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EXPECTED SIGNIFICANT REDUCTION IN LOSS

This announcement is made by MicroPort Scientific Corporation (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform holders of the shares and securities of the Company and potential investors that, based on the preliminary assessment of the unaudited consolidated financial statements of the Group and the information currently available, the loss of the Group for the six months ended 30 June 2024 (the “**Reporting Period**”) is expected to decrease significantly, among which:

- (i) the net loss is expected to be approximately US\$105 million to US\$125 million, representing a decrease of approximately 43% to 52% as compared to the same period in last year;
- (ii) the adjusted net loss¹ is expected to be approximately US\$65 million to US\$75 million, representing a decrease of approximately 60% to 65% as compared to the adjusted net loss of approximately US\$186 million for the same period in last year.

¹ The Group uses “adjusted net profit” as a non-HKFRS measure to exclude the impact of certain non-cash or one-off expense items, including share-based compensation expenses, interest expense on preference shares issued by subsidiaries, impairment losses of non-current assets and net realised and unrealised loss on financial instruments carried at fair value through profit or loss.

The significant reduction in the expected loss above is mainly attributable to the following factors:

- (i) benefiting from the further increase in market share driven by the commercialization of the leading products from the Group, the incremental revenue generated from new products' contribution and the rapid growth from overseas sales as a result of the continuous expansion of the global business of the Group, the revenue of the Group continued to grow steadily during the Reporting Period, resulting in an increase in gross profit;
- (ii) adhered to its focus on improving profitability, the Group has consistently executed and implemented resource concentration and cost-optimization measures to significantly improve operational efficiency. During the Reporting Period:
 - based on the market outlook and input-output efficiency of projects, the Group evaluated and adjusted the priority and resource input of research and development (R&D) projects in a prudent manner, with expected period-on-period reduction of R&D expenses by approximately 38% to 40%;
 - the Group strictly controlled and reduced various administrative and operational expenses, with expected period-on-period reduction of administrative expenses by approximately 14% to 16%;
 - meanwhile, the Group strengthened the synergy and interoperability of going abroad platforms and domestic sales platforms, fully leveraged the optimised channel allocation advantages of various sales channels, and promoted sales through improvement in operational efficiency, resulting in a decrease in the amount of selling and marketing expenses.
- (iii) the Group implements a strategy of focusing on its core business. During the Reporting Period, we have successfully completed sales of several non-core businesses, and proactively closed a number of R&D projects in their early stages.

In the future, the Group will give full play to its integrated and diversified commercialization capabilities, continue to consolidate and deepen various initiatives to improve profitability, continue to promote the optimization and disposal of loss-making businesses and non-core businesses, attach importance to the health of financial statements and the adequacy of cash flows, and strive to achieve breakeven as soon as possible.

As at the date of this announcement, the Company is still in the process of preparing and completing the unaudited interim results of the Group for the six months ended 30 June 2024 (the “**2024 Interim Results**”). The information contained in this announcement is based on a preliminary assessment of the business operation information currently available to the Board and is not based on any financial information or information which have been audited or reviewed by the independent auditors or audit committee of the Company. Holders of the Company’s shares and securities and potential investors are advised to read the Company’s announcement for the 2024 Interim Results carefully, which is expected to be published by the end of August 2024. Holders of the Company’s shares and securities and potential investors are advised to exercise caution when dealing in the shares and securities of the Company.

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

Shanghai, the PRC, 25 July 2024

As at the date of this announcement, the executive director of the Company is Dr. Zhaohua Chang; the non-executive directors of the Company are Mr. Hiroshi Shirafuji, Mr. Norihiro Ashida and Ms. Weiqin Sun; and the independent non-executive directors of the Company are Mr. Jonathan H. Chou, Dr. Guoen Liu and Mr. Chunyang Shao.

* *For identification purpose only*