



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

(a joint stock company incorporated in People's Republic of China with limited liability)  
Stock Code: 2252

# 2022 Interim Report







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# CORPORATE INFORMATION

## **DIRECTORS**

### **Executive Director**

Dr. He Chao (*President*)

### **Non-Executive Directors**

Mr. Sun Hongbin (*Chairperson*)

Mr. Sun Xin

Mr. Chen Chen

### **Independent Non-Executive Directors**

Dr. Li Minghua

Mr. Yao Haisong

Mr. Mui Wing Hong<sup>1</sup>

Ms. Lee Kit Ying<sup>2</sup>

### **Supervisors**

Mr. Zhang Jie

Ms. Zhang Lihong

Mr. Yuan Shuai

## **COMPANY SECRETARY**

Ms. Hui Yin Shan

## **AUTHORIZED REPRESENTATIVES**

Mr. Sun Hongbin

Ms. Hui Yin Shan

## **AUDIT COMMITTEE**

Mr. Mui Wing Hong<sup>1</sup> (*Chairperson*)

Dr. Li Minghua

Mr. Sun Xin

Ms. Lee Kit Ying<sup>2</sup>

## **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>1</sup>

Dr. He Chao

Ms. Lee Kit Ying<sup>2</sup>

## **STRATEGY AND DEVELOPMENT COMMITTEE**

Mr. Sun Hongbin (*Chairperson*)

Dr. He Chao

Dr. Li Minghua

## **REGISTERED OFFICE IN THE PEOPLE'S REPUBLIC OF CHINA**

Room 101, Area B, Building 1

1601 Zhangdong Road

China (Shanghai) Pilot Free Trade Zone

Shanghai

PRC

## **HEADQUARTERS 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**

5/F

Manulife Place

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Kowloon

Hong Kong

<sup>1</sup> The appointment was effective from 21 June 2022

<sup>2</sup> The resignation was effective from 21 June 2022

## **AUDITORS**

KPMG

*Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance*

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

## **LEGAL ADVISERS**

Sidley Austin

## **COMPLIANCE ADVISER**

Somerley Capital Limited  
20/F China Building  
29 Queen's Road Central, Central  
Hong Kong

## **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 Co., Ltd.,  
Shanghai Zhangjiang Branch  
Shanghai Pudong Development Bank Co., Ltd.,  
Zhangjiang Innovation Subbranch  
China Merchants Bank Co., Ltd.,  
Shanghai Honghou Stadium Branch

# FINANCIAL HIGHLIGHTS

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June	As at 31 December
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Audited)
Non-current assets	818,358	697,658
Current assets	1,720,112	2,094,226
Total assets	2,538,470	2,791,884
Non-current liabilities	172,129	167,263
Current liabilities	381,779	234,469
Total liabilities	553,908	401,732
Total equity	1,984,562	2,390,152

# COMPANY PROFILE

We are a leading first-tier surgical robot company and are 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 research and development (the “R&D”), innovation and armed with industry experience accumulated for years, the Group has developed into a collectivized 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 a product portfolio covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures. We have accumulated several products at various stages of R&D, clinical trial, registration and commercialization. Toumai, DFVision and Honghu, flagship products of the Company, have all passed through Green Path and been approved for launch.

## VISION

Build a globalized 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



# PRESIDENT'S STATEMENT



*Executive Director and President*  
**Dr. He Chao**

## **Dear Investors,**

We have devoted ourselves to the R&D of medical robots with core technologies since 2014, and have become the only global surgical robot company with business covering the five major and fast-growing surgical specialties of laparoscopic, orthopedic, panvascular, natural orifice and percutaneous surgical procedures to date. With our underlying technology that covers the whole chain, the in-depth cooperation between the industry, universities, research institutions and hospitals, as well as our experience and continuous exploration in diversified operation model, we have built a globalized medical robots total solution innovation platform. Besides, we have expedited and led the innovation and development of Chinese surgical robot technology, and will influence the development trend of the global surgical robot industry.

In recent years, we saw the fluctuation of the COVID-19 pandemic, a complicated and ever-changing international geopolitical environment, the progress in China's health insurance system reform breaking down the original landscape of the medical industry, which had made it more clear to us that innovative proprietary technologies is the only solution to breaking through the "bottleneck" in core technology faced by high-end medical device industry in China. Only if we can always

remember why we started, have ambition and vision, dedication and determination, we can adapt to the ever-changing market environment. We also understand that determination and commitment in innovation and affordability are the foundation for the development of medical industry, and is crucial to realize our belief of "Make surgery easier, safer, and less invasive".

In the first half of 2022, despite the challenges brought by the repeated outbreak of COVID-19, with the unremitting efforts of all our employees, the Group still achieved steady improvement in key areas of our results. For example, our flagship products were successively approved for marketing, clinical trials of our R&D projects were successively commenced or completed. We have also made further progress on the training of doctors and clinical verification work, which has further consolidated the Company's leading position in the industry.

Toumai, the Group's Core Product, was approved for launch by NMPA during the Reporting Period, becoming the first and only four-arm laparoscopic surgical robot developed by a Chinese enterprise and approved for launch to date. Honghu, one of the Group's flagship products, was also approved by the NMPA during the Reporting Period, becoming the first and the only Chinese-developed orthopedic surgical robot approved for launch by NMPA equipped with a self-developed robotic arm with proprietary intellectual property right to date. Besides, Honghu also obtained a 510(k) clearance from the FDA in July 2022, becoming the first and the only Chinese surgical robot cleared by the FDA to date. In respect of natural orifice surgery, our Trans-bronchial Surgical Robot has completed the first-in-man (FIM) clinical trial by a Chinese-developed trans-bronchial surgical robot. We have also achieved outstanding progress in the R&D and clinical trial of the innovative products jointly developed with international partners. R-ONE has completed all enrollment for registrational clinical trials in China, becoming the first cardiovascular interventional surgical robot system in China that has completed multicenter registrational clinical trials, and Mona Lisa has completed the registrational clinical trial in China, and has submitted registration application to NMPA.



The Group has made satisfactory progress on the R&D of core underlying technologies and pipeline products, and at the meantime, we have continuously strengthened our efforts on the R&D of cutting-edge technologies, and have invested substantial resources on 5G remote surgery, hoping that it can enhance the capability of hospitals in remote and underdeveloped areas in performing surgeries of high complexity and difficulty, solving the problem of patients need to travel to other cities to receive medical services, with an aim to let the general public to have surgery performed remotely by top-tier medical experts without having to travel long distances. During the Reporting Period, Toumai has successfully completed the first longest-distance 5G ultra-remote robotic surgery in the world to date. The above has made it possible to make surgical robots affordable, and empowered the primary medical institutions nationwide and worldwide to improve the quality and standard of diagnosis and treatment services.

For our commercial operation, despite the adverse impact of the epidemic, the Group still achieved leapfrog development in marketing and clinical training. During the Reporting Period, we have commenced cooperation with nearly 100 hospitals for Toumai and Honghu respectively, and have successfully completed more than 1,000 surgeries for clinical verification and doctor training. This large scale verification in real scenario has fully demonstrated the safety and efficacy of the major products of the Company.

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

While developing our business in China's surgical robot market, the Group continued its globalization process. As Honghu has received clearance from the U.S. FDA, the Company has already started its commercialization in the U.S. market. At present, the Company has established the first training center in the U.S. for doctor training, and our overseas R&D center in the U.S. is still under construction. With the innovative ideas and resources in the field of surgical robots we obtained from the international market, we have expedited our globalization process.

With our effort in exploring "Intelligent Manufacturing in China", we have received recognitions and awards from various parties: in March 2022, Toumai won the "Red Dot Award: Product Design 2022", becoming the first Asian laparoscopic surgical robot receiving this award; in July 2022, we are named as the "50 Smartest Companies" of 2021 by MIT Technology Review, becoming the first surgical robot company in China being included on the list; in August 2022, Toumai received the SAIL Award, the most prestigious award presented at World Artificial Intelligence Conference 2022.

In the second half of 2022 and the future, we will steadily strengthen our R&D and innovation capability to improve the product line of comprehensive solutions for intelligent surgery, accelerate the commercialization of pipeline products, so as to optimize the medical robot innovation platform with strong potential, and continue to strive for the growth of domestic surgical robot industry and the wide range clinical application of domestic surgical robot.

With the dedication of all our staff to the business and development of the Group, we have achieved satisfactory results in the first half of 2022. I would like to take this chance to express my sincere gratitude to our colleagues for their support and contribution. Since our listing on the Main Board of the Hong Kong Stock Exchange in November 2021, our achievement and development have come under the spotlight. I would also like to take this opportunity to express my heartfelt gratitude to our shareholders, investors and various sectors for their trust and support on us.

**Dr. He Chao**  
*President*

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDUSTRY OVERVIEW

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

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

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

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

(《CHS-DRG 付費新藥新技術除外支付管理辦法》(試行)) for the first time on a trial basis, pursuant to which, all eligible drugs and medical devices can be applied for inclusion in the excepted items payment channel, which can guide and regulate medical behaviors, and at the same time fully stimulate the innovation momentum of new drugs and new medical technologies.

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

### **BUSINESS PROGRESS**

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

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

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

# Management Discussion and Analysis (Continued)

## Our Research and Development and Product Pipeline

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

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

The following table summarizes 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 (圖邁) Laparoscopic Surgical Robot	Urologic surgery ▲	III	[Progress bar]			
			Gynecologic surgery		[Progress bar]			
			Thoracic surgery		[Progress bar]			
	General surgery	[Progress bar]						
	Laparoscopic Surgery	Toumai (圖邁) Single-arm Laparoscopic Surgical Robot	Urologic surgery, gynecologic surgery and general surgery	III	[Progress bar]			
			DFVision (蜻蜓眼) 3D Electronic Laparoscope		Laparoscopic surgeries for abdominal, thoracic and pelvic organs ▲	III	[Progress bar]	
	Orthopedic Surgery	Honghu (鴻鵠) Orthopedic Surgical Robot	Total knee arthroplasty ▲ ●	II (FDA)	[Progress bar]			
				IIb (CE)	[Progress bar]			
			Total hip arthroplasty	III	[Progress bar]			
		Spine Surgical Robot	Spine surgery	III	[Progress bar]			
	Natural Orifice Surgery	Trans-bronchial Surgical Robot	Trans-bronchial diagnosis & treatment	III	[Progress bar]			
Panvascular Surgery	TAVR Surgical Robot	Heart valve replacement surgery	III	[Progress bar]				
	R-ONE Vascular Interventional Surgical Robot	Coronary angioplasty	III	[Progress bar]				
International Collaboration	Percutaneous Surgery	Thoracic and Abdominal Puncture Surgical Robot	Percutaneous lung biopsy	III	[Progress bar]			
			Percutaneous liver biopsy		[Progress bar]			
		iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System	Transperineal prostate biopsy	III	[Progress bar]			

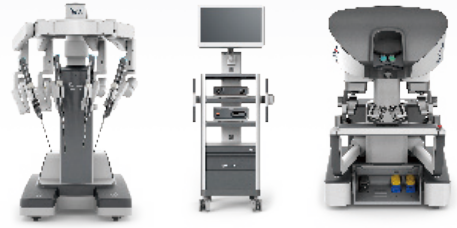
▲ Products approved by the NMPA

▭ Products entered into Green Path

● Products with FDA 510(k) clearance

## Toumai Laparoscopic Surgical Robot – Our Core Product

Toumai, the Core Product of the Company, is a laparoscopic surgical robot designed and developed by the Group for a wide range of surgical procedures, which enables complex surgeries to adopt a minimally invasive approach. The agility of robotic arms allows greater precision in operations, enhances the safety of surgery and reduces surgeon fatigue. Seated comfortably at the console, a surgeon views an immersive 3DHD image of the surgical field and manipulates the surgical instruments inside the patient's body by controlling the robotic arms. Toumai provides surgeons with a range of motions analogous to those of human wrists, while filtering out the tremors inherent in human hands. With 5G remote technology, Toumai can minimize the latency of imaging and manipulation by taking advantage of three-dimensional imagery synchronous transmission and reproduction technology, it also allows real-time network communication quality monitoring and the issuing of early warnings, in order to ensure a safe and smooth surgery.



Toumai has obtained the registration certificate for launch to be used in urological surgery issued by the NMPA in January 2022, becoming the first and only four-arm laparoscopic surgical robot developed by a Chinese enterprise and approved for launch as at the date of this report.

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

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

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

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

### Toumai Single-arm Laparoscopic Surgical Robot

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

### DFVision 3D Electronic Laparoscope

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

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



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



### Honghu Orthopedic Surgical Robot

Honghu is an orthopedic surgical robot designed for joint replacement surgery independently developed by the Group. It enjoys technical advantages such as precise operation, efficient synergy, safety protection and strong compatibility. Before surgery, its planning system can assist surgeons to formulate personalized prosthesis implantation plans based on patients' preoperative CT scan data and prosthesis model data. During surgery, the precise positioning from surgical planning and the utilization of registration technology in combination with the self-developed highly dexterous



and lightweight robotic arm(s) allow for an osteotomy to be quickly completed, thus helping to improve the accuracy and efficiency of the operation. Honghu avoids the need for positioning the medullary cavity in traditional surgery. As there is no intramedullary rod implantation during the surgery, Honghu reduces surgical damage and blood loss, improves the postoperative lower limb alignment, reduces surgical complications, and helps patients achieve faster recovery after surgery.

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

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

### Trans-bronchial Surgical Robot

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

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

### R-ONE Vascular Interventional Surgical Robot

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



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

### iSR'obot™ Mona Lisa Robotic Transperineal Prostate Biopsy System

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



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

### CUTTING-EDGE TECHNOLOGY

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

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

### **RESEARCH AND DEVELOPMENT**

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

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

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

### **CAPABILITY OF COMMERCIALIZATION**

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

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

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

### MANUFACTURING AND SUPPLY CHAIN

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

### HUMAN RESOURCES AND PERSONNEL TRAINING

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

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

### INTELLECTUAL PROPERTY

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

### OUTLOOK

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

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

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

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

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

#### 3. Continue to Promote globalization strategy

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



## FINANCIAL REVIEW

### Overview

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

### Revenue

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

### Selling and Marketing Expenses

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

### Administrative Expenses

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

### Research and Development Costs

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

## Management Discussion and Analysis (Continued)

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

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Staff costs	179,398	86,267
Cost of materials and consumables	96,512	52,749
Contracting costs	20,970	10,356
Clinical trial expenses	5,509	4,759
Others <sup>(1)</sup>	34,022	5,941
<b>Total</b>	<b>336,411</b>	<b>160,072</b>

Note:

(1) Including depreciation and amortization and others expenses in relation to R&D.

### Other Operating Expenses

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

### Other Net Income

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

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

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

### Finance Costs

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

### Share of Losses of Equity-Accounted Investees

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

### Non-HKFRS Measures

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


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

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

Notes:

(1) Share-based payments 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 nonoperating performance related factors that are not closely or directly related to our business activities.

(2) Listing expenses are one-off expenses in relation to the Listing.



## Management Discussion and Analysis (Continued)

### Inventories

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

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

### Lease Liabilities

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

### Capital Expenditure

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

### Contingent Liabilities

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

### Employees and remuneration policies

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

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL MANAGEMENT

### Cash Position

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

### Capital Management

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

### Exposure to Foreign Exchange Fluctuation

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

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

### Borrowings and Gearing Ratio

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

### Net Current Assets

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

### Charge on Assets

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

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

## USE OF NET PROCEEDS

### Initial Public Offering on the Stock Exchange

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

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

## Management Discussion and Analysis (Continued)

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

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the full exercise of the over-allotment option		Unutilized net proceeds as at 1 January 2022	Actual use of net proceeds for the period from 1 January 2022 to 30 June 2022	Unutilized net proceeds as at 30 June 2022	Expected timeline of the intended use of proceeds
	HK\$'million	Approximate percentage	HK\$'million	HK\$'million	HK\$'million	
<b>For Toumai</b>	588.91	35.0	588.27	142.70	445.57	by the first half of 2023
— ongoing R&D activities of Toumai	336.52	20.0	335.88	115.14	220.74	by the first half of 2023
• for further refinement	33.65	2.0	33.01	14.20	18.81	by the first half of 2023
• for application expansion to gynecologic, thoracic and general surgeries	100.96	6.0	100.96	25.64	75.32	by the first half of 2023
• for product refinement per clinical feedback and product upgrade toward the next generation of Toumai	201.91	12.0	201.91	75.30	126.61	by the first half of 2023
— the commercialization of Toumai	252.39	15.0	252.39	27.56	224.83	by the first half of 2023
<b>For orthopedic surgical robots</b>	353.35	21.0	353.35	13.26	340.09	by the first half of 2023
— ongoing R&D of Honghu	168.26	10.0	168.26	13.26	155.00	by the first half of 2023
• for application expansion to other joint replacement procedures	92.54	5.5	92.54	13.26	79.28	by the first half of 2023
• for continuous refinements and upgrades	75.72	4.5	75.72	—	75.72	by the first half of 2023
— commercialization of Honghu	107.69	6.4	107.69	—	107.69	by the first half of 2023
— research and development of other orthopedic surgical robots	77.40	4.6	77.40	—	77.40	by the first half of 2023



## Management Discussion and Analysis (Continued)

	Planned use of net proceeds as stated in the Prospectus and taking into account the net proceeds received from the full exercise of the over-allotment option		Unutilized net proceeds as at 1 January 2022	Actual use of net proceeds for the period from 1 January 2022 to 30 June 2022	Unutilized net proceeds as at 30 June 2022	Expected timeline of the intended use of proceeds
	HK\$'million	Approximate percentage	HK\$'million	HK\$'million	HK\$'million	
<b>For the Group's other product candidates</b>	319.69	19.0	319.41	75.74	243.67	by the first half of 2023
— (i) the development of our other pipeline products in other surgical specialties, including our trans-bronchial surgical robot and TAVR surgical robot and (ii) the development of new robotic technologies and products to replenish our pipeline	235.56	14.0	235.56	75.74	159.82	by the first half of 2023
— the development and commercialization of the surgical robots under our collaboration with international partners, including R-ONE with Robocath, ANT with NDR and Mona Lisa with Biobot	84.13	5.0	83.85	—	83.85	by the first half of 2023
<b>Enhance our manufacturing capacities and supply chain management capabilities</b>	84.13	5.0	84.13	6.72	77.41	by the first half of 2023
<b>Expand our product portfolio with innovative robotic technologies and products</b>	168.26	10.0	168.26	85.89	82.37	by the first half of 2023
<b>Working capital and general corporate purposes</b>	168.26	10.0	168.26	12.22	156.04	by the first half of 2023

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

# CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As at 30 June 2022, 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 10 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	621,906,912	1,2,3	Interest in a controlled corporation	Long position	65.33%
Mr. Yuan Shuai	H Shares	557,001,874	2,3,4	Interest in a controlled corporation	Long position	58.51%

Notes:

- (1) Dr. He Chao was the general partner of Shanghai Qingmin. Shanghai Qingmin held 96,013,252 Shares as at 30 June 2022. 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. Mr. Yuan Shuai was the general partner of Shanghai Qinghe. Shanghai Qinghe held 25,162,653 Shares as at 30 June 2022. By virtue of the SFO, each of Dr. He Chao and Mr. Yuan Shuai 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. Mr. Yuan Shuai was the general partner of Shanghai Qingzhen. Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert pursuant to a concert party agreement. Shanghai Qingzhen held 16,963,831 Shares as at 30 June 2022. Shanghai Latent held 483,767,176 Shares as at 30 June 2022. By virtue of the SFO, each of Dr. He Chao and Mr. Yuan Shuai was deemed to be interested in the Shares held by Shanghai Qingzhen.
- (4) Mr. Yuan Shuai was the general partner of Shanghai Songqing. Shanghai Songqing held approximately 36.66% interest in Shanghai Qingxing, which held 31,108,214 Shares. By virtue of the SFO, Mr. Yuan Shuai was deemed to be interested in the Shares held by Shanghai Qingxing.

## 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%
	Shanghai Targbot	5,000,000	2	Interest in a controlled corporation	Long position	20.00%
Mr. Sun Hongbin	MicroPort	9,432,321	3	Beneficial owner	Long position	0.52%
	MicroPort CardioFlow	1,343,935	4	Beneficial owner	Long position	0.06%
Mr. Zhang Jie	MicroPort	411,655	5	Beneficial owner	Long position	0.02%
	MicroPort CardioFlow	200,000	6	Beneficial owner	Long position	0.01%
	MicroPort Vision Power	14,000,000	7	Interest in a controlled corporation	Long position	13.08%
Ms. Zhang Lihong	MicroPort	607,799	8	Beneficial owner	Long position	0.03%
	MicroPort CardioFlow	262,262	9	Beneficial owner	Long position	0.01%
Mr. Yuan Shuai	Shanghai Intbot	3,000,000	10	Interest in a controlled corporation	Long position	30.00%

## Corporate Governance and Other Information (Continued)

### 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) Dr. He Chao held 50% of the interest in Shanghai Youlong as its general partner. Shanghai Youlong held 20% of the equity interest in Shanghai Targbot, a company owned as to 41% by our Company and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Dr. He Chao was deemed to be interested in the interest in which Shanghai Youlong is interested.
- (3) Mr. Sun Hongbin was interested in (i) 7,840,968 shares; and (ii) 1,591,353 underlying shares of MicroPort.
- (4) Mr. Sun Hongbin was interested in (i) 593,935 shares; and (ii) 750,000 underlying shares of MicroPort CardioFlow.
- (5) Mr. Zhang Jie was interested in (i) 70,158 shares; and (ii) 341,497 underlying shares of MicroPort.
- (6) Mr. Zhang Jie was interested in 200,000 underlying shares of MicroPort CardioFlow.
- (7) Mr. Zhang Jie was the general partner of Shanghai Maitian and Shanghai Lantian. Shanghai Maitian and Shanghai Lantian held in aggregate 13.1% interest in MicroPort Vision Power, an indirect non-wholly owned subsidiary of MicroPort. By virtue of the SFO, Mr. Zhang Jie was deemed to be interested in the interest which Shanghai Maitian and Shanghai Lantian held.
- (8) Ms. Zhang Lihong was interested in (i) 103,085 shares; and (ii) 504,714 underlying shares of MicroPort.
- (9) Ms. Zhang Lihong was interested in (i) 62,262 shares; and (ii) 200,000 underlying shares of MicroPort CardioFlow.
- (10) Mr. Yuan Shuai held 50% of the interest in Shanghai Lingmin as its limited partner. Shanghai Lingmin held 30% of the equity interest in Shanghai Intbot, a company owned as to 40% by our Company and therefore an associated corporation of our Company under the SFO. By virtue of the SFO, Mr. Yuan Shuai was deemed to be interested in the interest in which Shanghai Lingmin is interested.

Save as disclosed above, as at 30 June 2022, 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.

### **INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2022, 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 and underlying Shares 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	Long position	52.60%	52.24%
				Interest held jointly with another person			
MicroPort Sinica	H Shares	500,731,007	1	Interest in a controlled corporation	Long position	52.60%	52.24%
MicroPort	H Shares	500,731,007	1	Interest in a controlled corporation	Long position	52.60%	52.24%
Shanghai Qingzhen	H Shares	500,731,007	2	Beneficial owner	Long position	52.60%	52.24%
				Interest held jointly with another person			
Shanghai Qingmin	H Shares	96,013,252		Beneficial owner	Long position	10.09%	10.02%
Ms. Ji Shufang	H Shares	621,906,912	3	Interest of spouse	Long position	65.33%	64.88%
Ms. Wu Kaili	H Shares	557,001,874	4	Interest of spouse	Long position	58.51%	58.11%
Zhuhai Gao Ling	H Shares	71,972,764	5	Beneficial owner	Long position	7.56%	7.51%
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")							
Shenzhen Gao Ling Muqi	H Shares	71,972,764	5	Interest in a controlled corporation	Long position	7.56%	7.51%
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")							
Xiamen Gao Ling Ruiqi	H Shares	71,972,764	5	Interest in a controlled corporation	Long position	7.56%	7.51%
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")							

## Corporate Governance and Other Information (Continued)

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
Shenzhen Gao Ling Tiancheng Phase III Investment Co., Ltd. (深圳高瓴天成三期投資 有限公司) (“ <b>Shenzhen Gao Ling</b> ”)	H Shares	73,772,755	5, 6	Interest in a controlled corporation	Long position	7.75%	7.70%

### 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) Shanghai Latent and Shanghai Qingzhen are parties acting-in-concert pursuant to a concert party agreement. Shanghai Qingzhen holds 16,963,831 Shares and Shanghai Latent holds 483,767,176 Shares as at 30 June 2022.
- (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) Ms. Wu Kaili is the spouse of Mr. Yuan Shuai. By virtue of the SFO, Ms. Wu Kaili is deemed to be interested in the Shares held by Mr. Yuan Shuai.
- (5) 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.
- (6) Shenzhen Gao Ling is also the general partner of Zhuhai Gao Ling Jiangheng Equity Investment LLP (珠海高瓴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 30 June 2022. 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 30 June 2022, 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.

## 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 six months ended 30 June 2022 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 during the Reporting Period; 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.



## **COMPETING BUSINESS INTERESTS OF DIRECTORS AND SUPERVISORS**

During the six months ended 30 June 2022, 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.

## **PROPOSED ISSUANCE OF A SHARES AND LISTING ON THE STAR MARKET OF THE SHANGHAI STOCK EXCHANGE**

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

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

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

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

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

## MODEL CODE FOR SECURITIES TRANSACTIONS

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

## SHARE AWARD SCHEME

The Share Award Scheme is a means of recognizing the contributions of certain eligible participants. The Share Award Scheme is not a share option scheme within the meaning of Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. A summary of the Share Award Scheme was set out in the circular of the Company dated 20 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 recognize 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 advisor of any member of the Group who the Board considers, in its sole discretion, to have contributed to the Group.

### 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, represented 9.93% 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), 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 or subscribed 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 or subscription 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.

During the period from the date of adoption of the Share Award Scheme to 30 June 2022, no Awarded Shares have been granted or agreed to be granted under the Share Award Scheme. As at the date of this report, the remaining life of the Share Option Scheme is approximately 9 years and 5 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 the Share Option Scheme in accordance with Chapter 17 of the Listing Rules.

## Corporate Governance and Other Information (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 advisors, 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 95,199,428 H Shares, represents 10% of total number of H Shares and 9.93% of the issued share capital of the Company as at the date of this report) or the Other Schemes (as the case may be). The maximum aggregate number of H Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and the Other Schemes, must not, in aggregate, exceed 30% of the total number of H Shares in issue from time to time. No options may be granted under the Share Option Scheme and the Other Schemes if this will result in such limit being exceeded.

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 the 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 dispatched 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 minimum holding period but the Board has the authority to determine for which a share option must be held before it can be exercised. 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.

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 9 years and 6 months.

During the period from the date of adoption of the Share Option Scheme to 30 June 2022, no option had been granted or agreed to be granted under the Share Option Scheme.

### **CORPORATE GOVERNANCE PRACTICES**

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

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

### **INDEPENDENT REVIEW OF AUDITOR**

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

### **AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS**

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

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

### **SUBSEQUENT EVENT**

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

## INTERIM DIVIDEND

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

## CHANGES IN INFORMATION OF DIRECTORS AND SUPERVISORS

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

<b>Name of Director and Supervisor</b>	<b>Details of changes</b>
Ms. Lee Kit Ying	Resigned as an independent non-executive Director, chairperson of the Audit Committee and a member of the Nomination Committee of the Company, effective from 21 June 2022
Mr. Mui Wing Hong	Appointed as an independent non-executive Director, chairperson of the Audit Committee and a member of the Nomination Committee of the Company, effective from 21 June 2022

## FORWARD-LOOKING STATEMENTS

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

## APPRECIATION

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

By Order of the Board

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

**Mr. Sun Hongbin**

*Chairman*

Shanghai, the PRC

26 August 2022



# INDEPENDENT AUDITOR'S REPORT



## **Review report to the board of directors of Shanghai MicroPort MedBot (Group) Co., Ltd.**

*(Incorporated in the People's Republic of China with limited liability)*

### **Introduction**

We have reviewed the interim financial report set out on pages 39 to 57 which comprises the consolidated statement of financial position of Shanghai MicroPort MedBot (Group) Co., Ltd. (the "Company") as of 30 June 2022 and the related consolidated statement of profit or loss, statement of profit or loss and other comprehensive income and statement of changes in equity and condensed consolidated cash flow statement for the six-month period then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34, *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of the interim financial report in accordance with Hong Kong Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### **Scope of review**

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## Independent Auditor's Report (Continued)

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2022 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34, *Interim financial reporting*.

### **KPMG**

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

26 August 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022 (unaudited)  
(Expressed in Renminbi)

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

The notes on pages 46 to 57 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 12(a).

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 (unaudited)  
(Expressed in Renminbi)

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

The notes on pages 46 to 57 form part of this interim financial report.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 (unaudited)  
(Expressed in Renminbi)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment	8	434,893	361,000
Intangible assets		3,150	3,074
Goodwill		1,482	1,482
Equity-accounted investees		180,320	123,537
Financial assets measured at FVPL		146,111	136,586
Other non-current assets		52,402	71,979
		<b>818,358</b>	697,658
<b>Current assets</b>			
Derivative financial instruments		—	8,958
Inventories	9	193,902	109,881
Trade and other receivables	10	42,819	24,955
Pledged deposits		6,417	9,607
Cash and cash equivalents		1,476,974	1,940,825
		<b>1,720,112</b>	2,094,226
<b>Current liabilities</b>			
Trade and other payables	11	309,815	181,510
Loan from a related party	15(b)	20,000	—
Lease liabilities		51,836	52,863
Provisions		96	96
Contract liabilities		32	—
		<b>381,779</b>	234,469
<b>Net current assets</b>		<b>1,338,333</b>	1,859,757
<b>Total assets less current liabilities</b>		<b>2,156,691</b>	2,557,415
<b>Non-current liabilities</b>			
Lease liabilities		156,111	151,813
Deferred income		15,551	14,951
Contract liabilities		70	102
Provisions		397	397
		<b>172,129</b>	167,263
<b>NET ASSETS</b>		<b>1,984,562</b>	2,390,152

The notes on pages 46 to 57 form part of this interim financial report.

## Consolidated Statement of Financial Position (Continued)

at 30 June 2022 (unaudited)  
(Expressed in Renminbi)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital	12	958,594	958,594
Reserves		1,033,169	1,434,548
<b>Total equity attributable to equity shareholders of the Company</b>		<b>1,991,763</b>	2,393,142
<b>Non-controlling interests</b>		<b>(7,201)</b>	(2,990)
<b>TOTAL EQUITY</b>		<b>1,984,562</b>	2,390,152

Approved and authorised for issue by the board of directors on 26 August 2022.

**Sun Hongbin**  
Chairman

**He Chao**  
Director

The notes on pages 46 to 57 form part of this interim financial report.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022 (unaudited)  
(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
		Share capital	Share premium	Capital reserve	Exchange reserve	Other reserve	Accumulated losses			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2021</b>		900,000	618,752	15,800	(5,256)	48,628	(135,068)	1,442,856	(1,404)	1,441,452
<b>Changes in equity for the six months ended 30 June 2021:</b>										
Loss for the period		—	—	—	—	—	(241,965)	(241,965)	(595)	(242,560)
Other comprehensive income		—	—	—	(1,428)	—	—	(1,428)	—	(1,428)
<b>Total comprehensive income</b>		—	—	—	(1,428)	—	(241,965)	(243,393)	(595)	(243,988)
Capital contributions by investors		16,964	11,686	—	—	—	—	28,650	—	28,650
Equity-settled share-based transactions	12(b)	—	—	36,201	—	—	—	36,201	—	36,201
<b>Balance at 30 June 2021 and 1 July 2021</b>		916,964	630,438	52,001	(6,684)	48,628	(377,033)	1,264,314	(1,999)	1,262,315
<b>Changes in equity for the six months ended 31 December 2021:</b>										
Loss for the period		—	—	—	—	—	(340,956)	(340,956)	(991)	(341,947)
Other comprehensive income		—	—	—	(2,525)	—	—	(2,525)	—	(2,525)
<b>Total comprehensive income</b>		—	—	—	(2,525)	—	(340,956)	(343,481)	(991)	(344,472)
Shares issued upon the completion of initial public offering, net of transaction costs		36,200	1,196,257	—	—	—	—	1,232,457	—	1,232,457
Shares issued upon exercise of the over-allotment option, net of transaction costs		5,430	179,424	—	—	—	—	184,854	—	184,854
Equity-settled share-based transactions	12(b)	—	—	54,998	—	—	—	54,998	—	54,998
<b>Balance at 31 December 2021</b>		958,594	2,006,119	106,999	(9,209)	48,628	(717,989)	2,393,142	(2,990)	2,390,152

The notes on pages 46 to 57 form part of this interim financial report.

Consolidated Statement of Changes in Equity (Continued)  
for the six months ended 30 June 2022 (unaudited)  
(Expressed in Renminbi)

	Note	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
		Share capital	Share premium	Capital reserve	Exchange reserve	Other reserve	Accumulated losses			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
<b>Balance at 1 January 2022</b>		958,594	2,006,119	106,999	(9,209)	48,628	(717,989)	2,393,142	(2,990)	2,390,152
<b>Changes in equity for the six months ended 30 June 2022:</b>										
Loss for the period		–	–	–	–	–	(459,052)	(459,052)	(4,449)	(463,501)
Other comprehensive income		–	–	–	(4,944)	–	–	(4,944)	–	(4,944)
<b>Total comprehensive income</b>		–	–	–	(4,944)	–	(459,052)	(463,996)	(4,449)	(468,445)
Equity-settled share-based transactions	12(b)	–	–	62,617	–	–	–	62,617	238	62,855
<b>Balance at 30 June 2022</b>		958,594	2,006,119	169,616	(14,153)	48,628	(1,177,041)	1,991,763	(7,201)	1,984,562

The notes on pages 46 to 57 form part of this interim financial report.

# CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2022 (unaudited)  
(Expressed in Renminbi)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
<b>Operating activities</b>		
<b>Net cash used in operating activities</b>	<b>(287,646)</b>	(236,980)
<b>Investing activities</b>		
Payments for the purchase of property, plant and equipment	<b>(90,070)</b>	(20,324)
Payments for the investments in equity-accounted investees	<b>(70,210)</b>	(156,533)
Payments for the investments in other financial assets	—	(86,772)
Other cash flows arising from investing activities	<b>(105)</b>	(504)
<b>Net cash used in investing activities</b>	<b>(160,385)</b>	(264,133)
<b>Financing activities</b>		
Capital element of lease rentals paid	<b>(31,987)</b>	(2,748)
Interest element of lease rentals paid	<b>(5,215)</b>	(582)
Lease deposits paid	<b>(1,583)</b>	(35,379)
Loans from related parties	<b>20,000</b>	—
Capital contribution by investors	—	28,650
<b>Net cash used in generated from financing activities</b>	<b>(18,785)</b>	(10,059)
<b>Net decrease in cash and cash equivalents</b>	<b>(466,816)</b>	(511,172)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,940,825</b>	1,497,326
<b>Effect of foreign exchange rate changes</b>	<b>2,965</b>	—
<b>Cash and cash equivalents at the end of the period</b>	<b>1,476,974</b>	986,154

The notes on pages 46 to 57 form part of this interim financial report.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

## 1 Basis of preparation

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

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

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

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

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

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the HKICPA. KPMG’s independent review report to the Board of Directors of the Company is included on pages 37 to 38.

## 2 Changes in accounting policies

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

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

## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 2 Changes in accounting policies (continued)

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

### 3 Revenue and segment reporting

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

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

#### (a) Disaggregation of revenue

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

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

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

### 4 Other net income

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

## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 5 Loss before taxation

Loss before taxation is arrived at after charging:

#### (a) Finance costs

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

#### (b) Other operating expenses

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

#### (c) Other items

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

## Notes to the unaudited interim financial report (Continued)

*(Expressed in Renminbi unless otherwise indicated)*

### 6 Income tax

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

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

### 7 Loss per share

#### (a) Basic loss per share

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

#### (b) Diluted loss per share

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

### 8 Property, plant and equipment

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

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

### 9 Inventories

As at 30 June 2022, inventories primarily represented raw materials, semi-finished goods and finished goods. During the six months ended 30 June 2022, there is no write-down of inventories to the estimated net realisable value.



## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 10 Trade and other receivables

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

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

Note: As at 31 December 2021, the Group had value-added tax recoverable ("VAT recoverable") totalling RMB45,551,000, of which RMB6,110,000 was recorded in "trade and other receivables" and RMB39,441,000 was recorded in "other non-current assets". During the six months ended 30 June 2022, in accordance with the related policies of the PRC, the Group applied the refund of VAT recoverable and received RMB53,484,000 in total.

### 11 Trade and other payables

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

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

## 12 Capital, reserves and dividends

### (a) Dividends

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

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

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

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

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

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

## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 13 Fair value measurement of financial instruments

#### (a) Financial assets and liabilities measured at fair value

##### (i) 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 valuer to perform valuations for the warrants which are categorised into Level 3 of the fair value hierarchy. At the end of the reporting date, an analysis of changes in fair value measurement is prepared by the finance department with reference to the relevant valuation reports from the external valuer and is reviewed and approved by the Group's management.

### 13 Fair value measurement of financial instruments (continued)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value at 30 June 2022 RMB'000	Fair value measurements as at 30 June 2022 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	146,111	—	—	146,111
	Fair value at 31 December 2021 RMB'000	Fair value measurements as at 31 December 2021 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	136,586	—	47,179	89,407
Warrants issued by an equity-accounted investee	8,958	—	—	8,958

During the six months ended 30 June 2022 and 2021, there were no transfers between Level 1 and Level 2.

During the six months ended 30 June 2022, unlisted equity securities amounting to RMB47,179,000 were transferred from Level 2 into Level 3, for that in determining the fair value of investments in unlisted equity instruments with no recent transaction prices available, valuation techniques were used, and significant unobservable inputs were involved in such techniques (six months ended 30 June 2021: nil).

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.

## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 13 Fair value measurement of financial instruments (continued)

#### (a) Financial assets and liabilities measured at fair value (continued)

##### (ii) Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Ratio
Unlisted equity securities	Equity allocation model	Expected volatility, taking into account the historical volatility of the comparable companies	57%
		Expected probability of event	30%

As at 30 June 2022, 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 RMB4,123,000/RMB4,113,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB100,000/RMB312,000.

As at 31 December 2021, 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 RMB1,960,000/RMB1,950,000 and an increase/decrease in the expected volatility by 5% would have decreased/increased the Group's loss by RMB12,000/RMB172,000.

The movements during the six months ended 30 June 2022 and 2021 in the balance of these Level 3 fair value measurements are as follows:

	At 30 June 2022 RMB'000	At 30 June 2021 RMB'000
Unlisted equity securities and warrants issued by an equity-accounted investee:		
At 1 January	89,407	12,676
Transfer from level 2	47,179	—
Changes in the value of financial instruments	9,525	(3,114)
At 30 June	146,111	9,562

### 13 Fair value measurement of financial instruments (continued)

#### (b) 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 30 June 2022 and 2021.

### 14 Commitments

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial statements were as follows:

	<b>At 30 June 2022</b>	At 31 December 2021
	<b>RMB'000</b>	RMB'000
Contracted for acquisition of property, plant and equipment	<b>20,560</b>	90,220

### 15 Material related party transactions

#### (a) Key management personnel remuneration

	<b>Six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
Salaries and other benefits	<b>1,640</b>	1,907
Discretionary bonuses	<b>1,404</b>	1,461
Equity-settled share-based payment expenses	<b>29,944</b>	20,058
	<b>32,989</b>	23,426

## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 15 Material related party transactions (continued)

#### (b) Other material related party transactions

During the six months ended 30 June 2022, the directors are of the view that the following companies are related parties:

<b>Name of related party</b>	<b>Relationship</b>
MicroPort Scientific Corporation (“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.* (蘇州微創骨科學(集團)有限公司)	Subsidiary of MPSC
AccuPath Medical (Jiaxing) Co., Ltd.* (脈通醫療科技(嘉興)有限公司)	Equity-accounted investee of MPSC
Robocath S.A.S	Equity-accounted investee of the Group
Shanghai TargBot Medtech Co., Ltd.* (上海術航機器人有限公司)	Equity-accounted investee of the Group
Cathbot (Shanghai) Robot Co., Ltd.* (知脈(上海)機器人有限公司)	Equity-accounted investee of the Group
Shanghai Navibot Robotics Co., Ltd.* (上海介航機器人有限公司)	Equity-accounted investee of the Group
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
MicroPort Medical B.V.	Subsidiary of MPSC
SuZhou ProSteri Medical Technology Co., Ltd.* (蘇州諾潔醫療技術有限公司)	Equity-accounted investee of MPSC
Jiaxing MicroPort Medical Co., Ltd.* (嘉興微創醫療科技有限公司)	Subsidiary of MPSC
Suzhou MicroPort Ric MedTech Co., Ltd.* (蘇州微創康復醫療科技(集團)有限公司)	Subsidiary of MPSC
Shanghai Shentai Medical Technology Co., Ltd.* (上海神泰醫療科技有限公司)	Subsidiary 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)	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

\* English translation is for identification purpose only.



## Notes to the unaudited interim financial report (Continued)

(Expressed in Renminbi unless otherwise indicated)

### 15 Material related party transactions (continued)

#### (b) Other material related party transactions (continued)

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Purchase of goods from subsidiaries of MPSC and equity-accounted investees of MPSC	783	6,380
Purchase of goods from an equity-accounted investee	—	5,859
Service fee charged by subsidiaries of MPSC and equity-accounted investees of MPSC	7,630	2,274
Payment on behalf of the equity-accounted investees	1,760	—
Loan from the MPSC (Note)	20,000	—
Payments for the investments in equity-accounted investees	70,210	156,533

Note:

On 12 April 2022, the Company and MPSC entered into a loan agreement, pursuant to which, MPSC provided an unsecured loan of RMB20,000,000 to the Company, which is bearing an interest rate of 2.85% p.a. and has a maturity of one year.

# DEFINITIONS

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

“Audit Committee”	the audited committee of the Board
“Biobot”	Biobot Surgical Pte. Ltd., a company established in Singapore with limited liability on 28 August 2007
“Board”	the board of Directors
“CG Code”	the corporate governance code contained in Part 2 of Appendix 14 to Listing Rules
“CE”	French acronym for “Communate Européene”
“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 company incorporated in the People’s Republic of China, the H Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2252)
“Core Product” or “Toumai”	has the meaning ascribed to it in Chapter 18A of the Listing Rules; for the purposes of this 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
“Domestic Shares”	ordinary Shares in the share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and paid for in RMB
“FDA”	the U.S. Food and Drug Administration
“Green Path”	the special approval procedure for innovative medical devices of the NMPA
“Group”	the Company and its subsidiaries
“Honghu”	Honghu (鴻鵠®) Orthopedic Surgical Robot (registered name in China)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“H Share(s)”	the overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and listed on the main board of the Stock Exchange and such Domestic Shares converted into H Shares upon the Domestic Shares been approved for full circulation under the full circulation scheme
“Listing”	the listing of the H Shares on the Main Board of the Stock Exchange
“Listing Date”	2 November 2021, the date on which dealings in the H Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MicroPort”	MicroPort Scientific Corporation (微創醫療科學有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 14 July 2006 whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 853)
“MicroPort CardioFlow”	MicroPort CardioFlow Medtech Corporation (微創心通醫療科技有限公司), a company incorporated in the Cayman Islands 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
“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
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
“Mona Lisa”	iSR’obot™ Mona Lisa Robotic Transperined Prostate Biopsy System
“NDR”	NDR Medical Technology Private Limited, a company incorporated in Singapore with limited liability on 20 October 2014.

## Definitions (Continued)

“NMPA”	National Medical Products Administration of the PRC
“PRC”	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
“Reporting Period”	the six months ended 30 June 2022
“RMB”	Renminbi, the lawful currency of the PRC
“R&D”	Research and Development
“Robocath”	Robocath S.A.S, a company incorporated in France with limited liability on 9 October 2009
“R-ONE”	R-ONE Vascular Interventional Surgical Robot
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as modified, supplemented and otherwise amended 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
“Shanghai Intbot”	Shanghai Intbot Robotics Co., Ltd. (上海介航機器人有限公司), a company established in the PRC with limited liability on 12 March 2021 which is owned as to 40% by the Company, 30% by Biobot and 30% by Shanghai Lingmin Enterprise Consultation Center (Limited Partnership) (上海矜敏企業管理諮詢中心(有限合夥))
“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) (上海羚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 Songqing”	Shanghai Songqing Enterprise Consulting Center (Limited Partnership) (上海頌擎企業管理諮詢中心 (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 which is owned as to 41% by the Company, 39% by NDR and 20% by Shanghai Youlong Enterprise Consultation Center (Limited Partnership) (上海佑隆企業管理諮詢中心 (有限合夥))
“Shanghai Youlong”	Shanghai Youlong Enterprise Management Consultation Center (Limited Partnership) (上海佑隆企業管理諮詢中心 (有限合夥)), a limited liability partnership established in the PRC
“Share(s)”	ordinary share(s) of the Company, comprising 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 the Company’s 2022 second extraordinary general meeting, the 2022 first domestic shareholders’ class meeting and the 2022 first H shareholders’ class meeting convened on 17 March 2022
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Trans-bronchial Surgical Robot”	Robot-assisted Bronchoscopy Navigation System
“%”	per cent