	(8,098)	(40,454)
Net loss on disposal of property, plant and equipment	(8,074)	(1,102)
Others	(816)	(345)
	(3,168)	(13,342)

### 5 LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

#### (a) Finance costs

	2024 RMB'000	2023 RMB'000
Interest on interest-bearing borrowings and loans from related parties (note 19(c))	17,060	11,436
Interest on lease liabilities (note 19(c))	4,446	6,972
Total interest expense on financial liabilities not at fair value through profit or loss	21,506	18,408
Others	133	182
	21,639	18,590

#### (b) Staff costs

	2024 RMB'000	2023 RMB'000
Contributions to defined contribution retirement plans	22,634	37,543
Equity-settled share-based payment expenses (note 27(c))	48,165	111,875
Salaries, wages and other benefits	246,855	411,758
	317,654	561,176

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 5 LOSS BEFORE TAXATION (Continued)

### (b) Staff costs (Continued)

Majority of the Group's employees are in the PRC. As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its employees. The Group is required to make contributions to the retirement plans at a specified proportion of the eligible employees' salaries. The Group's contributions made to the plans are non-refundable and cannot be used to reduce the future or existing level of contribution of the Group should any forfeiture be resulted from the plans.

### (c) Other items

	2024 RMB'000	2023 RMB'000
Amortisation of intangible assets* (note 11)	5,836	2,833
Depreciation charge* (note 10)		
— owned property, plant and equipment	73,563	60,863
— right-of-use assets	38,445	48,063
	112,008	108,926
Impairment loss on an equity-accounted investee (note 14)	116,467	—
Research and development costs#	308,725	569,175
Auditors' remuneration		
— audit services	1,750	1,850
— other assurance services	1,600	3,300
— other non-assurance services	—	231
	3,350	5,381
Increase in provisions (note 24)	14,034	6,296
Cost of inventories* (note 17(b))	217,085	152,880

# Research and development costs includes RMB218,202,000 (2023: RMB398,034,000) relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

\* Cost of inventories includes RMB43,612,000 (2023: RMB24,547,000) relating to staff costs and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 6 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

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

	2024 RMB'000	2023 RMB'000
Current tax	—	—
Deferred tax	—	—
	—	—

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

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:

	2024 RMB'000	2023 RMB'000
Loss before taxation	(647,101)	(1,023,530)
Notional tax on loss before taxation, calculated at the rates applicable to loss in the countries concerned	(151,055)	(248,910)
Effect of non-deductible expenses	16,556	34,733
Effect of additional deduction on research and development costs	(14,178)	(57,131)
Effect of deductible temporary differences and tax losses not recognised	148,677	271,308
Actual tax expenses	—	—



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	2024					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment (Note) RMB'000	Total RMB'000
<b>Chairman and non-executive director</b>						
Mr. Sun Hongbin	—	—	—	—	732	732
<b>Executive director</b>						
Dr. He Chao	—	1,635	—	—	8,994	10,629
Ms. Fang Cong (appointed in July 2024)	—	371	62	—	441	874
<b>Non-executive directors</b>						
Mr. Chen Xinxing	—	—	—	—	—	—
Mr. Chen Chen	—	—	—	—	—	—
<b>Independent non-executive directors</b>						
Dr. Li Minghua	120	—	—	—	—	120
Mr. Yao Haisong	120	—	—	—	—	120
Mr. Mui Wing Hong (resigned in July 2024)	66	—	—	—	—	66
Mr. Chung Wai Man (appointed in July 2024)	55	—	—	—	—	55
<b>Supervisors</b>						
Mr. Chen Gong	—	483	58	—	23	564
Ms. Zhang Lihong	—	—	—	—	—	—
Mr. Zhang Jie	—	—	—	—	—	—
	361	2,489	120	—	10,190	13,160

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 7 DIRECTORS' EMOLUMENTS (Continued)

	2023					
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payment (Note) RMB'000	Total RMB'000
<b>Chairman and non-executive director</b>						
Mr. Sun Hongbin	—	—	—	—	5,097	5,097
<b>Executive director</b>						
Dr. He Chao	—	1,574	1,279	—	37,558	40,411
<b>Non-executive directors</b>						
Mr. Sun Xin (retired in December 2023)	—	—	—	—	—	—
Mr. Chen Xinxing (appointed in December 2023)	—	—	—	—	—	—
Mr. Chen Chen	—	—	—	—	—	—
<b>Independent non-executive directors</b>						
Dr. Li Minghua	120	—	—	—	—	120
Mr. Yao Haisong	120	—	—	—	—	120
Mr. Mui Wing Hong	120	—	—	—	—	120
<b>Supervisors</b>						
Mr. Chen Gong (appointed in December 2023)	—	41	6	—	2	49
Mr. Yuan Shuai (retired in December 2023)	—	252	281	—	10,435	10,968
Ms. Zhang Lihong	—	—	—	—	—	—
Mr. Zhang Jie	—	—	—	—	—	—
	360	1,867	1,566	—	53,092	56,885

Note: The amounts of equity-settled share-based payment represent the estimated value of equity instruments granted to the directors under the Company's employee share purchase plan and other share-based arrangements. The value of these equity instruments is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(t)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued previously where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind are disclosed under note 27.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2023: two) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2023: three) individuals are as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	3,433	2,252
Discretionary bonuses	594	2,689
Equity-settled share-based payments	2,946	35,587
	6,973	40,528

The emoluments of the three (2023: three) individuals with the highest emoluments are within the following bands:

	2024 Number of Individuals	2023 Number of Individuals
HK\$1,000,001 to HK\$1,500,000	2	—
HK\$5,000,001 to HK\$5,500,000	1	—
HK\$5,500,001 to HK\$6,000,000	—	1
HK\$13,000,001 to HK\$13,500,000	—	1
HK\$25,500,001 to HK\$30,000,000	—	1

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 9 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 RMB642,406,000 (2023: RMB1,012,174,000) and the weighted average number of ordinary shares of 966,917,000 shares in issue during the year (2023: 958,594,000 shares).

#### Weighted average number of ordinary shares

	2024 (‘000)	2023 (‘000)
Issued ordinary shares at 1 January	958,594	958,594
Effects of shares issued under placements	8,323	—
Weight average number of ordinary shares at 31 December	966,917	958,594

### (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 2024 and 2023 has not included the potential effects of the warrants and share options issued by an equity-accounted investee of the Group, as they had anti-dilutive effects on the basic loss per share amount for the respective year. Accordingly, diluted loss per share for the years ended 31 December 2024 and 2023 are the same as basic loss per share of the respective years.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 10 PROPERTY, PLANT AND EQUIPMENT

### (a) Reconciliation of carrying amount

	Leasehold improvements RMB'000	Equipment and machinery RMB'000	Office equipment, furniture and fixtures RMB'000	Right-of- use assets RMB'000	Construction in progress RMB'000	Total RMB'000
<b>Cost:</b>						
At 1 January 2023	89,588	204,844	33,911	261,844	34,279	624,466
Transfer from construction in progress	20,578	43,788	—	—	(64,366)	—
Additions	199	11,681	4,630	5,875	40,059	62,444
Exchange adjustments	94	108	56	473	6	737
Disposals	(52,263)	(6,959)	(1,139)	(58,111)	—	(118,472)
At 31 December 2023 and 1 January 2024	58,196	253,462	37,458	210,081	9,978	569,175
Transfer from construction in progress	2,916	18,698	—	—	(21,614)	—
Additions	3,331	53,291	2,555	—	12,619	71,796
Exchange adjustments	91	92	63	125	5	376
Disposals	(13,956)	(6,680)	(7,022)	(30,652)	(349)	(58,659)
At 31 December 2024	50,578	318,863	33,054	179,554	639	582,688
<b>Accumulated depreciation and amortisation:</b>						
At 1 January 2023	21,397	24,381	7,076	80,036	—	132,890
Charge for the year	16,993	36,161	7,709	48,063	—	108,926
Exchange adjustments	7	6	5	91	—	109
Written back on disposals	(13,779)	(40)	(193)	(25,755)	—	(39,767)
At 31 December 2023 and 1 January 2024	24,618	60,508	14,597	102,435	—	202,158
Charge for the year	16,812	50,263	6,488	38,445	—	112,008
Exchange adjustments	14	18	6	34	—	72
Written back on disposals	(9,838)	(2,458)	(3,559)	(13,066)	—	(28,921)
At 31 December 2024	31,606	108,331	17,532	127,848	—	285,317
<b>Net book value:</b>						
At 31 December 2024	18,972	210,532	15,522	51,706	639	297,371
At 31 December 2023	33,578	192,954	22,861	107,646	9,978	367,017

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 10 PROPERTY, PLANT AND EQUIPMENT (Continued)

### (b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2024 RMB'000	2023 RMB'000
Properties leased for own use, carried at depreciated cost	51,706	107,646

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset: — Properties leased for own use	38,445	48,063
Interest on lease liabilities (note 5(a))	4,446	6,972
Expense relating to short-term leases	3,273	4,300

In 2024, 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 RMB17,586,000 (2023: RMB32,243,000) and the corresponding lease liabilities of RMB19,765,000 (2023: RMB35,378,000), and also wrote off the leasehold improvements with a net book value of RMB4,118,000 (2023: 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 RMB8,098,000 (2023: RMB40,454,000), were recognised in the consolidated statement of profit or loss (note 4).

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in notes 19(c), 29(b) and 30, respectively.

The Group has obtained the right to use other properties as its manufacturing plants, warehouse and office building through tenancy agreements. The lease typically run for an initial period from 2 to 5 years. None of the lease includes variable lease payments.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 11 INTANGIBLE ASSETS

	Software RMB'000	Technologies RMB'000	Total RMB'000
<b>Cost:</b>			
At 1 January 2023	9,838	—	9,838
Additions	3,551	1,766	5,317
At 31 December 2023 and 1 January 2024	13,389	1,766	15,155
Additions	271	—	271
At 31 December 2024	13,660	1,766	15,426
<b>Accumulated amortisation:</b>			
At 1 January 2023	2,785	—	2,785
Charge for the year	2,660	173	2,833
At 31 December 2023 and 1 January 2024	5,445	173	5,618
Charge for the year	5,246	590	5,836
At 31 December 2024	10,691	763	11,454
<b>Net book value:</b>			
At 31 December 2024	2,969	1,003	3,972
At 31 December 2023	7,944	1,593	9,537

Majority of the amortisation charge for the year is included in “research and development costs” and “administrative expenses” in the consolidated statement of profit and loss.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 12 GOODWILL

	RMB'000
<b>Cost and carrying amount:</b>	
At 31 December 2023 and 31 December 2024	1,482

### Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGU") identified as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
MedBot Business	1,482	1,482

The recoverable amounts of the CGUs are higher of the fair value less costs of disposals and the value in use. The key assumptions used for the calculation of the recoverable amounts of the CGUs were as follows, which are based on either the past experience or external sources of information:

	2024		2023	
	Gross margin ratio	Pre-tax discount rate	Gross margin ratio	Pre-tax discount rate
MedBot Business	32%	18%	34%	18%

Management determined that no impairment provision was required based on the impairment assessment performed as at 31 December 2024 and 2023.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES

Details of the subsidiaries at 31 December 2024 are as follows:

Name of company	Place of incorporation and business	Particulars of registered capital/ paid-up capital	Proportion of ownership interest as at 31 December 2024			Principal activities
			Group's interest	Held by the Company	Held by a subsidiary	
MicroPort Navibot (Suzhou) Co., Ltd.* (蘇州微創暢行機器人有限公司) (i) (ii)	The PRC	RMB12.5 million/ RMB10.204 million	98.00%	98.00%	—	Manufacture, research and development of surgical robot devices
Suzhou MicroPort Shuji Precise Technology Co., Ltd.* (蘇州微創樞機精密科技有限公司) (i)	The PRC	RMB10 million/Nil	98.00%	—	98.00%	Manufacture parts of surgical robot devices
Medical (Beijing) Health Technology Co., Ltd.* (易達醫(北京)健康科技有限公司) (i)	The PRC	RMB10 million/ RMB6.1 million	60%	60%	—	Distribution, research and development of surgical robot devices
Shanghai MicroPort Shuzhi Technology Co., Ltd.* (上海微創樞知科技有限公司) (i)	The PRC	RMB1 million/ RMB1 million	100%	100%	—	Manufacture of parts of surgical robot devices
Jiaxing Weizhuo Technology Co., Ltd.* (嘉興微琢科技有限公司) (i)	The PRC	RMB10 million/ RMB8 million	100%	100%	—	Manufacture of parts of surgical robot devices
Shenzhen Weimei Robot Co., Ltd.* (深圳微美機器人有限公司) (i)	The PRC	RMB30 million/ RMB22.265 million	94.32%	94.32%	—	Research and development of surgical robot devices
Shanghai Weimi Medical Co., Ltd.* (上海微覓醫療器械有限公司) (i)	The PRC	RMB35 million/ RMB24.50 million	100%	100%	—	Research and development of surgical robot devices
Shanghai MicroPort Weihang Robot Co., Ltd.* (上海微創微航機器人有限公司) (i)	The PRC	RMB30 million/ RMB1.655 million	60.42%	60.42%	—	Research and development of surgical robot devices
Shenzhen Xinji Medical Robot Co., Ltd.* (深圳心璽醫療機器人有限公司) (i)	The PRC	RMB20 million/ RMB3.35 million	14.94%	14.94%	—	Research and development of surgical robot devices
Shanghai TargBot Medtech Co., Ltd.* (上海術航機器人有限公司, "TargBot") (i)	The PRC	RMB25 million/ RMB20.855 million	95.90%	95.90%	—	Manufacture, research and development of surgical robot devices
Jiaxing Changxing Robot Technology Co., Ltd.* (嘉興暢行機器人科技有限公司) (i)	The PRC	RMB10 million/nil	100%	100%	—	Investment

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 13 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of company	Place of incorporation and business	Particulars of registered capital/ paid-up capital	Proportion of ownership interest as at 31 December 2024			Principal activities
			Group's interest	Held by the Company	Held by a subsidiary	
Sichuan Weisi Robot Co., Ltd.* (四川微思机器人有限公司) (i)	The PRC	RMB0.5 million/nil	100%	100%	—	Distribution of surgical robot devices
MicroPort Medical Corp. Limited	Hong Kong	400 shares	100%	100%	—	Investment
MicroPort NaviBot International Co., Limited	Hong Kong	1,000 shares	98.00%	—	98.00%	Investment
MicroPort NaviBot International LLC	United States	100 shares of US\$1 each	98.00%	—	98.00%	Assembly and distribution of surgical robot devices
MicroPort InterBot Limited	British Virgin Islands	1 share of US\$1 each	100%	100%	—	Investment
MicroPort Medbot (Singapore) PTE. LTD.	Singapore	1,500,000 shares of US\$1 each	100%	—	100%	Research and development of system

\* English translation is for identification purpose only.

Notes:

(i) These subsidiaries are domestic enterprises in the PRC.

(ii) In 2024, in accordance with the ESPP (defined in note 27(a)) adopted by several subsidiaries of the Group, the partnership firms whose general partner and limited partners consisted of the employees of the Group, contributed a total of RMB4,600,000 in the respective subsidiaries. The transactions were treated as transactions within the shareholders in their capacity as equity holders. Hence, the amount of RMB2,746,000, being the difference between (i) the cash consideration of RMB4,600,000 and (ii) the carrying amount of net assets in the proportion of the deemed disposed equity interests in these subsidiaries as at the date of disposal was credited to capital reserve of the Group.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES

As of 31 December 2024, the following list contains only the particulars of material equity-accounted investees, which are unlisted corporate entities that did not have quoted market price:

Name of equity-accounted investees	Form of business structure	Place of incorporation and business	Particulars of issued capital/paid-in capital	Proportion of ownership interest as at 31 December 2024			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
Robocath S.A.S ("Robocath") (Note i)	Incorporated	France	EUR473,819/ EUR442,677	23.49%	—	23.49%	Manufacture, distribution, research and development of surgical robot devices
Cathbot (Shanghai) Robot Co., Ltd. ("Cathbot") 知脈(上海) 机器人有限公司 (Note ii)	Incorporated	The PRC	EUR10,000,000/ EUR10,000,000	51.00%	51.00%	—	Manufacture, distribution, research and development of surgical robot devices

The above equity-accounted investees are accounted for using the equity method in the consolidated financial statements.

Notes:

- (i) The board of Robocath is composed of eight directors including one from the Group and one from MicroPort Scientific Corporation ("MPSC"), the ultimate controlling party of the Group (together as the "MicroPort Members"). Pursuant to an investment shareholder agreement, most of the board approval decisions including operation and strategy plan should be agreed by majority of its board members including at least one of the MicroPort Members. As a result, the directors of the Company determined that the Group has significant influence over Robocath and the investment is classified as an associate.
- (ii) In October 2020, the Group and Robocath entered into a shareholders agreement, pursuant to which, the Group holds 51% equity interest in Cathbot, while Robocath holds the remaining 49%. As the approval of the resolutions in relation to the relevant activities of Cathbot shall require both approval from the Group and Robocath, the directors of the Company determined that the investment in Cathbot is a joint venture.
- (iii) Both external and internal sources of information of the equity-accounted investees are considered in assessing whether there is any indicator that the investments may be impaired, including but not limited to information about financial position and business performance of the equity-accounted investees. The Group carries out impairment assessments on those investments with impairment indicators, and the respective recoverable amounts of investments are determined with reference to the higher of fair value less costs of disposal and value in use.

During the year ended 31 December 2024, the financial performance of Robocath was worse than the expectation and Robocath was facing liquidity issues at the year end. As a result, an impairment loss of RMB116,467,000 was recognised for investments in Robocath in 2024. The recoverable amount was determined based on adjusted net asset approach.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES (Continued)

Summarised financial information of the material equity-accounted investees, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements, are disclosed below:

	Robocath		Cathbot	
	2024	2023	2024	2023
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Gross amounts</b>				
Current assets	37,430	120,587	21,660	25,052
Non-current assets	149,822	149,011	2,127	1,893
Current liabilities	(29,453)	(37,415)	(3,282)	(2,596)
Non-current liabilities	(168,185)	(176,122)	(1,182)	—
(Deficit)/Equity	(10,386)	56,061	19,323	24,349
Revenue	15,635	11,965	10,619	416
Loss for the year	(65,277)	(73,862)	(5,092)	(11,764)
Other comprehensive income	(843)	(5,299)	—	—
Total comprehensive income	(66,120)	(79,161)	(5,092)	(11,764)
<b>Reconciled to the Group's interests in the equity-accounted investees</b>				
Gross amounts of net assets of the equity-accounted investees	(10,386)	56,061	19,323	24,349
Group's effective interests	23.49%	23.62%	51.00%	51.00%
Group's share of net assets of the equity-accounted investees	(2,440)	13,242	9,855	12,418
Goodwill (less cumulative impairment)	3,218	119,754	—	—
Dilution effect of share-based payments arrangement of an equity-accounted investee	(778)	(1,014)	—	—
Carrying amount in the consolidated financial statements	—	131,982	9,855	12,418



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 14 EQUITY-ACCOUNTED INVESTEEES (Continued)

Aggregate information of equity-accounted investees that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying amount of individually immaterial equity-accounted investees	2,032	3,882
Aggregate amounts of the Group's share of those equity-accounted investees		
Loss for the year	(1,725)	(4,157)
Total comprehensive income	(1,725)	(4,157)

## 15 FINANCIAL ASSETS MEASURED AT FVPL

	2024 RMB'000	2023 RMB'000
Investments in unlisted equity securities	67,054	66,916

Valuation techniques and significant assumptions for determining the fair value of the investments are set out in note 29(e).

## 16 OTHER NON-CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayments	1,224	2,550
Value-added tax ("VAT") recoverable	2,528	4,148
Lease and security deposits (Note)	34,396	33,927
	38,148	40,625

Note: In 2021, the Group entered into a 5-year lease agreement with Shanghai Huiqingcheng Investment Management Co., Ltd. (上海回青橙投资管理有限公司) ("Huiqingcheng Investment") in respect of certain leasehold properties for use of manufacturing facilities, warehouses and office buildings.

Balance as at 31 December 2024 included deposits (before discounting) totalling RMB36,664,000 paid to Huiqingcheng Investment, which are refundable after the expiry of the lease.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 17 INVENTORIES

### (a) Inventories in the consolidated statement of financial position comprise:

	2024 RMB'000	2023 RMB'000
<b>Inventories</b>		
Raw materials	84,153	111,347
Work in progress	35,151	54,015
Finished goods	32,175	58,407
Goods in transit	—	5,329
Others	2	407
	<b>151,481</b>	<b>229,505</b>

### (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Carrying amount of inventories sold	138,150	60,831
Write-down of inventories	15,371	28,985
Cost of inventories directly recognised as research and development costs and selling and marketing expenses	63,564	63,064
	<b>217,085</b>	<b>152,880</b>

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 18 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade debtors, net of loss allowance	33,068	4,969
VAT recoverable	41,850	25,786
Other debtors due from		
— third parties	4,867	6,561
— related parties	9,033	4,646
Prepayments	6,596	13,787
	95,414	55,749
<b>Representing</b>		
Current portion	92,835	55,749
Non-current portion	2,579	—

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

### Aging analysis

As at 31 December 2024, the aging analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2024 RMB'000	2023 RMB'000
Within 1 month	24,531	4,657
1 to 2 months	—	312
2 to 3 months	4,796	—
Over 3 months but within 6 months	3,741	—
	33,068	4,969

Further details of the Group's credit policy and credit risk arising from trade debtors are set out in note 29(a).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

	2024 RMB'000	2023 RMB'000
Cash at bank	612,230	507,711

### (b) Reconciliation of profit before taxation to cash generated from operations

		2024 RMB'000	2023 RMB'000
Loss before taxation		(647,101)	(1,023,530)
Adjustments for:			
Amortisation and depreciation	5(c)	117,844	111,759
Finance costs	5(a)	21,506	18,408
Interest income		(1,614)	(1,519)
Changes in fair value of financial instruments carried at FVPL		(138)	42,525
Net loss on disposal of property, plant and equipment		8,074	951
Net loss in relation to the termination of leases		1,939	37,865
Share of losses of equity-accounted investees		20,244	29,803
Impairment loss on an equity-accounted investee	5(c)	116,467	—
Equity-settled share-based payment	5(b)	48,165	111,875
Changes in working capital:			
Decrease in inventories		78,024	25,367
(Increase)/decrease in trade and other receivables		(33,575)	39,467
(Decrease)/increase in trade and other payables		(59,127)	5,860
Decrease in pledged deposits		1,083	5,574
Increase in deferred income		28,465	31,664
Decrease/(increase) in other non-current assets		1,620	(3,912)
<b>Net cash used in operating activities</b>		<b>(298,124)</b>	<b>(567,843)</b>



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Interest-bearing borrowings and loans from related parties RMB'000 (notes 20 and 21)	Lease liabilities RMB'000 (note 23)	Total RMB'000
<b>At 1 January 2024</b>	475,413	120,386	595,799
<b>Changes from financing cash flows:</b>			
Loans from related parties	99,091	—	99,091
Repayments of loans from related parties	(48,362)	—	(48,362)
Proceeds from interest-bearing borrowings	486,922	—	486,922
Repayments of interest-bearing borrowings	(378,307)	—	(378,307)
Interest paid for interest-bearing borrowings and loans from related parties	(16,926)	—	(16,926)
Capital element of lease rentals paid	—	(44,153)	(44,153)
Interest element of lease rentals paid	—	(4,430)	(4,430)
<b>Total changes from financing cash flows</b>	<b>142,418</b>	<b>(48,583)</b>	<b>93,835</b>
<b>Other changes:</b>			
Interest charge	17,060	4,446	21,506
Effect of termination of leases and lease modification	—	(19,765)	(19,765)
Exchange adjustments	—	308	308
<b>Total other changes</b>	<b>17,060</b>	<b>(15,011)</b>	<b>2,049</b>
<b>At 31 December 2024</b>	<b>634,891</b>	<b>56,792</b>	<b>691,683</b>

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Interest-bearing borrowings and loans from related parties RMB'000 (notes 20 and 21)	Lease liabilities RMB'000 (note 23)	Total RMB'000
<b>At 1 January 2023</b>	33,456	186,850	220,306
<b>Changes from financing cash flows:</b>			
Loans from related parties	—	—	—
Proceeds from interest-bearing borrowings	436,506	—	436,506
Repayments of interest-bearing borrowings	(100)	—	(100)
Interest paid for interest-bearing borrowings and loans from related parties	(10,885)	—	(10,885)
Capital element of lease rentals paid	—	(37,732)	(37,732)
Interest element of lease rentals paid	—	(6,277)	(6,277)
<b>Total changes from financing cash flows</b>	<b>425,521</b>	<b>(44,009)</b>	<b>381,512</b>
<b>Other changes:</b>			
Interest charge	11,436	6,972	18,408
Addition through the acquisition of a subsidiary	5,000	—	5,000
Increase in lease liabilities from entering into new leases during the year	—	5,875	5,875
Effect of termination of leases and lease modification	—	(35,695)	(35,695)
Exchange adjustments	—	393	393
<b>Total other changes</b>	<b>16,436</b>	<b>(22,455)</b>	<b>(6,019)</b>
<b>At 31 December 2023</b>	<b>475,413</b>	<b>120,386</b>	<b>595,799</b>

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(Continued)

### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	3,273	7,036
Within financing cash flows	48,583	44,009
Lease rentals paid	51,856	51,045

## 20 INTEREST-BEARING BORROWINGS

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

	2024 RMB'000	2023 RMB'000
Within 1 year	245,223	375,357
After 1 year but within 2 years	307,692	99,700
After 2 years but within 5 years	81,620	—
	634,535	475,057

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 20 INTEREST-BEARING BORROWINGS (Continued)

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

	2024 RMB'000	2023 RMB'000
<b>Bank loans</b>		
— secured	297,579	—
— unsecured	286,228	475,057
	583,807	475,057
<b>Secured loans from a related party</b>	50,728	—
	634,535	475,057

As of the end of the reporting period, the bank facilities drawn down by the Group of RMB297,579,000 (2023: nil) were secured by certain patents held by the Group. The carrying amount of these patents is zero as they have not been capitalised as intangible assets.

Part of the Group's banking facilities are subject to the fulfilment of certain financial covenants. If the Group were to breach the covenants, the drawdown facilities would become payable on demand. As of the end of the reporting period, none of these covenants relating to drawdown facilities had been breached.

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



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 21 TRADE AND OTHER PAYABLES

	2024 RMB'000	2023 RMB'000
Trade payables due to		
— third-party suppliers	75,504	68,664
— related parties	6,134	5,587
Total trade payables	81,638	74,251
Accrued payroll	53,430	78,661
Amounts due to related parties (Note)	11,131	17,259
Other payables and accrued charges	55,277	74,772
Financial liabilities measured at amortised cost	201,476	244,943

Note: As at 31 December 2024, the balance of interests due to related parties included in "Amounts due to related parties" was RMB356,000 (2023: RMB356,000).

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

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

	2024 RMB'000	2023 RMB'000
Within 1 month	63,879	48,015
Over 1 month but within 3 months	10,677	13,181
Over 3 months but within 6 months	1,927	6,831
Over 6 months but within 1 year	639	2,695
Over 1 year	4,516	3,529
	81,638	74,251

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 22 CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
<b>Current</b>		
Advanced receipts from customers for sales of medical devices	2,117	8,879
Extended warranty	6,601	2,239
	8,718	11,118
<b>Non-current</b>		
Extended warranty	12,527	3,905

### Movements in contract liabilities

	2024 RMB'000	2023 RMB'000
Balance at 1 January	15,023	10,275
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities as at 1 January	(10,106)	(7,612)
Increase in contract liabilities as a result of receiving advance payments during the year	16,328	12,360
Balance at 31 December	21,245	15,023

The amount of contract liabilities expected to be recognised as income after more than one year is RMB12,527,000 (2023: RMB3,905,000). All of the other contract liabilities are expected to be recognised as income within one year.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 23 LEASE LIABILITIES

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	34,511	47,879
After 1 year but within 2 years	17,326	39,700
After 2 years but within 5 years	4,955	32,807
	22,281	72,507
	56,792	120,386

## 24 PROVISIONS

	RMB'000
At 1 January 2024	6,061
Additional provisions made	14,034
Provisions utilised	(5,929)
At 31 December 2024	14,166
Representing:	
Current portion	13,529
Non-current portion	637

Under the terms of the Group's sales agreements, the Group offers warranties for its surgical robots. Provision is therefore made for the best estimate of the expected costs within the warranty periods prior to the end of the reporting period.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB3,957,598,000 (2023: RMB3,296,557,000) and other temporary differences of RMB157,128,000 (2023: RMB111,948,000) at 31 December 2024 due to the unpredictability of future taxable profits in the relevant tax jurisdiction and entity.

The unused tax losses of the Group were mainly from the subsidiaries incorporated in the PRC, where the accumulated tax losses will normally expire within 5 years. The Company was qualified as Small and Medium-sized Technological Enterprises (“**SMTE**”) in 2018. Pursuant to the relevant regulations on extension for expiries of unused tax losses of High and New Technology Enterprise and SMTE issued in August 2018, the accumulated tax losses which did not expire from 2018 will have expiries extending from 5 years to 10 years.

## 26 DEFERRED INCOME

	Government subsidies for research and development projects RMB'000
At 1 January 2023	33,018
Additions	41,214
Government grant recognised as other income	(9,550)
At 31 December 2023 and 1 January 2024	64,682
Additions	33,231
Government grant recognised as other income	(4,766)
At 31 December 2024	93,147



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

### (a) Employee share purchase plan (the “ESPP”)

Since 2017, the Group adopted several ESPPs, pursuant to which, the partnership firms, whose limited partners consisted of employees of the Group and employees of the Group’s equity-accounted investees, invested in the Company or its subsidiaries (together, the “**Target Companies**”) by way of subscribing newly issued equity interests of the Group, or acquiring equity interests from the Group. All participants of the ESPPs have purchased equity interests in respective partnership firms at amounts specified in the respective partnership agreements.

Since 2022, several subsidiaries of the Group also adopted the ESPPs, pursuant to which, the partnership firms, consisting of the eligible employees of Group, invested in these subsidiaries.

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

The fair value of the equity interests subscribed was measured by reference to either (i) the price at which third party investors made contributions to these Targeted Companies or (ii) the valuation reports prepared by the external valuers and reviewed and approved by the management.

For the year ended 31 December 2024, the total expenses recognised in the consolidated statement of profit or loss for the above transactions are RMB48,025,000 (2023: RMB111,636,000).

### (b) Share options granted by the ultimate controlling party

MPSC granted certain share options to the employee of the Group. Each option gives the holder the right to subscribe for one ordinary share of MPSC, while the Group did not have an obligation to settle such transaction.

Up to 31 December 2024, MPSC has granted 160,757 share options in aggregate to the employee of the Group, which were not exercisable at 31 December 2024. These share options are vested over five years. The contractual life of the options is ten years.

The total expenses recognised in the consolidated statement of profit or loss for the share options granted by the ultimate controlling party are RMB49,000 for the year ended 31 December 2024 (2023: RMB81,000).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS (Continued)

### (c) Equity-settled share-based payment expenses recognised in the consolidated statement of profit or loss during the current and prior years:

	2024 RMB'000	2023 RMB'000
Research and development costs	37,836	72,355
Selling and marketing expenses	7,054	12,494
Administrative expenses	3,275	27,026
Add: Impact recognised in share of losses of equity-accounted investees	48,165 (91)	111,875 (158)
Total impact of share-based payment recognised in equity during the year	48,074	111,717

## 28 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's equity between the beginning and the end of the year are set out below.

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
<b>Balance at 1 January 2023</b>	958,594	2,006,119	222,918	48,628	(1,480,321)	1,755,938
<b>Changes in equity for 2023</b>						
Loss and total comprehensive income	—	—	—	—	(739,176)	(739,176)
Equity-settled share-based transactions	—	—	102,637	—	—	102,637
<b>Balance at 31 December 2023 and 1 January 2024</b>	958,594	2,006,119	325,555	48,628	(2,219,497)	1,119,399
<b>Changes in equity for 2024</b>						
Loss and total comprehensive income	—	—	—	—	(649,771)	(649,771)
Shares issued under the placements (note 28(c))	47,600	303,900	—	—	—	351,500
Equity-settled share-based transactions	—	—	47,019	—	—	47,019
<b>Balance at 31 December 2024</b>	1,006,194	2,310,019	372,574	48,628	(2,869,268)	868,147

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (b) Dividends

The directors of the Company did not propose the payment of any dividend during the year ended 31 December 2024 (2023: nil).

### (c) Share capital and share premium

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

	2024		2023	
	No. of shares (‘000)	Amount RMB’000	No. of shares (‘000)	Amount RMB’000
<b>Ordinary shares, issued and fully paid:</b>				
At 1 January	958,594	958,594	958,594	958,594
Shares issued under the placements	47,600	47,600	—	—
At 31 December	1,006,194	1,006,194	958,594	958,594

During 2024, the Company completed two placements and issued a total of 47,600,000 shares to several investors with a net proceeds of HK\$381,206,000 (equivalent to RMB351,500,000).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 28 CAPITAL, RESERVES AND DIVIDENDS (Continued)

### (d) Nature and purpose of reserves

#### (i) Capital reserve

The capital reserve comprises the following:

- the portion of the grant date fair value of unexercised share options granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share based payments in note 1(t)(ii); and
- gain/loss on acquisition or dilution of interests in subsidiaries where the Group's interest in a subsidiary is increased/decreased without losing control (note 1(d)).

#### (ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of certain subsidiaries within the Group. The reserve is dealt with in accordance with the accounting policies set out in note 1(x).

#### (iii) Other reserve

The other reserve primarily comprises the following:

- exempted interest payable to investors due to the termination of financial instruments with preferred rights in 2020; and
- the liabilities of the Group waived by related parties.

### (e) 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 debt-to-asset ratio is 80% and 65% for the years ended 31 December 2024 and 2023, respectively.

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 credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practises used by the Group to manage these risks are described below.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are state-owned banks or reputable commercial banks for which the Group considers to have low credit risk. The Group's exposure to credit risk arising from refundable rental deposits under other non-current assets is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

Except for the financial guarantee issued by the Group to an equity-accounted investee as set out in note 31(c), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in notes 29(b) and 31(c).

#### Trade and other receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit period. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 60 to 180 days from the date of billing. The Group does not obtain collateral from customers.

As at 31 December 2024, the Group has a significant concentration of credit risk primarily arise from the significant exposure to individual customers. As at 31 December 2024, trade receivables were mainly due from the Group's related parties. Management considered the default risk of trade receivables due from related parties as at 31 December 2024 was insignificant and no loss allowance was provided in this regard.

Management has assessed that during the year ended 31 December 2024, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. Management of the Company expect the occurrence of losses from non-performance by the counterparties of other receivables was remote and loss allowance provision for other receivables was immaterial.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

As disclosed in note 20, part of the Group's banking facilities are subject to the fulfilment of covenants. Some of those relating to the Group's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the related loans would become payable on demand. The Group did not identify any difficulties complying with the covenants. Information about the covenants for those bank loans classified as non-current at the end of the reporting period is set out below:

Loans	Carrying amount		Covenants	Timing to comply with the covenants
	2024 RMB'000	2023 RMB'000		
Loan A and Loan B	67,479	—	(i) Debt-to-asset ratio of the Company shall not be higher than 70% for consecutive three months. (ii) Current ratio of the Company shall not be less than 1 for consecutive three months.	At any time throughout the loan term

As at 31 December 2024, the debt-to-asset ratio of the Company is 53% and current ratio of the Company is 2.6, which are complied with the covenants' requirements.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting period) and the earliest date the Group can be required to pay:

	2024					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables	139,448	—	—	—	139,448	139,448
Interest-bearing borrowings	260,863	319,138	77,633	—	657,634	634,535
Lease liabilities	36,202	18,323	5,240	—	59,765	56,792
	436,513	337,461	82,873	—	856,847	830,775
	2023					Carrying amount RMB'000
	Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	
Trade and other payables	162,570	—	—	—	162,570	162,570
Interest-bearing borrowings	382,840	101,118	—	—	483,958	475,057
Lease liabilities	50,260	41,982	34,694	—	126,936	120,386
	595,670	143,100	34,694	—	773,464	758,013
Financial guarantee issued:						
Maximum amount guaranteed (note 31(c))	2,500	—	—	—	2,500	—

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (c) Interest rate risk

#### (i) Interest rate risk profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to fixed-rate interest-bearing borrowings of RMB33,690,000 (note 20) and lease liabilities (note 23) and cash flow risk in relation to variable-rate bank balances (note 19) and variable-rate interest-bearing borrowings of RMB600,845,000 (note 20). The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

#### (ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's loss after tax and accumulated losses by approximately RMB6,008,000 (2023: RMB3,698,000). Other components of consolidated equity would have increased/decreased by approximately nil (2023: nil) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's loss after tax (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss after tax (and accumulated losses) and other components of consolidated equity is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis has been performed on the same basis as 2023.



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (d) Currency risk

The Group is exposed to currency risk primarily from (i) purchases which give rise to payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate and (ii) financing activities that are in Hong Kong Dollars. The currencies giving rise to currency risk are primarily United States Dollars and Hong Kong Dollars.

#### (i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of the entities into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in RMB)					
	2024			2023		
	Renminbi	United States	Hong Kong	Renminbi	United States	Hong Kong
	RMB'000	Dollars	Dollars	RMB'000	Dollars	Dollars
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	8,496	33,611	241,501	8,539	11,507	6,300
Trade and other receivables	1,653	28,424	—	1,653	11,278	—
Inter-company payables within the Group	(111,895)	—	—	(106,632)	—	—
Trade and other payables	—	(240)	(633)	—	(377)	(947)
Net exposure arising from recognised assets and liabilities	(101,746)	61,795	240,868	(96,440)	22,408	5,353

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (d) Currency risk (Continued)

#### (ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss after tax (and accumulative losses) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of each of the reporting period had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2024			2023		
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000	Effect on other component of equity RMB'000	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses RMB'000	Effect on other component of equity RMB'000
Renminbi	3%	3,052	—	3%	2,893	—
	(3)%	(3,052)	—	(3)%	(2,893)	—
United States Dollars	3%	(1,854)	—	3%	(672)	—
	(3)%	1,854	—	(3)%	672	—
Hong Kong Dollars	3%	(7,226)	—	3%	(161)	—
	(3)%	7,226	—	(3)%	161	—

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' loss after tax and equity measured in the respective functional currencies, and then translated into RMB at the exchange rate ruling at the end of each of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of each of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (e) Fair value measurement

#### (i) Financial assets and liabilities measured at fair value

##### *Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

The Group has engaged the external valuers to perform valuations for the unlisted equity securities which are categorised into Level 3 of the fair value. The valuation reports prepared by the external valuers are reviewed and approved by the Group's management.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (e) Fair value measurement (Continued)

#### (i) Financial assets and liabilities measured at fair value (Continued)

	Fair value at 31 December 2024 RMB'000	Fair value measurements as at 31 December 2024 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Unlisted equity securities (note 15)	67,054	—	—	67,054
	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Unlisted equity securities (note 15)	66,916	—	10,754	56,162

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2.

During the year ended 31 December 2024, there were no transfers between Level 2 and Level 3 (2023: RMB10,754,000).



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 29 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

### (e) Fair value measurement (Continued)

#### (i) Financial assets and liabilities measured at fair value (Continued)

The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of each of the reporting period in which they occur.

Information about Level 3 fair value measurements:

	Valuation techniques	Significant unobservable inputs	Range
Unlisted equity securities	Equity allocation model (Note)	Expected volatility, taking into account the historical volatility of the comparable companies	56%
		Expected probability of event	55%

Note:

As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 10% would have increased/decreased the Group's loss by RMB4,589,000/RMB4,636,000 and an increase/decrease in the expected volatility by 5% would have increased/decreased the Group's loss by RMB434,000/RMB391,000.

As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease in the expected probability of event by 10% would have increased/decreased the Group's loss by RMB444,000/RMB531,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB168,000/RMB67,000.

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 RMB'000	2023 RMB'000
At 1 January	56,162	109,602
Transfer to Level 2	—	(10,754)
Repurchased by an investee	—	(161)
Changes in the value of financial instruments	10,892	(42,525)
At 31 December	67,054	56,162

#### (ii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 31 December 2024 and 2023.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 30 COMMITMENTS

Commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Contracted for	2,256	924
Authorised but not contracted for	25,000	20,000
	27,256	20,924

## 31 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid individuals as disclosed in note 8, is as follows:

	2024 RMB'000	2023 RMB'000
Salaries and other benefits	5,284	5,166
Discretionary bonuses	813	3,575
Equity-settled share-based payment expenses	13,786	53,240
	19,883	61,981

Total remuneration was included in staff costs (note 5(b)).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Material related party transactions

During the years ended 31 December 2024 and 2023, the directors are of the view that the following companies are related parties:

Name of the related party	Relationship
MPSC	Ultimate controlling party of the Group
Shanghai MicroPort Medical (Group) Co., Ltd. * (上海微創醫療器械(集團)有限公司)	Subsidiary of MPSC
Medical Product Innovation, Inc.	Subsidiary of MPSC
Suzhou MicroPort Orthopaedics Scientific (Group) Co., Ltd. * (蘇州微創骨科科學(集團)有限公司) ("Suzhou Orthopaedics")	Subsidiary of MPSC
MicroPort Orthopedic Instruments Suzhou Co., Ltd. * (蘇州微創骨科醫療工具有限公司)	Subsidiary of MPSC
Jiaxing MicroPort Medical Co., Ltd. * (嘉興微創醫療科技有限公司)	Subsidiary of MPSC
Suzhou MicroPort OrthoRecon Co., Ltd. * (蘇州微創關節醫療科技有限公司)	Subsidiary of MPSC
MicroPort Medical B.V.	Subsidiary of MPSC
MicroPort Orthopedics Inc.	Subsidiary of MPSC
Shanghai MicroPort Rehab Technologies Co., Ltd. * (銳可醫療科技(上海)有限公司)	Subsidiary of MPSC
MicroPort Sinica Co., Ltd. * (微創投資控股有限公司)	Subsidiary of MPSC
Shanghai Huanbo Digital Technology Co., Ltd. * (上海寰博數碼科技有限公司)	Subsidiary of MPSC
MicroPort Scientific Vascular Brazil Ltda.	Subsidiary of MPSC
MicroPort Longmai Medical Technology (Jiaxing) Co., Ltd. * (微創龍脈醫療科技(嘉興)有限公司)	Subsidiary of MPSC
Shanghai Chongduozhu Health Technology Co., Ltd. * (上海寵多助健康科技有限公司)	Subsidiary of MPSC
MicroPort Shentong Medical Technology (Shanghai) Co., Ltd. * (微創神通醫療科技(上海)有限公司)	Subsidiary of MPSC
Shanghai MicroPort Shenyi Medical Technology Co., Ltd. * (上海微創神奕醫療科技有限公司)	Subsidiary of MPSC
Shentu Medical Technology (Shanghai) Co., Ltd. * (神途醫療科技(上海)有限公司)	Subsidiary of MPSC
Dongguan Kewei Medical Equipment Co., Ltd. * (東莞科威醫療器械有限公司)	Subsidiary of MPSC
Beijing Xinling Medical Technology Co., Ltd. * (北京心凌醫療科技有限公司)	Subsidiary of MPSC

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Material related party transactions (Continued)

Name of the related party	Relationship
Shanghai MicroPort Heart Medical Technology Co., Ltd.* (上海微創心力醫療科技有限公司)	Subsidiary of MPSC
MicroPort Surgical Medical Technology (Shanghai) Co., Ltd.* (微創外科醫療科技(上海)有限公司)	Subsidiary of MPSC
Zhuque Feiyan (Shanghai) Medical Technology Co., Ltd.* (朱雀飛燕(上海)醫療科技有限公司)	Subsidiary of MPSC
Shanghai Ruitong Medical Technology Co., Ltd.* (上海銳通醫療科技有限公司)	Subsidiary of MPSC
Shanghai MicroPort Xingxi Ecological Technology Co., Ltd.* (上海微創星系生態科技有限公司)	Subsidiary of MPSC
MicroPort Shishen Medical Technology (Shanghai) Co., Ltd.* (微創視神醫療科技(上海)有限公司)	Subsidiary of MPSC
MicroPort Xindao (Shanghai) Medical Technology Co., Ltd.* (微創心導(上海)醫療科技有限公司)	Subsidiary of MPSC
Shanghai MicroPort Weimei Medical Technology (Group) Co., Ltd.* (上海微創惟美醫療科技(集團)有限公司)	Subsidiary of MPSC
Shanghai Zuoxin Medical Technology Co., Ltd.* (上海佐心醫療科技有限公司)	Subsidiary of MPSC
MicroPort Pte. LTD.	Subsidiary of MPSC
Shenzhen MicroPort Tracking Medical Equipment Co., Ltd.* (深圳微創蹤影醫療設備有限公司)	Subsidiary of MPSC
Shanghai MicroPort Xuanlv Medical Technology Co., Ltd.* (上海微創旋律醫療科技有限公司)	Subsidiary of MPSC
Shanghai MicroPort Biotechnology Co., Ltd.* (上海微創生成生物技術有限公司)	Subsidiary of MPSC
MicroPort Scientific (Shanghai) Co., Ltd.* (上海微創醫療科學技術有限公司)	Subsidiary of MPSC
MicroPort Scientific GmbH	Subsidiary of MPSC
Tianniuyan	Subsidiary of MPSC
MicroPort Orthopedics Japan K.K.	Subsidiary of MPSC
MicroPort International Corp. Limited	Subsidiary of MPSC
Shanghai Differential Digital Technology Co., Ltd.* (上海微創分數數字科技有限公司)	Subsidiary of MPSC
Zhejiang AccuPath Zhizao Technology (Group) Co., Ltd.* (浙江脈通智造科技(集團)有限公司)	Equity-accounted investee of MPSC



# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (b) Material related party transactions (Continued)

Name of the related party	Relationship
SuZhou ProSteri Medical Technology Co., Ltd.* (蘇州諾潔醫療技術有限公司)	Equity-accounted investee of MPSC
AccuTarget MediPharma (Shanghai) Co., Ltd.* (上海導向醫療系統有限公司)	Equity-accounted investee of MPSC
Shanghai SafeWay Co., Ltd.* (上海安助醫療科技有限公司)	Equity-accounted investee of MPSC
Suzhou MicroPort Regenerative Medicine Technology Co., Ltd.* (蘇州微創再生醫學科技有限公司)	Equity-accounted investee of MPSC
MicroPort Youtong Medical Technology (Jiaxing) Co., Ltd.* (微創優通醫療科技(嘉興)有限公司)	Equity-accounted investee of MPSC
Shanghai MicroPort Tianlai Medical Technology Co., Ltd.* (上海微創天籟醫療科技有限公司)	Equity-accounted investee of MPSC
Shanghai Nuocheng Testing Co., Ltd.* (上海諾誠檢測有限)	Equity-accounted investee of MPSC
Suzhou Nuocheng Testing Co., Ltd.* (蘇州諾誠檢測有限公司)	Equity-accounted investee of MPSC
Suzhou Reveda Medtech Co., Ltd.* (蘇州悅膚達醫療科技有限公司)	Equity-accounted investee of MPSC
Wuhan Gangya Medical Technology Co., Ltd.* (武漢港亞醫療科技有限公司)	Equity-accounted investee of MPSC
Suzhou Jingjie Medical Technology Co., Ltd.* (蘇州競捷醫療科技有限公司)	Equity-accounted investee of MPSC
Shanghai MicroPort Life Science and Technology Co., Ltd.* (上海微創生命科技有限公司)	Subsidiary of Associated Natural Person
Cathbot	Equity-accounted investee of the Group
Shanghai IntBot Robotics Co., Ltd.* (上海介航機器人有限公司) (“IntBot”)	Equity-accounted investee of the Group

\* English translation is for identification purpose only.

Note:

TargBot became a subsidiary of the Group during the year ended 31 December 2023. The transactions with TargBot from 1 January 2023 to the date that the Group obtained control over TargBot were disclosed as related party transactions.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (c) Other material transactions

Particulars of the Group's other material transactions with related parties are as follows:

	2024 RMB'000	2023 RMB'000
Sales of goods to subsidiaries and equity-accounted investees of MPSC, and a former equity-accounted investee	96,087	26,980
Service fee charge to subsidiary of MPSC and equity-accounted investee of the Group	483	—
Purchase of goods from subsidiaries and equity-accounted investees of MPSC	11,253	1,247
Service fee charged by subsidiaries and equity-accounted investees of MPSC	17,928	18,904
Payment on behalf of the equity-accounted investees	1,929	1,401
Payment on behalf of the Group by subsidiaries of MPSC	1,520	901
Loans from MPSC and a subsidiary of MPSC	99,091	—
Loan deposit paid to a subsidiary of MPSC	600	—
Repayment of loan from the MPSC and the corresponding interest expense	50,091	—
Interest charged by a subsidiary of MPSC	1,728	—
Loan to an Equity-accounted investee of the Group	5,990	—
Interest charged to an equity-accounted investee of the Group	20	—
Sales of property, plant and equipment to subsidiaries and equity-accounted investees of MPSC	170	835

Addition to above, in May 2023, the Company issued maximum guarantees amounting to RMB15,000,000 to a bank in respect of the banking facilities of IntBot (an equity-accounted investee). As at 31 December 2024, IntBot has fully repaid the bank loans and the guarantee was terminated.

### (d) Leasing arrangements

In November 2020, the Group entered into three-year leases in respect of certain leasehold properties from Suzhou Orthopaedics. At the commencement date of the lease, the Group recognised a right-of-use asset of RMB4,455,000 and a lease liability of RMB4,455,000. At 31 December 2024, the outstanding balance of lease liability was nil (31 December 2023: RMB1,041,000).

In January 2024, the Group entered into one-year leases in respect of certain leasehold properties from Suzhou Orthopaedics. The rental fee is RMB1,181,000 per annum.

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 31 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

### (e) Related party balances

The outstanding balances arising from the above transactions as at the end of each of the reporting periods are as follows:

	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>Receivables from related parties</b>		
Trade related	31,598	5,276
Non-trade related	9,033	4,646
<b>Amounts due to related parties</b>		
Trade related	6,134	5,587
Non-trade related	10,775	16,903
<b>Interests due to related parties</b>	356	356
<b>Secured loans due to a related party</b>	50,728	—

### (f) Applicability of the Listing Rules relating to connected transactions

Except for the transactions with equity-accounted investees of the Group, the above related party transactions with MPSC and its subsidiaries and equity-accounted investees of MPSC constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided under the paragraph "Continuing Connected Transactions" in the report of the directors, except certain transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 32 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	31 December 2024 RMB'000	31 December 2023 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment	244,651	273,166
Intangible assets	1,854	3,631
Trade receivables	2,579	—
Investments in subsidiaries	238,351	423,356
Equity-accounted investees	11,887	16,300
Other non-current assets	35,298	34,734
	534,620	751,187
<b>Current assets</b>		
Inventories	98,246	129,405
Trade and other receivables	754,506	712,040
Cash and cash equivalents	440,401	417,999
	1,293,153	1,259,444
<b>Current liabilities</b>		
Interest-bearing borrowings	220,826	370,357
Trade and other payables	224,771	262,026
Contract liabilities	6,231	9,984
Lease liabilities	34,113	41,005
Provisions	13,309	4,406
	499,250	687,778
<b>Net current assets</b>	793,903	571,666
<b>Total assets less current liabilities</b>	1,328,523	1,322,853
<b>Non-current liabilities</b>		
Interest-bearing borrowings	357,975	99,700
Contract liabilities	12,115	3,710
Lease liabilities	21,814	54,303
Deferred income	67,835	45,659
Provisions	637	82
	460,376	203,454
<b>NET ASSETS</b>	868,147	1,119,399
<b>CAPITAL AND RESERVES (note 28(a))</b>		
Share capital	1,006,194	958,594
Reserves	(138,047)	160,805
<b>TOTAL EQUITY</b>	868,147	1,119,399

# Notes to the Financial Statements (Continued)

(Expressed in Renminbi unless otherwise indicated)

## 33 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

As at 31 December 2024, the directors consider the immediate parent of the Company to be Shanghai Latent AI Technology Co., Ltd. (上海默化人工智能科技有限公司), which is incorporated in the PRC and does not produce financial statements available for public use.

As at 31 December 2024, the directors consider the ultimate controlling party of the Company is MPSC, which is incorporated in the Cayman Islands. MPSC is listed on the Main Board of the Stock Exchange and produces financial statements available for public use.

## 34 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates</i> — <i>Lack of exchangeability</i>	1 January 2025
Amendments to HKFRS 9, <i>Financial instruments and HKFRS 7, Financial instruments: disclosures</i> — <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to HKFRS 10 and HKAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



# Definitions

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

"2024 AGM"	the annual general meeting of the Company for 2024 to be convened and held in such manner to be determined by the Company
"2024 Master Products Procurement Agreement"	the master products procurement agreement entered into between the Company and MicroPort on 6 December 2023
"2024 Master Services Procurement Agreement"	the master services procurement agreement entered into between the Company and MicroPort on 6 December 2023
"2024 Sales Framework Agreement"	the sales framework agreement entered into between the Company and MicroPort on 6 December 2023
"Articles of Association"	the articles of association of the Company from time to time
"ANVISA"	Brazilian Health Regulatory Agency
"Audit Committee"	the audit 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
"CE"	French acronym for "Communate Européene"
"CG Code"	the corporate governance code contained in Appendix C1 to the Listing Rules
"Company" or "we" or "us" or "our" or "MedBot"	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, 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 report, 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

## Definitions (Continued)

"Domestic Share(s)"	ordinary Share(s) 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
"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 Share(s) converted into H Share(s) upon the Domestic Share(s) been approved for full circulation under the full circulation scheme
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing"	the listing of the H Shares on the main board of the Stock Exchange
"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, the shares of which are listed on the main board of the Stock Exchange (Stock Code: 853), being one of the controlling shareholders of the Company
"MicroPort CardioFlow"	MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 10 January 2019, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2160)
"MicroPort Group"	MicroPort and its subsidiaries
"MicroPort Sinica"	MicroPort Sinica Co., Ltd. (微創投資控股有限公司), a company established in the PRC with limited liability, being one of the controlling shareholders of the Company
"MicroPort Vision Power"	MicroPort Vision Power MedTech Shanghai Co., Ltd. (微創視神醫療科技(上海)有限公司), a company established in the PRC with limited liability

## Definitions (Continued)

"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.
"Nomination Committee"	the nomination committee of the Company
"NMPA"	National Medical Products Administration of the PRC
"PRC" or "China"	the People's Republic of China, for the purpose of this report, 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
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Company
"Reporting Period"	the twelve months period ended 31 December 2024
"RMB"	Renminbi, the lawful currency of the PRC
"Robocath"	Robocath S.A.S, a company incorporated in France with limited liability on 9 October 2009
"R-ONE"	R-ONE Vascular Interventional Robot
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
"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

## Definitions (Continued)

"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
"Shanghai Lantian"	Shanghai Lantian Enterprise Management Consultation Center (Limited Partnership) (上海藍恬企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"Shanghai Latent"	Shanghai Latent Artificial Intelligence Co., Ltd. (上海默化人工智能科技有限公司), a company established in the PRC with limited liability and is one of our controlling shareholders
"Shanghai Lingmin"	Shanghai Lingmin Enterprise Management Consultation Center (Limited Partnership) (上海鈴敏企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"Shanghai Maitian"	Shanghai Maitian Enterprise Management Consultation Center (Limited Partnership) (上海邁恬企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"Shanghai Qinghe"	Shanghai Qinghe Enterprise Management Consultation Center (Limited Partnership) (上海擎赫企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"Shanghai Qingmin"	Shanghai Qingmin Enterprise Management Consultation Center (Limited Partnership) (上海擎敏企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"Shanghai Qingzhen"	Shanghai Qingzhen Enterprise Management Consultation Center (Limited Partnership) (上海擎禎企業管理諮詢中心(有限合夥)), a limited liability partnership established in the PRC
"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 and is a subsidiary of the Company at the end of the Reporting Period
"Share(s)"	ordinary share(s) of the Company, comprising of Domestic Shares and H Shares
"Share Award Scheme"	the H share award scheme approved on the Company's 2022 first extraordinary general meeting convened on 10 February 2022

## Definitions (Continued)

"Share Option Scheme"	the Share Option Scheme approved on each of the Company's 2022 second extraordinary general meeting, 2022 first domestic shareholders' class meeting and 2022 first H shareholders' class meeting convened on 17 March 2022
"Shareholder(s)"	holder(s) of the Shares
"SkyWalker"	SkyWalker® Orthopedic Surgical Robot (registered name in China)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy and Development Committee"	the strategy and development committee of the Company
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Supervisor(s)"	the supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"TGA"	Therapeutic Goods Administration
"Trans-bronchial Surgical Robot"	Robot-assisted Bronchoscopy Navigation System
"UKCA"	United Kingdom Conformity Assessed
"%"	per cent





**MEDBOT™**  
**微创机器人**

INTELLIGENT SURGERY TOTAL SOLUTION PROVIDER